



भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

CIRCULAR

SEBI/HO/IMD/FPIC/CIR/P/2017/16
February 28, 2017

To
All Foreign Portfolio Investors
through their designated Custodians of Securities

The Depositories (NSDL and CDSL)

Sir / Madam,

Sub: Investments by FPIs in corporate debt securities

1. RBI on October 24, 2016, had amended the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Twelfth Amendment) Regulations, 2016 through a Gazette notification to permit FPIs to invest in unlisted corporate debt and securitised debt instruments. Thereafter, RBI vide circular RBI/2016-17/138 dated November 17, 2016 had enhanced the list of eligible instruments for investment by FPIs under the Corporate debt route along with certain terms and conditions.
2. Accordingly, the SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2017 were notified on February 27, 2017. It has been decided to permit FPIs to invest in the following:
 - a. Unlisted corporate debt securities in the form of non-convertible debentures/bonds issued by public or private Indian companies subject to the guidelines issued by the Ministry of Corporate Affairs, Government of India from time to time and also subject to minimum residual maturity of three years and end use-restriction on investment in real estate business, capital market and purchase of land. The expression 'Real Estate Business' shall have the same meaning as assigned to it in Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 Notification No.FEMA.362/2016-RB dated February 15, 2016. The custodians of the FPIs shall put in place an appropriate mechanism to ensure compliance with these conditions as prescribed by RBI from time to time.
 - b. Securitised debt instruments as under:



भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

- i. any certificate or instrument issued by a special purpose vehicle (SPV) set up for securitisation of asset/s where banks, FIs or NBFCs are originators;

and/or
 - ii. any certificate or instrument issued and listed in terms of the SEBI(Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008
3. Investment by FPIs in the unlisted corporate debt securities and securitised debt instruments shall not exceed INR 35,000 cr within the extant Corporate debt limit which currently is INR 2,44,323 cr.
 4. Further, investment by FPIs in securitised debt instruments shall not be subject to the minimum 3-year residual maturity requirement.
 5. All other existing terms and conditions for FPI investments in corporate debt securities shall continue to apply.

This circular shall come into effect immediately. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992.

A copy of this circular is available at the links “Legal Framework →Circulars” and “Info for →F.P.I” on our website www.sebi.gov.in. Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

Yours faithfully,

ACHAL SINGH
Deputy General Manager
Tel No.: 022-26449619
Email: achals@sebi.gov.in