



# भारतीय प्रतिभूति और विनिमय बोर्ड Securities and Exchange Board of India

## CIRCULAR

CIR/IMD/FIIC/15/2013  
September 13, 2013

To

- 1. All Foreign Institutional Investors**  
(through their designated Custodians of Securities)
- 2. National Stock Exchange Limited**
- 3. Bombay Stock Exchange Limited**
- 4. National Securities Depository Limited**
- 5. Central Depository Services (India) Limited**

Dear Sir / Madam

### **Sub: Debt Allocation Mechanism for FII/QFI - Government debt securities**

1. SEBI vide its circular CIR/IMD/FIIC/12/2012 dated April 27, 2012 had prescribed a framework for the allocation of debt limits to FIIs. However the allocation mechanism had been amended from time to time.
2. SEBI vide its circular CIR/IMD/FIIC/22/2012 dated November 07, 2012, decided that all FIIs/ sub-accounts may avail limits in the Corporate Debt – Long Term Infra category without obtaining SEBI approval till the overall FII investments reaches 90%, after which the auction mechanism shall be initiated for allocation of remaining limits.
3. Similarly, SEBI vide circular CIR/IMD/FIIC/6/2013 dated April 01, 2013, decided that FIIs can invest in Corporate Debt without purchasing debt limits till the overall investment reaches 90% after which the auction mechanism shall be initiated for allocation of the remaining limits.
4. It has been decided to extend the allocation mechanism, as presently applicable for corporate debt securities, to FII/QFI investment in Government debt securities also.
5. In partial modification to circular CIR/IMD/FIIC/12/2012 dated April 27, 2012, it has been decided that FIIs/QFIs can now invest in Government Debt without purchasing debt limits till the overall investment reaches 90% after which the auction mechanism shall be initiated for allocation of the remaining limits, as currently in place for FII investments in Corporate Debt.
6. It is clarified that consequent to the changes as above, the facility of re-investment provided vide SEBI circular CIR/IMD/FIIC/18/2010 dated November 26, 2010 as well

as the restrictions on re-investment as given in the SEBI circulars CIR/IMD/FIIC/1/2012 dated January 03, 2012, CIR/IMD/FIIC/22/2012 dated November 07, 2012 and CIR/IMD/FIIC/1/2013 dated January 01, 2013 shall no longer apply in respect of limits held/investments made by FIIs in the Government Debt category, till the limits are available on tap.

7. It is further clarified that for those FIIs which had obtained Government Debt limits in the debt limit auctions held on August 20, 2013, the time period for utilization of limits allocated through the bidding process shall be in terms of the SEBI circular CIR/IMD/FIIC/11/2013 dated July 31, 2013.

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, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

A copy of this circular is available at the web page "F.I.I." on our website [www.sebi.gov.in](http://www.sebi.gov.in). The custodians are requested to bring the contents of this circular to the notice of their FII clients.

Yours faithfully,

**Parag Basu**  
**Chief General Manager**  
**+91 - 22 - 26449360**  
**paragb@sebi.gov.in**