



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

CIR/IMD/FIIC/ 22/2012
November 07, 2012

To

All Foreign Institutional Investors
through their designated Custodians of Securities

Dear Sir/Madam

Sub: Debt Allocation Mechanism for FII

1. SEBI vide circular CIR/IMD/FIIC/1/2012 dated January 03, 2012 had provided the facility of re-investment up to two years from the date of the circular or to the extent of twice the size of the debt portfolio, to those FIIs and sub-accounts that had already acquired limits and /or invested in debt in the manner prescribed in the said circular. With a view to provide operational flexibility, beginning January 01, 2014, it has been decided that the FIIs/ Sub-Accounts can re-invest during each calendar year to the extent of 50% of their debt holdings at the end of the previous calendar year.
2. In partial modification to para 6.1 of circular CIR/IMD/FIIC/18 /2010 dated November 26, 2010, it has been decided that the time period for utilization of the Government debt limits (for both old and long term limits) allocated through bidding process shall be 30 days while the time period for utilization of the corporate debt limits (for both old and long term infra limits) allocated through bidding process shall be 60 days.
3. Further, in partial modification to para 4 of circular CIR/ IMD/ FII&C/ 15/ 2012 dated June 26, 2012, it has been decided that FII/sub-accounts may avail limits in the Corporate Debt Long Term Infra category without obtaining SEBI approval till the overall FII investments reaches 90% (ninety percent), after which the auction mechanism shall be initiated for allocation of remaining limits. SEBI will put in place a mechanism to monitor the utilization of the limit.

This circular is issued in exercise of powers conferred under SEBI 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. The custodians are requested to bring the contents of this circular to the notice of their FII clients.

S Madhusudhanan
Deputy General Manager
+91-22-26449614
smadhu@sebi.gov.in