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Sent: 08 April 2015 17:27

To: all_cust

Cc: ANANTA BARUA; S MADHUSUDHANAN; PRAVEEN KAMAT; KUMAR ROHIT

Subject: FPI investments - Re-investment facility

Dear Sir/Madam,

1. Presently, FPIs that have purchased Government securities when the Government debt limits are on tap do not have a reinvestment facility. Upon sale / redemption / maturity of these securities, the limit comes back to the pool of free limits.
2. In order to provide operational flexibility to FPIs in managing / rebalancing their existing portfolios, it has been decided as follows –
 - Upon sale / redemption / maturity of Government securities the FPIs shall be permitted to buy Government securities on the same day. This facility shall apply to investors in both the USD 25 billion and USD 5 billion Government debt limit categories.
 - The custodians shall ensure that the buy transactions are executed after the confirmation/settlement of the sell transactions. The custodians shall ensure that the value of buy transactions does not exceed the value of the sell transactions.
 - The custodians shall also ensure that the buy and sell transactions have been carried out by the same FPI (i.e. having the same registration number) or by the FPIs registered under the MIM structure.

Regards

FII&C division

SEBI