



**RESERVE BANK OF INDIA**  
**Mumbai - 400 001**

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RBI/2015-16/131  
A.P.(DIR Series) Circular No.6

July 16, 2015

To,

All Authorised Persons

Madam/ Sir,

**Foreign Investment in India by Foreign Portfolio Investors**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000- RB dated May 3, 2000](#), as amended from time to time and to [A.P. \(DIR Series\) Circular No. 71 dated February 3, 2015](#) and [A.P. \(DIR Series\) Circular No. 73 dated February 6, 2015](#) in terms of which all future investments by an FPI within the limit for investment in corporate bonds shall be required to be made in corporate bonds with a minimum residual maturity of three years.

2. The Reserve Bank has been receiving enquiries about the applicability of the aforesaid directions on investment by FPIs in security receipts (SRs) issued by the Asset Reconstruction Companies (ARCs). It is clarified that the restriction on investments with less than three years residual maturity shall not be applicable to investment by FPIs in SRs issued by ARCs. However, investment in SRs shall be within the overall limit prescribed for corporate debt from time to time.

3. The aforesaid directions come into force with immediate effect. Further operational guidelines, if any, will be issued by SEBI. All other existing conditions for investment by FPIs in the debt market remain unchanged.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(R. Subramanian)  
Chief General Manager