

**Reserve Bank of India  
Foreign Exchange Department  
Central Office  
Mumbai**

**Notification No. FEMA.272/2013-RB**

**Dated March 26, 2013**

**Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Eighth Amendment) Regulations, 2013**

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 ([Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#)) namely:-

**1. Short Title & Commencement**

- (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Eighth Amendment) Regulations, 2013.
- (ii) They shall come into force from April 1, 2013.

**2. Amendment of Schedule 5**

In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, (Notification No.FEMA 20/2000-RB dated 3<sup>rd</sup> May 2000), in Schedule 5,

**(A)** In paragraph 1,

- (i) in clause (e), for the words “the total holding of all FIIs put together”, the words “the total holding of all eligible investors put together” shall be substituted;
- (ii) in clause (f), for the words “provided that the investment by all FIIs in Perpetual Debt instruments (Tier I)” the words “provided that the investment by all eligible investors in Perpetual Debt instruments (Tier I)” shall be substituted;
- (iii) in clause (f), the words "The investment by FIIs in Debt capital instruments (Tier II) shall be within the limits stipulated by SEBI for FII investment in corporate debt " shall be deleted.

(iv) in clause (g), the words “subject to residual maturity as stipulated by Reserve Bank from time to time” shall be deleted.

(v) in clause (h), the words “subject to residual maturity as stipulated by the SEBI and the Reserve Bank from time to time” shall be deleted.

(vi) in clause (i), the words “subject to residual maturity as stipulated by the Reserve Bank and SEBI from time to time” shall be deleted.

**(B)** In paragraph 1A,

after clause (iv), the following new clause shall be added, namely:

"(v) QFI may purchase, on repatriation basis through SEBI registered Qualified Depository Participant(QDP), either directly from the issuer or through a registered broker on recognized Stock Exchange in India the following securities, subject to terms and condition as specified by the SEBI and the Reserve Bank from time to time;

(a) dated Government securities/ treasury bills;

(b) commercial papers issued by an Indian company ;

(c) Security Receipts issued by Asset Reconstruction Companies provided that the total holding by an individual QFI in each tranche of scheme of Security Receipts shall not exceed 10 per cent of the issue and the total holdings of all eligible investors put together shall not exceed 49 per cent of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies;

(d) Perpetual Debt instruments eligible for inclusion as Tier I capital and Debt capital instruments as upper Tier II capital issued by banks in India to augment their capital (Tier I capital and Tier II capital as defined by Reserve Bank, and modified from time to time) provided that the investment by eligible investors in Perpetual Debt instruments (Tier I) shall not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual QFI shall not exceed the limit of 10 per cent of each issue;

(e) listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where ‘infrastructure’ is defined in terms of the extant ECB guidelines;

- (f) non-convertible debentures / bonds issued by Non-Banking Finance Companies categorized as 'Infrastructure Finance Companies'(IFCs) by the Reserve Bank;
- (g) Rupee denominated bonds/units issued by Infrastructure Debt Funds."

**(C)** In paragraph 1B,

(1) for the clause (i), the following shall be substituted:

"(i) Long term investors like Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds which are registered with SEBI as eligible investors in Infrastructure Debt Funds may purchase on repatriation basis Rupee Denominated bonds/units issued by Infrastructure Debt Funds."

(2) the following shall be substituted for the existing clause (iii), namely:

"(iii) Long term investors like Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds and Pension Funds and Foreign Central Banks registered with SEBI may purchase, on repatriation basis, either directly from the issuer of such securities or through registered stock broker on a recognised Stock Exchange in India, the following securities, subject to the terms and conditions as specified by the SEBI and the Reserve Bank from time to time, namely:

- (a) dated Government securities/ treasury bills;
- (b) commercial papers issued by an Indian company ;
- (c) units of domestic mutual funds;
- (d) listed non-convertible debentures/bonds issued by an Indian company;
- (e) listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant ECB guidelines;
- (f) non-convertible debentures/bonds issued by Non-Banking Finance Companies categorized as 'Infrastructure Finance Companies'(IFCs) by the Reserve Bank ;
- (g) Security Receipts issued by Asset Reconstruction Companies provided that the total holding by an individual long term investor in each tranche of

scheme of Security Receipts shall not exceed 10 per cent of the issue and the total holdings of all eligible investors put together shall not exceed 49 per cent of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies;

(h) Perpetual Debt instruments eligible for inclusion as Tier I capital and Debt capital instruments as upper Tier II capital issued by banks in India to augment their capital (Tier I capital and Tier II capital as defined by Reserve Bank, and modified from time to time) provided that the investment by all eligible investors in Perpetual Debt instruments (Tier I) shall not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual long term investor shall not exceed the limit of 10 per cent of each issue;

(i) primary issues of non-convertible debentures / bonds provided such non-convertible debentures / bonds are committed to be listed within 15 days of such investment. In the event of such non-convertible debentures / bonds issued not being listed within 15 days of issuance, for any reason, then the long term investor shall immediately dispose of those non-convertible debentures / bonds either by way of sale to a third party or to the issuer and the terms of offer to long term investors should contain a clause that the issuer of such debt securities shall immediately redeem / buyback those securities from the long term investors in such an eventuality."

**(D)** In paragraph 2, in sub-paragraph (1A),  
the clause (iv) shall be substituted with the following, namely  
"(iv) bonds / units issued by Infrastructure Debt Funds."

**(Rudra Narayan Kar)**  
**Chief General Manager –in- Charge**

Foot Note:-

The Principal Regulations were published in the Official Gazette vide G.S.R. No.406 (E) dated May 8, 2000 in Part II, Section 3, sub-Section (i) and subsequently amended as under:-

G.S.R.No. 158(E) dated 02.03.2001

G.S.R.No. 175(E) dated 13.03.2001

G.S.R.No. 182(E) dated 14.03.2001

G.S.R.No. 4(E) dated 02.01.2002

G.S.R.No. 574(E) dated 19.08.2002  
G.S.R.No. 223(E) dated 18.03.2003  
G.S.R.No. 225(E) dated 18.03.2003  
G.S.R.No. 558(E) dated 22.07.2003  
G.S.R.No. 835(E) dated 23.10.2003  
G.S.R.No. 899(E) dated 22.11.2003  
G.S.R.No. 12(E) dated 07.01.2004  
G.S.R.No. 278(E) dated 23.04.2004  
G.S.R.No. 454(E) dated 16.07.2004  
G.S.R.No. 625(E) dated 21.09.2004  
G.S.R.No. 799(E) dated 08.12.2004  
G.S.R.No. 201(E) dated 01.04.2005  
G.S.R.No. 202(E) dated 01.04.2005  
G.S.R.No. 504(E) dated 25.07.2005  
G.S.R.No. 505(E) dated 25.07.2005  
G.S.R.No. 513(E) dated 29.07.2005  
G.S.R.No. 738(E) dated 22.12.2005  
G.S.R.No. 29(E) dated 19.01.2006  
G.S.R.No. 413(E) dated 11.07.2006  
G.S.R.No. 712(E) dated 14.11.2007  
G.S.R.No. 713(E) dated 14.11.2007  
G.S.R.No. 737(E) dated 29.11.2007  
G.S.R.No. 575(E) dated 05.08.2008  
G.S.R.No. 896(E) dated 30.12.2008  
G.S.R.No. 851(E) dated 01.12.2009  
G.S.R.No. 341(E) dated 21.04.2010  
G.S.R.No. 821(E) dated 10.11.2012  
G.S.R.No. 606(E) dated 03.08.2012  
G.S.R.No. 796(E) dated 30.10.2012  
G.S.R.No. 797(E) dated 30.10.2012  
G.S.R.No. 945(E) dated 31.12.2012  
G.S.R.No. 795(E) dated 30.10.2012  
G.S.R.No. 946(E) dated 31.12.2012  
G.S.R.No. \_\_\_\_\_ dated \_\_\_\_\_  
G.S.R.No. 38(E) dated 22.01.2013  
G.S.R.No. \_\_\_\_\_ dated \_\_\_\_\_  
G.S.R.No. \_\_\_\_\_ dated \_\_\_\_\_  
G.S.R.No. \_\_\_\_\_ dated \_\_\_\_\_  
G.S.R.No. \_\_\_\_\_ dated \_\_\_\_\_

**Published in the Official Gazette of Government  
of India – Extraordinary – Part-II, Section 3,  
Sub-Section (i) dated 01.04.2013- G.S.R.No.195 (E)**