



Foreign investments in Rupee denominated bonds issued overseas by Indian Corporates

Securities and Exchange Board of India (SEBI) has issued a circular¹ in respect of foreign investments in Rupee denominated bonds issued overseas by Indian Corporates.

The salient features of the aforesaid circular is as under:

- Corporate debt limit for Foreign Portfolio Investors (FPI) of INR 2,443.23 billion shall be redefined as the Combined Corporate debt limit for all foreign investments in Rupee denominated bonds issued both onshore and overseas by Indian corporates. Accordingly, foreign investments in Overseas Rupee denominated bonds shall now be considered against this Combined Corporate debt limit.
- Investments in Overseas Rupee denominated bonds shall not be treated as FPI investments and hence shall not be under the purview of SEBI (FPI) Regulations, 2014.
- Entire Combined Corporate debt limit of INR 2,443.23 billion shall be available on tap for investment by foreign investors.
- The criteria for foreign investments in Overseas Rupee denominated bonds shall be as defined by Reserve Bank of India from time to time.

All other extant terms and conditions with respect to FPI investments in Corporate debt shall remain unchanged. This circular shall come into effect immediately.

Source: <http://www.sebi.gov.in>

¹ Circular No. SEBI/HO/IMD/FPIC/CIR/P/2016/67 dated 4 August 2016

www.kpmg.com/in

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