Foreign Portfolio Investors to be permitted to trade directly in Corporate Bonds without a broker

Securities and Exchange Board of India (SEBI) has issued press release\(^1\) no. 139/2016 pursuant to SEBI Board meeting on 23 September 2016. The salient features of the decisions taken in the Board meeting relevant to Foreign Portfolio Investors (FPIs) are as under:

- **Amendment to SEBI Regulations to permit FPIs to trade directly in Corporate Bonds without a broker**
  - Category I and Category II FPIs will have an option to directly access corporate bond market without brokers;
  - Access to Over-the-Counter (OTC), Request for Quote (RFQ) and Electronic Book Provider (EBP) platforms of Recognised Stock Exchange (RSE) will be provided to FPIs only for proprietary trading and participation of FPIs will help in deepening the Corporate Bond market;
  - Proposal for amendment to Rule 8 (4) of Securities Contracts (Regulation) Rules, 1957 will be taken up with the Government of India to permit FPIs to become a member of a RSE for the limited purpose of proprietary trading. Necessary amendments to the SEBI (Foreign Portfolio Investor) Regulations, 2014 shall be made in this regard.

- **Increase in limit of foreign investment in Indian Stock Exchanges**
  - Stock Exchanges and Clearing Corporations Regulation (SECC Regulation) has been amended to increase the limit of shareholding of foreign institutional investors mentioned therein in Indian Stock Exchanges from 5 percent to 15 percent.
  - SECC Regulation has been amended to allow a FPI to acquire shares of unlisted stock exchanges through transactions outside of recognized stock exchange including the initial allotment.

Source: [http://www.sebi.gov.in](http://www.sebi.gov.in)

\(^1\) Press Release No. 139/2016 pursuant to SEBI Board meeting on 23 September 2016.
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