



SEBI Circular: Rupee Denominated Bonds issued overseas (Masala bonds) excluded from Foreign Portfolio Investors Corporate Debt Limit

In continuation to the RBI Circular No. 5 dated 22 September 2017, the Securities and Exchange Board of India (SEBI) has issued Circular dated 29 September 2017. Accordingly, with effect from 3 October 2017, foreign investments in Rupee Denominated Bonds (RDB) issued overseas or Masala bonds (as commonly understood) shall be excluded from the Combined Corporate Debt Limit (CCDL) available for investment to Foreign Portfolio Investors (FPIs).

The other relevant points of the circular are as below:

- The CCDL shall, henceforth, be renamed as Corporate Debt Investment Limits (CDIL);
- The upper limit for CDIL shall, henceforth, be stated only in Rupee terms;
- Total of INR 44,001 crores had been included for investment in RDB within the overall CCDL of INR 244,323 crores. This amount shall be carved out of erstwhile CCDL and added to the new CDIL limit;
- Sub-limit exclusively for investments by Long Term FPIs (Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks) in the infrastructure sector shall be created within the overall CDIL
- The chart depicting the changes is as follows (all figures are in INR crores):

Additional corporate investment debt limits for FPIs	As on 2 October 2017	w.e.f. 3 October 2017	w.e.f. 1 January 2018
CCDL (including RDB of INR 44,001 crores)	INR 244,323	0	0
CDIL (excluding RDB of INR 44,001 crores)	0	INR 200,322	INR 227,322
Add : Additional limit for October to December 2017	0	INR 27,000	0
Add: Additional limit for January to March 2018	0	NA	INR 17,001
Total CDIL	0	INR 227,322	INR 244,323
Sub-limit for investment by Long-term FPIs in Infrastructure sector (including investment in both listed and unlisted corporate debt issued by companies in infrastructure sector) available for investment on tap	NA	INR 9,500	INR 19,000

- As prescribed in the SEBI circular SEBI/HO/IMD/FPIC/CIR/P/2017/16 dated 28 February 2017, investments by FPIs in the unlisted corporate debt securities and securitised debt instruments shall not exceed INR 35,000 crores within the extant CDIL.
- All other extant conditions with respect to FPI investments in corporate debt securities shall continue to apply.

Source: www.sebi.gov.in

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