प्रेस प्रकाशनी **PRESS RELEASE**

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26-07-1997

Guidelines for Transactions in Government Securities by Foreign Institutional Investors (FIIs)

As per Securities and Exchange Board of India Notification No. S.O.495(E) dated July 10, 1997 the "transactions in Government Securities (by FIIs) shall be carried out in a manner specified by the Reserve Bank of India". In this regard, in its guidelines dated March 8, 1997, the Reserve Bank of India had already specified the manner of transactions by authorised FIIs in dated Government Securities which are reproduced below:

1. For the purpose of FII investment, dated Government Securities would include dated securities of both Government of India and State Governments of all maturities but would not include Treasury Bills.
2. Investment in dated Government Securities by FIIs may be either in the primary market at the auction/floatation or in the secondary market.
3. Investment by FIIs in dated Government Securities should be undertaken only through the designated banks, i.e., any bank in India which has been authorised by the Reserve Bank to act as a banker to Foreign Institutional Investors.
4. Investment by FIIs will be allowed only in the form of Subsidiary General Ledger (SGL) Account through a bank having both SGL Account No.II (Constituents' Account) and current Account with the Reserve Bank of India.
5. The secondary market transactions by FIIs will be permitted through recognised Indian Stock Exchanges or over-the-counter with SGL Account holders and will be governed by the Delivery Versus Payment system of Reserve Bank of India.

Reserve Bank of India further clarifies that FIIs authorised to invest in dated Government Securities as per its Guidelines would include only "100 per cent Debt Funds."

Alpana Killawala
Deputy General Manager

Press Release : 1997-98/83