

**CIRCULAR**

SEBI/HO/AFD/AFD-PoD-3/P/CIR/2025/127

September 10, 2025

To,

- 1. Foreign Portfolio Investors (FPIs)**
- 2. Designated Depository Participants (DDPs) and Custodians**
- 3. The Depositories**

Dear Sir / Madam,

**Subject: Ease of regulatory compliances for FPIs investing only in Government Securities**

1. SEBI vide “Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors” No. SEBI/HO/AFD/AFD-PoD-2/P/CIR/P/2024/70 dated May 30, 2024 as amended from time to time (hereinafter referred to as the ‘FPI Master Circular’), *inter alia*, specifies the guidelines for registration of FPIs, KYC requirements and attendant investment conditions/ restrictions under Parts A, B and C of the FPI Master Circular respectively.
2. In order to facilitate ease of regulatory compliances for ‘FPIs investing only in Government Securities’ (hereinafter referred to as “GS-FPIs”), SEBI (Foreign Portfolio Investors) Regulations, 2019 were amended vide [notification dated August 11, 2025](#).
3. Accordingly, the FPI Master Circular stands modified as follows:
  - 3.1. Under Para 1 of Part A, after sub-para “*FPI applicant belonging to.....with the investor group ID.*” and before sub-para “*Where the application form...within a reasonable time.*”, the following sub-para shall be inserted:

*“FPIs that invest exclusively in Government Securities under Fully Accessible Route shall not be required to furnish investor group details.”*

3.2. Following sub-para shall be added after sub-para (ii)(d) of Para 1 of Part A:

*“da. The provisions mentioned at a to c above shall not apply to ‘FPIs investing only in Government Securities’ (hereinafter referred to as “GS-FPIs”). However, they shall be subject to the provision that contribution of resident Indian individuals shall be made through the LRS notified by RBI and shall be in global funds whose Indian exposure is less than 50%.”*

3.3. Sub-paras (i) and (ii) of Para 4 of Part A shall be modified as under:

- “i. FPIs who wish to continue with their registration for the subsequent block of three years, should pay the fees to their DDPs and inform change in information, if any, as submitted earlier. However, GS-FPIs shall only pay the fees to their DDPs. The requirement of informing any change in information shall not be applicable to GS-FPIs.*
- ii. In case of no change in information, FPIs shall give declaration that there is no change in the information, as previously furnished. However, requirement of giving such declaration shall not be applicable to GS-FPIs.”*

3.4. Following sub-para shall be added after sub-para (i)(c) of Para 14 of Part A:

*“(d) However, in case of GS-FPIs, all material changes (both Type I and Type II) shall be informed and supporting documents (if any) shall be provided by such FPIs as soon as possible and within 30 days of such change.”*

3.5. In order to facilitate a mechanism for transition between regular FPI and GS-FPI, the following Para shall be added after Para 18 of Part A:

**"19. Transition between regular FPI and GS-FPI:**

- i. *New FPI applicants willing to invest only in Government Securities may identify themselves as GS-FPIs by making appropriate declaration to their DDPs at the time of on boarding.*
- ii. *Further, regular FPIs (existing as well as prospective) may also transition to GS-FPIs, by making appropriate declaration to their DDPs.*
- iii. *Upon receipt of such transition requests from FPIs, DDPs shall ensure the FPI has divested all its holdings, except the securities permitted for GS-FPIs, i.e., Government Securities. Further, DDPs along with Depositories shall ensure that the FPI has either closed its demat account or there are fail-safe mechanisms in place to ensure assets other than Government Securities cannot be held in such demat account of the FPI.*
- iv. *Similarly, a GS-FPI may also transition to a regular FPI by making appropriate declaration to their DDPs. For such transition, the GS-FPI shall provide incremental information and submit documents as are applicable to a regular FPI. From the date of transition becoming effective, the FPI shall be required to comply with regulatory requirements as applicable to a regular FPI."*

3.6. Following sub-para shall be added after sub-para (i) of Para 5 of Part B:

*"ii. In case of GS-FPIs, periodicity of KYC review by custodians shall be harmonized with the applicable periodicity of KYC review of their respective bank accounts, as prescribed by RBI."*

4. Depositories, Custodians and Designated Depository Participants are advised to make necessary changes in their systems to effect the changes proposed above.

5. Custodians and Designated Depository Participants Standards Setting Forum (CDSSF), in consultation with SEBI, shall formulate a standard operating procedure for implementing the provisions of this Circular.
6. The provisions of this circular shall come into force with effect from February 08, 2026.
7. This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 4(c), 22(1), 22(3), 22(5) and 44 of SEBI (Foreign Portfolio Investors) Regulations, 2019 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
8. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link “Legal ---Circulars”.

Yours faithfully,

**Manish Kumar Jha**  
**Deputy General Manager**  
**Tel No.: 022-26449219**  
**E-mail: [manishkj@sebi.gov.in](mailto:manishkj@sebi.gov.in)**