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विकास प्राधिकरण
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PFRDA/2020/26/REG-PF/2

Date: 29th June, 2020

CIRCULAR

To

- CEOs of All Pension Funds
- CEO of NPS Trust

Dear Sir/Madam,

SUBJECT: Change in Investment Guidelines for NPS Schemes and other pension schemes administered by PFRDA

1. Reference is invited to the following Investment Guidelines and subsequent Circulars pertaining thereto issued by the Authority:

- i. Investment guidelines dated 03.06.2015 for NPS Schemes (Applicable to Scheme CG, Scheme SG, Corporate CG and Lite Schemes NPS and APY)
- ii. Investment Guidelines dated 04.05.2017 in respect of NPS Schemes {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY}
- iii. Circular dated 09.10.2017 regarding Clarification on investment guidelines
- iv. Circular dated 08.05.2018 regarding Revised Rating criteria for investment under NPS schemes
- v. Circular dated 22.05.2018 regarding Amendment to Investment guidelines
- vi. Circular dated 20.08.2018 regarding Change in Investment Guidelines
- vii. Circular dated 02.11.2018 regarding Clarification on Change in Investment Guidelines for NPS Schemes
- viii. Circular dated 22.11.2018 regarding Clarification Change in Investment Guidelines for NPS Schemes
- ix. Circular dated 25.03.2019 regarding Amendment to Investment guidelines
- x. Circular dated 08.05.2019 regarding Introduction of choice of Pension Funds and Investment Pattern in Tier-I of NPS for CG subscribers
- xi. Circular dated 20.11.2019 regarding Change in Investment guidelines

2. It has been decided by the Authority to allow additional exposure of 5% of the corpus in the 'short term debt securities and related investments' in Scheme E-I, E-II, C-I and G-I under NPS so that the Pension Funds may deploy additional cash and cash equivalents during the highly volatile market conditions.

3. Further, the Authority has decided to allow Pension Funds to invest in listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporates,

including banks and public financial institutions which have a minimum residual maturity period of three years or less than three years from the date of investment, subject to a maximum limit of 10% of the corporate bond portfolio of the Pension Fund.

4. Accordingly, the Investment Guidelines dated 03.06.2015 for NPS Schemes applicable to Scheme CG, Scheme SG, Corporate CG and NPS Lite Schemes, APY and Investment Guidelines for NPS Schemes {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY} dated 04.05.2017 have been changed as below:

Reference in Investment guidelines dt. 03.06.2015	Reference in Investment guidelines dt. 04.05.2017	Existing Clause/ Provision	Revised Clause/ Provision
Category 'Debt Instruments and Related Investments', Clause (a)	Scheme/Asset Class 'C', Clause (a)	Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporates, including banks and public financial institutions ('Public Financial Institutions' as defined under Section 2 of the Companies Act, 2013), which have a minimum residual maturity of three years from the date of investment.	Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporates, including banks and public financial institutions ('Public Financial Institutions' as defined under Section 2 of the Companies Act, 2013). Provided that investment in debt securities with minimum residual maturity period of three years or less than three years from the date of investment, shall be limited to 10% of the corporate bond portfolio of the Pension Fund.
Category 'Debt Instruments and Related Investments', Clause (c)	Scheme/Asset Class 'C', Clause (b)	Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and Asian Development Bank.	Rupee Bonds issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and Asian Development Bank. Provided that investment in Rupee Bonds with minimum residual

			maturity period of three years or less than three years from the date of investment shall be limited to 10% of the corporate bond portfolio of the Pension Fund.

It may be noted that while making such investments, Pension Funds should follow highest rating investment norms possible, i.e. AAA rating or equivalent in the applicable rating scale from at least two credit rating agencies registered with Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999, so that the investment is prudent and the risk from such investments is minimized.

5. Further, the Authority has decided to allow Pension Funds to invest in the Debt ETFs launched by Government of India, up to 5% of Asset Under Management of Corporate Bond Portfolio of the respective schemes under the Investment guidelines for NPS schemes/other administered schemes issued by the Authority.

Accordingly, under the category 'Debt instruments and related instruments/Asset class C', after clause (f), the following clause has been inserted:

"(g) Investment in units of Debt ETFs issued by Government of India specifically meant to invest in bonds issued by Government owned entities such as CPSEs, CPSUs/CPFIs and other Government organizations, etc. provided that the portfolio invested in such Debt ETFs shall not be more than 5% of Asset Under Management of Corporate Bond Portfolio of the respective schemes."

6. Subject to the aforementioned revision, all other terms and conditions as contained in the aforementioned investment guidelines and subsequent amendments shall remain unchanged. All Pension funds are called upon to note these changes and ensure necessary compliance.

7. This circular is issued in exercise of powers of the Authority under sub-clause (b) of sub-section (2) of Section 14 read with Section 23 of the PFRDA Act, 2013 and sub-regulation (1) of Regulation 14 of the PFRDA (Pension Fund) Regulations, 2015.

8. The revision shall be effective from the date of this circular.

Yours sincerely,


Sumit Kumar
General Manager