

**CHIEF GENERAL MANAGER
MARKET REGULATION DEPARTMENT**

MRD/DSA/SE/Dep/Cust/CIR-30/08

October 23, 2008

1. All Recognised Stock Exchanges,
2. All Depositories, and
3. All Custodians of Securities

Dear Sir/Madam,

**Sub: Foreign investments in infrastructure companies in
securities markets**

1. Please refer to the SEBI Circular no. MRD/DSA/SE/Dep/Cust/Cir-23/06 dated December 22, 2006 on the captioned subject, whereby the policy decision of the Government of India regarding foreign investments in infrastructure companies in securities markets, viz. stock exchanges, depositories and clearing corporations was communicated.
2. Clause (c) of Para 1 of the aforesaid circular prescribes that FII will be allowed only through purchases in the secondary market. In this regard, the Government of India has now clarified that the words 'secondary market' as mentioned in the said clause shall mean the following -

“In respect of exchanges that are not listed, FIIs purchase of shares of such exchanges can be through transactions

outside of the exchange provided it is not an initial allotment. However, if the exchange is listed, transactions by FIs should be done through the exchange.”

3. This circular is being issued in exercise of the powers conferred by Section 11 (1) of the Securities and Exchange Board of India Act, 1992, for information and necessary compliance by the concerned entities.

Yours faithfully,

D. RAVI KUMAR