



PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

CIRCULAR

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To,
All Pension Funds

Subject: Investment Guidelines

1. Changes in Investment Guidelines for the Government Sector

The following changes in the investment guidelines have been made:-

- 1.1 Debt securities selected for investments should have a minimum residual maturity period of three years from the date of investment by the Pension Fund.
- 1.2 Debt securities must have an investment grade rating from at least two credit rating agencies. Apart from ratings by agencies, PF shall undertake their own due diligence for assessment of risks associated with the securities before investments.
- 1.3 Credit Default Swaps (CDS) on Corporate Bonds are eligible derivative instruments.
- 1.4 Rated asset backed securities (ABS) are eligible securities for investments provided they have a residual maturity of not less than three years and have an investment grade rating from at least two rating agencies.

2. Guidelines for Private Sector – Corporate CG and NPS Lite

Please note that both Corporate CG and NPS Lite Schemes follow the Government pattern of investment and hence investment guidelines as applicable to the Government sector and any subsequent amendments to investment guidelines of Government sector will also be applicable to Corporate CG and NPS Lite Schemes. Investment guidelines, and any subsequent changes thereto as applicable to the Government sector, therefore should be adopted simultaneously for Corporate CG and NPS Lite Scheme.

(Subroto Das)
Chief General Manager