

PFRDA/2021/48/REG-PF/10

Date: 2nd December, 2021

CIRCULAR (REVISED)

To

CEOs of All Pension Funds

Dear Sir/Madam,

SUBJECT: Change in Investment Guidelines-2021 for NPS Schemes {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY} -reg.

Reference is invited to the Circular No. PFRDA/2021/29/REG-PF/3 dated 20th July, 2021 and Circular No. PFRDA/2021/46/REG-PF/08 issued dated 30th Nov, 2021 and further corrigendum issued vide email dated 01st Dec, 2021 on Investment Guidelines issued by the Authority for NPS Schemes {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY}.

2. The Circular No. PFRDA/2021/46/REG-PF/08 issued on 30th Nov, 2021 is being replaced after incorporating the corrigendum in the Investment Guidelines with following changes:

Scheme/As set Class & para Category	Ref.	Existing guideline/ provision	Revised guideline/ provision
C (ii)	(d) (page 3)	Units of Debt Schemes of Mutual Funds as regulated by Securities and Exchange Board of India: Provided that these schemes shall exclude schemes of mutual funds having investment in short term debt securities with Macaulay Duration of less than 1 year.	Units of Debt Schemes of Mutual Funds as regulated by Securities and Exchange Board of India. Provided that these schemes shall exclude schemes of mutual funds having investment in short term debt securities with Macaulay Duration of less than 1 year. Provided further that the portfolio invested in such mutual funds shall not be more than 5% of the total portfolio of the Debt investments in the concerned

			scheme of the Pension Funds at any point of time.
A (iv)	2 nd Para under point (f) (page 7)	Provided further that investment under this category (from (a) to (f) above) shall be made only in such securities which have minimum AA equivalent rating in the applicable rating scale from at least two credit rating agencies registered with the Securities and Exchange Board of India (SEBI) under SEBI (Credit Rating Agency) Regulations, 1999 and if the securities/entities have been rated by more than two rating agencies, the lowest two of the ratings shall be considered.	Provided further that investment under this category {from (a) to (d) & (f) above} shall be made only in such securities which have minimum AA equivalent rating in the applicable rating scale from at least two credit rating agencies registered with the Securities and Exchange Board of India (SEBI) under SEBI (Credit Rating Agency) Regulations, 1999 and if the securities/entities have been rated by more than two rating agencies, the lowest two of the ratings shall be considered.
	4 th Para under Point (f) (page 8)	Further, in case of sub category (a), (b) and (e), rating from only one rating agency will be sufficient. However, in case Govt. owned AIFs under sub category (e), ratings would not be required.	Further, in case of sub category (a) and (b), rating from only one rating agency will be sufficient.
	After sub-point (iv) in Para 6 under Point (f) (page 9)	Nil (New Addition)	(v) The investment by Pension Fund in a single issuer shall not exceed 10% of the AUM of the scheme.
Short term investment	Heading (page 9)	Short-term debt instruments and related investments: (not exceeding a limit of 5% of the scheme corpus on temporary basis only)	Short-term debt instruments and related investments: (not exceeding a limit of 10% of the scheme corpus on temporary basis only)
	(d) (page 10)	Further, the Pension Funds are allowed 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 so that the Pension	Nil {Point (d) deleted}

		Funds may deploy additional cash and cash equivalents during the highly volatile market conditions.	
	Para under Point (d) (page 10)	Provided further that the limit with respect to investment in Money market instruments under Scheme A (under Tier-I) shall be 5% of the scheme corpus or Rs.10 lacs whichever is higher. For investment under Scheme C-II and G-II the limit shall be 10% of the corpus of the scheme, however, this exposure norm shall not be applicable with corpus below Rs.5 crore under the said scheme.	Provided further that the limit with respect to investment in Money market instruments under Scheme A (under Tier-I), C-II and G-II shall be 10% of the scheme corpus, however, this exposure norm shall not be applicable till the scheme corpus is below Rs.5 crores.
Para No.9	(a) (page 11)	NPS investments have been restricted to 5% of the 'paid up equity capital'* of all the sponsor** group*** companies or 5% of the total AUM managed by the Pension Fund, whichever is lower, in each respective scheme and 15% in the paid up equity capital of all the non-sponsor group companies or 15% of the total AUM under Equity exposure whichever is lower, in each respective scheme.	NPS Equity investments have been restricted to 5% of the 'paid up equity capital'* of all the sponsor** group*** companies or 5% of the total AUM managed by the Pension Fund, whichever is lower, in each respective scheme and 15% in the paid up equity capital of all the non-sponsor group companies or 15% of the total AUM under Equity exposure whichever is lower, in each respective scheme.
Para No.9	(b) (page 12)	NPS investments have been restricted to 5% of the 'net-worth'# of all the sponsor group companies or 5% of the total AUM in debt securities (excluding Govt. securities) whichever is lower in each respective scheme and 10% of the net-worth of all the non-sponsor group companies or 10% of the total AUM in debt securities (excluding Govt. securities) whichever is lower, in each respective scheme.	NPS Debt investments have been restricted to 5% of the 'net-worth'# of all the sponsor group companies or 5% of the total AUM in debt securities (excluding Govt. securities) whichever is lower in each respective scheme and 10% of the net-worth of all the non-sponsor group companies or 10% of the total AUM in debt securities (excluding Govt. securities) whichever is lower, in each respective scheme.

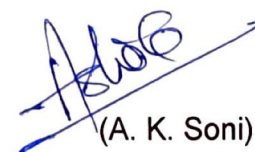
Para No.9	(e) (page 13)	Nil (New addition)	<p>The exposure norms for investment in InvITs/REITs are as under:</p> <p>(i) The cumulative Investments in Units and Debt Instruments of InvITs and REITs shall not exceed 3% of total AUM of the Pension Fund at any point of time.</p> <p>(ii) The Pension Fund shall not invest more than 10% of the Outstanding Debt instruments issued by single InvIT/REIT issue.</p> <p>(iii) The Pension Fund shall not invest more than 5% of the Units issued by a single InvIT/REIT issue.</p>
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3. Subject to the aforementioned revision, all other terms and conditions as contained in the aforementioned guidelines shall remain unchanged. All Pension funds are called upon to note these changes and ensure necessary compliance.

4. 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 PFRDA (Pension Fund) Regulations, 2015 as amended from time to time.

5. The revision shall be effective from 30th Nov, 2021.

Yours sincerely,



(A. K. Soni)
Executive Director

Copy to:

1. Chief Executive Officer, NPS Trust, New Delhi
2. Chief General Manager, Supervision Dept.-PF, PFRDA