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विकास प्राधिकरण
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CIRCULAR

PFRDA/2018/56/PF/2

Date: 20th August, 2018

SUBJECT: Change in Investment Guidelines for NPS Schemes w.r.t. investment in Equity Mutual funds by Pension Funds

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 NPS Lite Schemes 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 No.PFRDA/2017/29/PF/3 dated 09.10.2017 regarding Clarification on investment guidelines dated 04.05.2017 for NPS Scheme {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY}
- iv. Circular No.PFRDA/2018/02/PF/02 dated 08.05.2018 regarding Revised rating criteria for investments under NPS Schemes.

2. It has been decided by the Authority to put a limit of 5% on investment in Equity Mutual funds in a manner that the aggregate portfolio invested in such mutual funds shall not be in excess of 5% of the total portfolio of the fund at any point in time and the fresh investment in such mutual funds shall not be in excess of 5% of the fresh accretions invested in the year.

3. Further, it has been decided that the amount of investment in any mutual funds mentioned in any of the categories or ETFs or Index Funds made by Pension Funds through professional fund/asset managers shall be excluded for the purpose of computing their investment management fee.

4. Accordingly, the Investment Guidelines dated 03.06.2015 and 04.05.2017 have been amended as under:

Existing Clause/Provision as per Investment Guidelines dated 03.06.2015 & 04.05.2017	Revised Clause/Provision incorporated in Investment Guidelines dated 03.06.2015 & 04.05.2017	Remarks
<p>Equities and Related Investments</p> <p>(b) Units of mutual funds regulated by the Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body, corporates listed on BSE or NSE.</p>	<p>Equities and Related Investments</p> <p>(b) Units of mutual funds regulated by the Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body, corporates listed on BSE or NSE.</p> <p>Provided that the aggregate portfolio invested in such mutual funds shall not be in excess of 5% of the total portfolio of the fund at any point in time and the fresh investment in such mutual funds shall not be in excess of 5% of the fresh accretions invested in the year.</p>	<p>Provision inserted.</p>
<p>Nil</p>	<p>If the pension fund has engaged services of professional fund/asset managers for management of its assets, payment to whom is being made on the basis of the value of each transaction, the value of funds invested by then in any mutual funds mentioned in any of the categories or ETFs or Index Funds shall be reduced before computing the payment due to them in order to avoid double incidence of costs.</p>	<p>Clause inserted and shall be read as Para 14 in Investment Guidelines dated 03.06.2015 and as Para 12 in Investment Guidelines dated 04.05.2017.</p>



5. Further, it may be noted that while investing in MFs, ETFs and Index Funds, the underlying scrips of these MFs, ETFs or Index Funds should also comply with the stipulations for Investments in Equity directly, i.e.

Shares of body corporates listed on BSE or NSE, which have:

- i. Market Capitalization of not less than Rs.5000 crore as on the date of investment; and
- ii. Derivatives with the shares as underlying traded in either of the two stock exchanges.

6. The above revision shall be applicable to both the referred investment guidelines for NPS Schemes applicable to Scheme CG, Scheme SG, Corporate CG and NPS Lite Schemes, APY and also to NPS Schemes {Other than Govt. Sector (CG & SG), Corporate CG, NPS Lite and APY}. The revision shall be effective from the date of this circular.

7. Subject to the aforementioned revision, all other terms and conditions as contained in the aforementioned investment guidelines dated 03.06.2015 and 04.05.2017 shall remain unchanged. All Pension funds are called upon to note these changes and ensure necessary compliance.

8. 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.



20/08/18

(Venkateswarlu Peri)
Chief General Manager