



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

REF: IRDA/F&I/CIR/INV/156 /08/2015

28th August, 2015

CIRCULAR

The CEOs of all Insurers,

Sub: Guidelines on Investment in Exchange Traded Funds with G Sec Underlying (GILT-ETF)

Insurers are permitted to invest in the exhaustive asset classes under the provisions of Insurance Act, 1938, IRDA (Investment) Regulations, 2000, and guidelines issued there under.

GILT-ETF launched in India, has been after due consideration, permitted for Insurers to invest as a part of "Approved Investments".

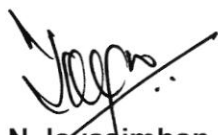
In line with investments in Mutual Funds under Gilt/G Sec./Liquid categories, subject to conditions prescribed by Cir: INV/GLN/003/2008-09, GILT-ETFs shall fulfil the following additional conditions:

- 1) The GILT-ETFs shall be issued and managed by the Mutual Funds registered under SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
- 2) The object of the GILT-ETFs shall be to invest in a **basket of Govt. Securities Actively Traded** in the market or constituents' of a publicly available index.
- 3) The minimum investment by the Insurer shall not be less than Creation Unit size and shall not be reduced **at any time** below Creation Unit Size and value of Creation Unit Size, **at the time of investment**, shall not be more than Rs.50 lakhs.
- 4) The Overall Expense Ratio shall be less than 0.50% of the daily net assets of the scheme.
- 5) The Insurers to comply with the provisions of Sec 27E of the Insurance Act, 1938 shall ensure that the GILT-ETFs invest only in **Domestic Govt. Securities**.
- 6) The GILT-ETFs shall be treated at par with GILT/G SEC Mutual funds and shall adhere to exposure norms applicable to "**Investment in Mutual Funds (MFs) by Insurance Companies**", as per Circular no. INV/CIR/08/2008-09

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dated 22nd August, 2008, Circular No. INV/CIR/020/2008-09 dt. 11th November, 2008 and Circular No. IRDA/F&I/INV/CIR/213/10/2013 dt. 30th October, 2013.

- 7) The Investments in GILT-ETFs shall be listed under Category Code "EGMF" for preparation of IRDAI Periodical Investment Returns.


S N Jayasimhan
Joint Director (Investments)