

Foreign Portfolio Investors (FPI) Monitoring CDSL India

presented by

Central Depository Services (India) Limited

21st ACG Cross-Training Seminar

Yogyakarta, Indonesia

4th - 7th March, 2019



SMS Alerts Related
to Transactions



Electronic Access to
Securities Information



Electronic Access To Securities
Information and Execution of
Secured Transaction



E-Locker




Mobile App Available for
download from Google
Play, Windows, iOS



Agenda



- 
- 1 Registration of FPI in India**
 - 2 Role of depository in FPI monitoring**
 - 3 Process of FPI monitoring**
 - 4 Disinvestment**



**Regulatory
framework**



Regulators



GOVERNMENT OF INDIA

**Ministry of
Finance**



SEBI

FPI Regulations



RBI

FEMA

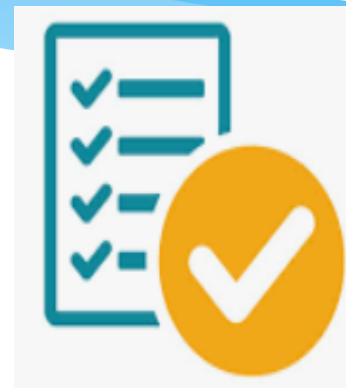
FPI- Key Eligibility criteria



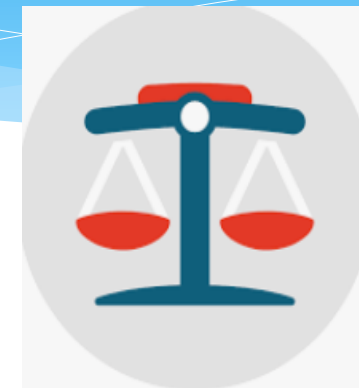
The applicant is resident of a country whose securities market regulator is a signatory to IOSCMMU International Organization of Securities Commission's Multilateral Memorandum of Understanding



The applicant is not resident in a country identified in the public statement of Financial Action Task Force (FATF)



The applicant is a fit and proper person



The applicant is legally permitted to invest in securities outside the country of its incorporation or establishment or place of business

Categories of FPI



Category I

- Government and related entities
- Sovereign Wealth Funds
- Multilateral Organizations



Category II

- Appropriately regulated broad based funds
- Appropriately regulated persons
- University Fund/ Pension Fund



Category III

- Entities not eligible to be included in category I & II
- All others such as Trust, Individuals, Corporate Bodies

SEBI Fees
(For block of 3
years)

NIL

US \$ 3,000

US \$ 300

FPI Account Opening & Registration



OBTAIN PAN

**(PERMANENT
ACCOUNT
NUMBER)**



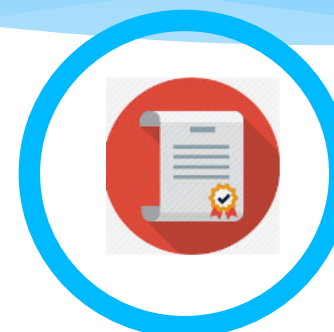
**OPEN ACCOUNT
WITH DDP**

**(DESIGNATED
DEPOSITORY
PARTICIPANT)**



KYC

**(KNOW YOUR
CUSTOMER)**



**CERTIFICATE OF
REGISTRATION**

KYC

Document Type		Category - I	Category - II	Category - III
Entity Level	Constitutive Docs	Required	Required	Required
	Proof of Address	Required Power of Attorney, mentioning the address, is acceptable as address proof	Required Power of Attorney, mentioning the address, is acceptable as address proof	Required - Address proof other than Power of Attorney should be submitted.
	PAN Card	Required	Required	Required
	Financials	Exempt	Exempt	Risk based - Financial data sufficient.
	SEBI Registration Certificate	Required	Required	Required
	Board Resolution	Exempt	Required	Required
	KYC Form	Required	Required	Required
Senior Management (Whole Time Directors/ Partners/ Trustees/ etc.)	List	Required	Required	Required
	Proof Of Identity	Exempt	Exempt	Entity declares on letterhead - full name, nationality and DoB OR Photo-identity proof
	Proof of Address	Exempt	Exempt	Declaration on letter head
Authorized Signatories	Photographs	Exempt	Exempt	Exempt
	List & Signatures	Required - List of Global Custodian ("GC") signatories can be given in case of POA to GC	Required - List of GC signatories can be given in case of POA to GC	Required
	Proof Of Identity	Not required	Not required	Required
	Proof of Address	Not required	Not required	Not required
Ultimate Beneficial Owner ('UBO')	Photographs	Not required	Not required	Required
	List	Exempt	Required - Can declare "no UBO over 25%"	Required
	Proof Of Identity	Exempt	Exempt	Required
	Proof of Address	Exempt	Exempt	Exempt
	Photographs	Exempt	Exempt	Exempt

SEBI FPI Regulation defines...

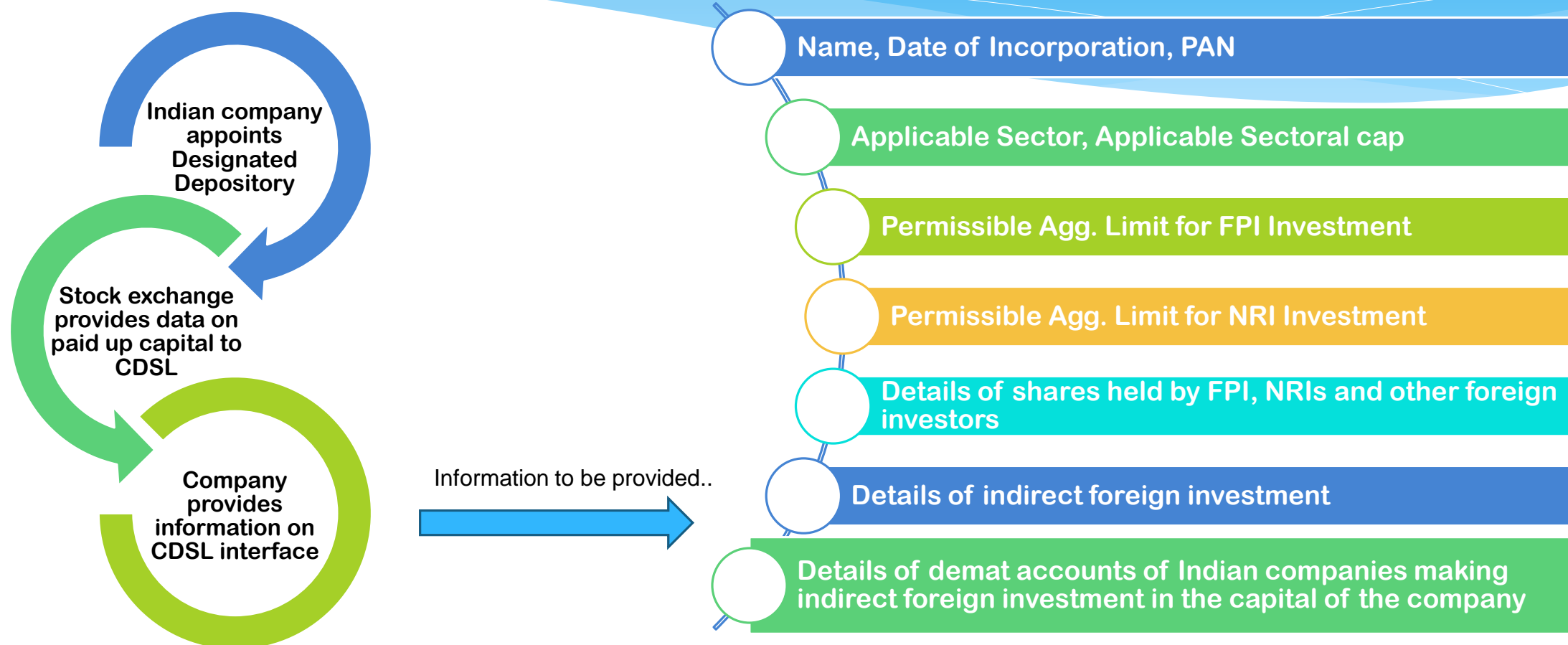
Investment Conditions and Restrictions for FPI

- The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company
- Shall hold, deliver securities only in dematerialized form
- They can invest in shares, debentures, warrants, Treasury bills and dated government securities among others

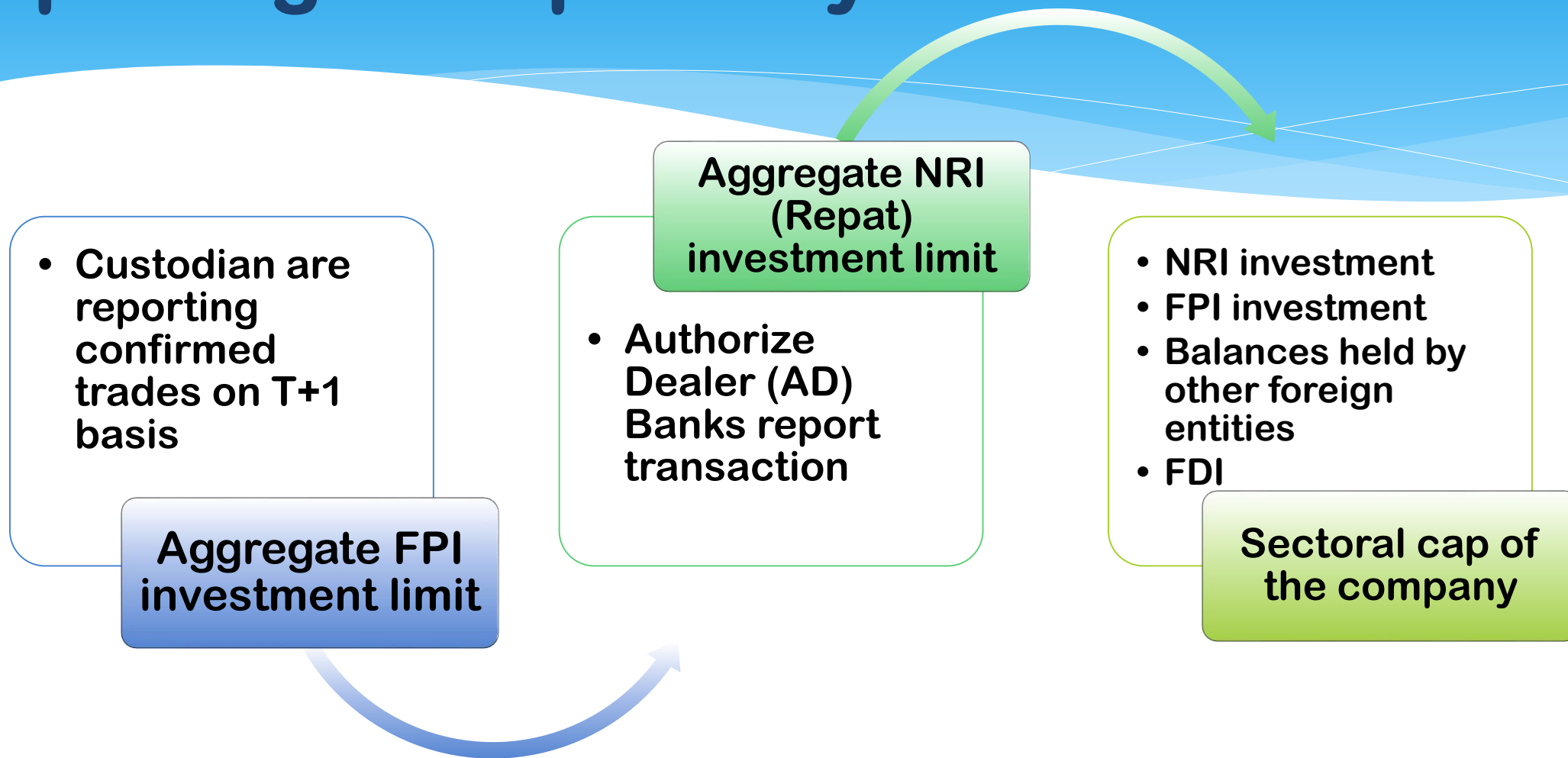
General Obligations and Responsibilities of FPI

- Comply with the provisions of SEBI FPI Regulations and other circulars issued from time to time
- Forthwith inform the DDP, if there is any material change in the information previously furnished
- Forthwith inform the DDP in case of any penalty, pending litigations or proceedings, findings of inspections or investigations against it
- In case of any direct or indirect change in structure or beneficial ownership of the FPI, it shall bring the same to the notice of its DDP

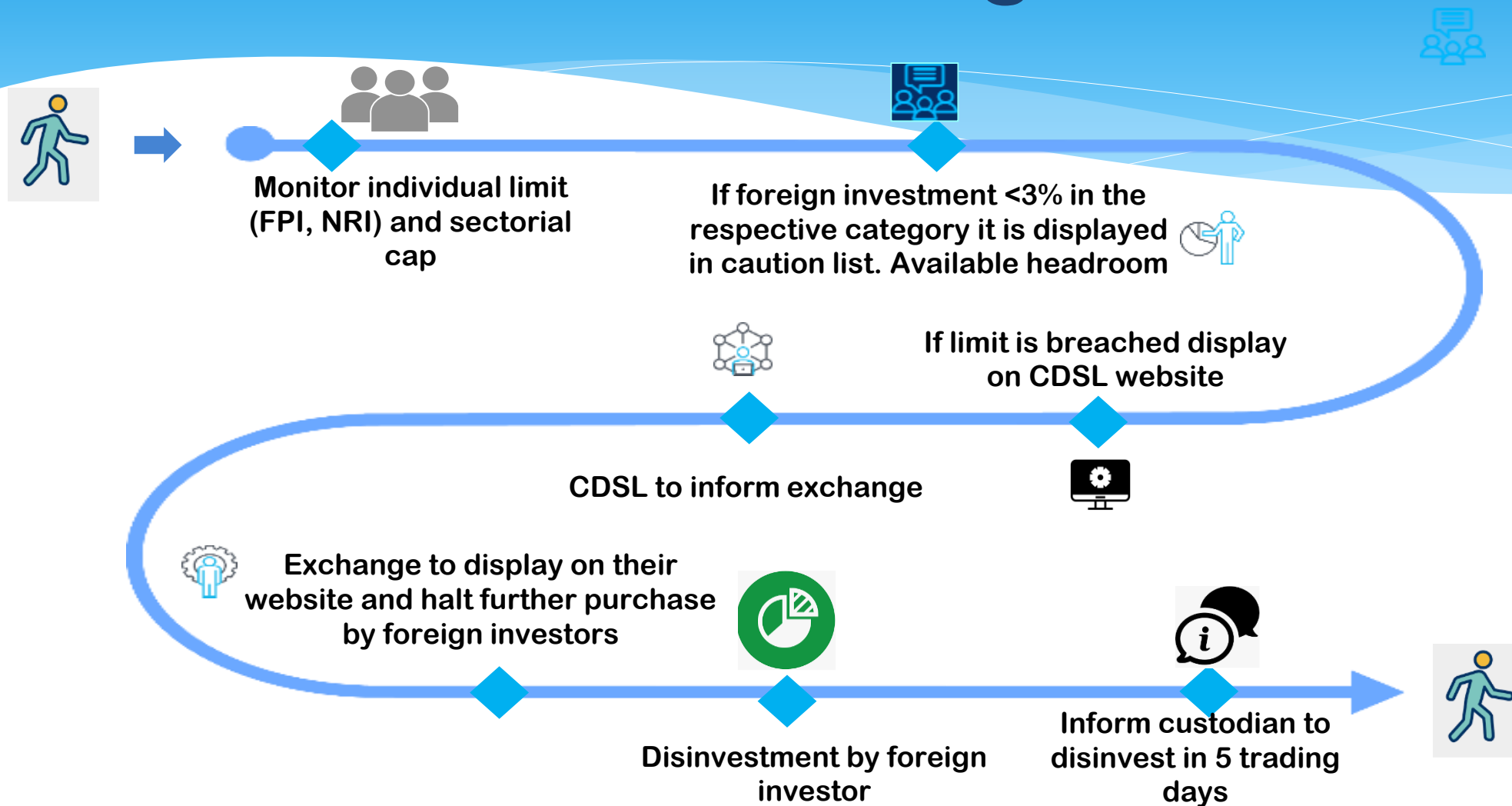
Role of depository in FPI monitoring



Reporting to Depository



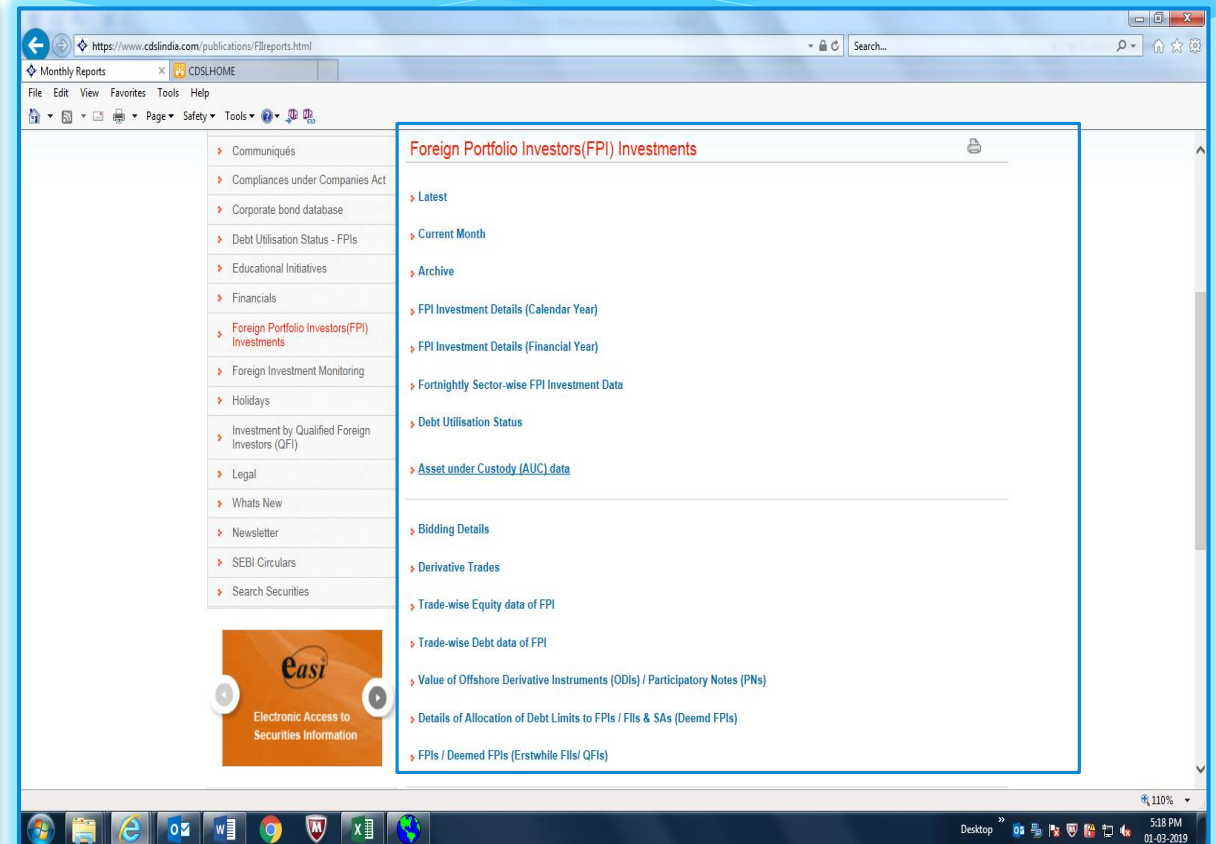
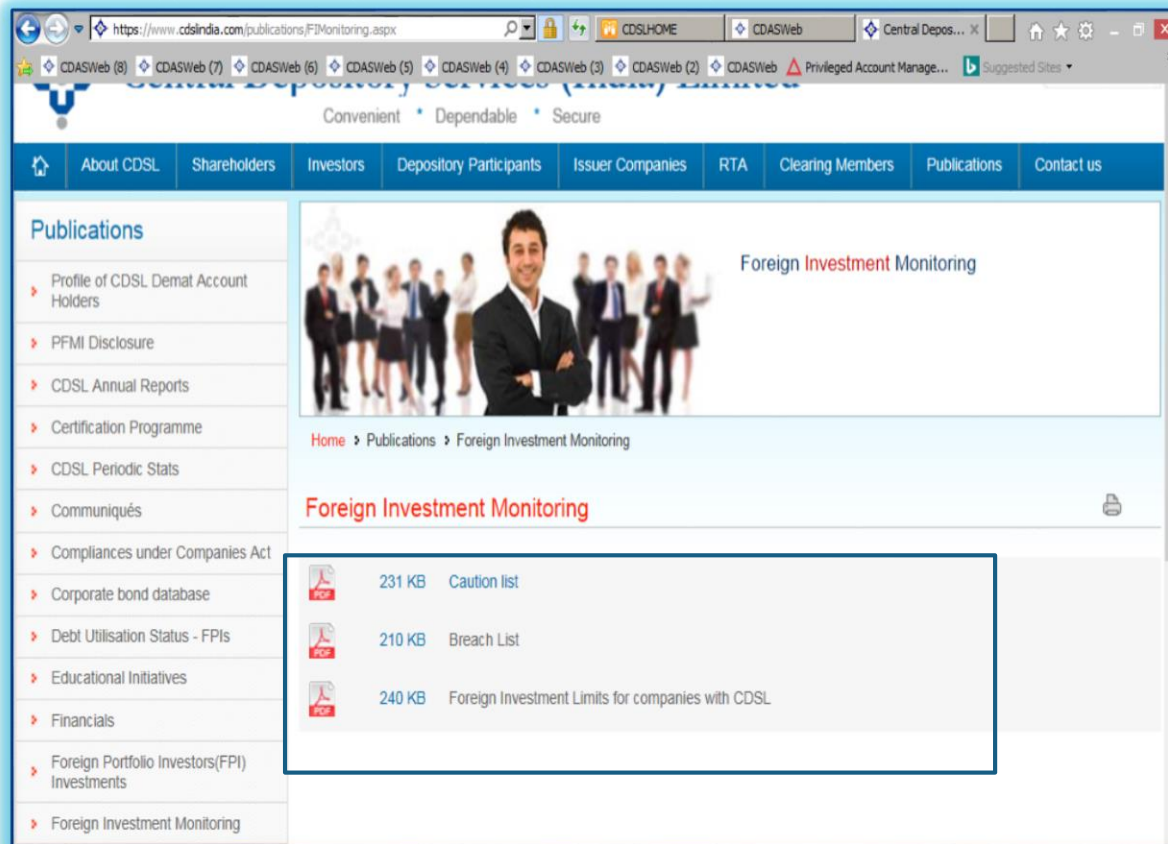
Process of FPI monitoring



Reporting by Depository – Risk Mitigation



Display of information on CDSL website



Disinvestment

Example on Disinvestment

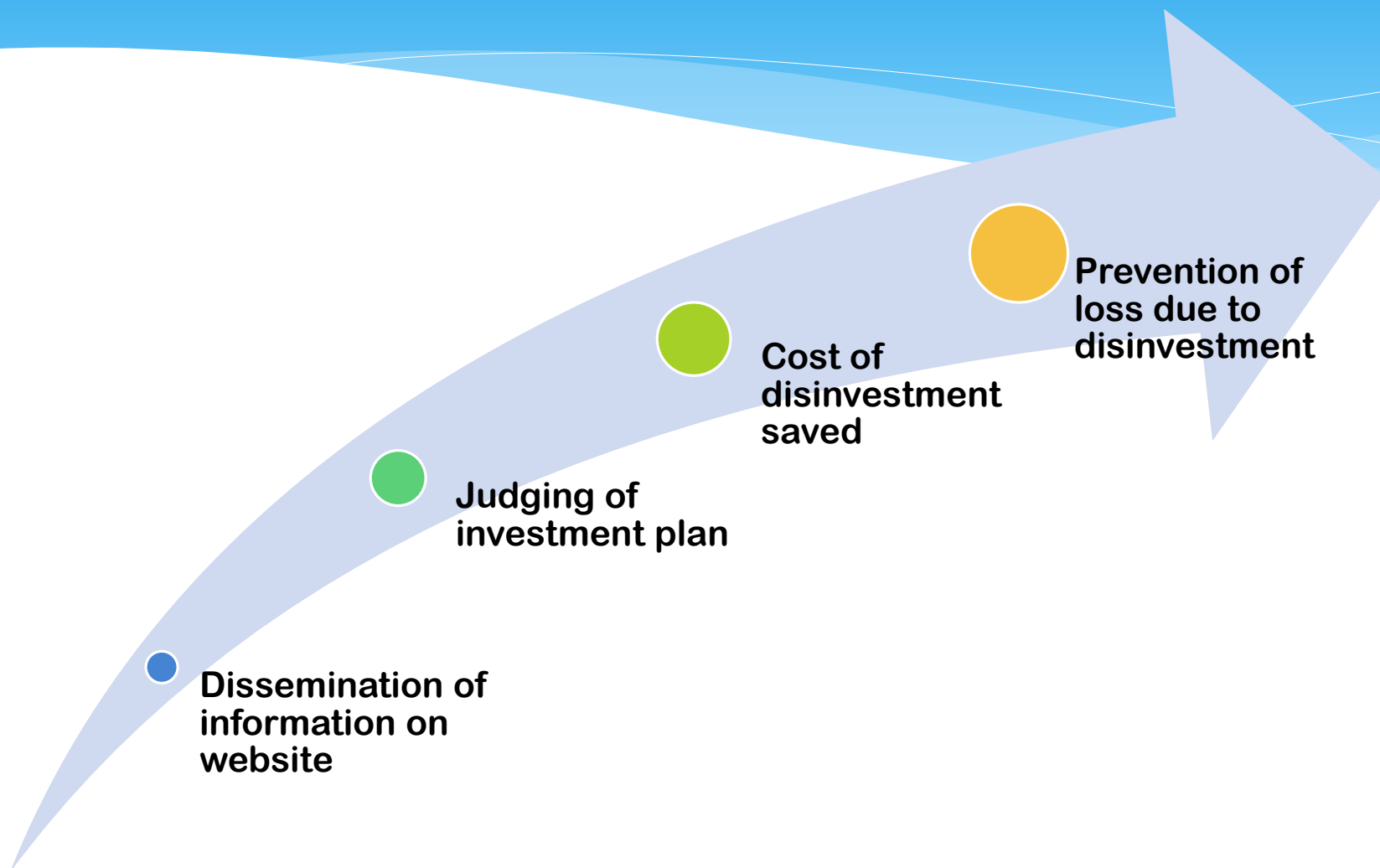
Total shares that can be purchased by foreign investors till sectoral cap is not breached	600
Total quantity purchased by foreign investors on T day	1000
Breach Quantity	400



Proportionate disinvestment methodology is followed for disinvestment of the excess shares so as to bring the foreign investment in a company within permissible limits

Foreign Investor	Purchased Quantity	Quantity to be disinvested by the Foreign Investor
FPI A	400	160
FPI B	350	140
FPI C	250	100
Total	1000	400

CDSL aiding foreign investors



Thank You

