

**SECURITIES AND EXCHANGE BOARD OF INDIA  
(FOREIGN INSTITUTIONAL INVESTORS) REGULATIONS, 1995**

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**PUBLISHED BY AUTHORITY**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**NOTIFICATION**  
**THE FOUTEENTH DAY OF NOVEMBER, 1995**  
**MUMBAI**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**(FOREIGN INSTITUTIONAL INVESTORS) REGULATIONS, 1995**

In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) the Board hereby, makes the following regulations, namely:-

**CHAPTER I**  
**PRELIMINARY**

**Short title and commencement.**

1. (1) These regulations may be called the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.

(2) They shall come into force on the date of their publication in the Official Gazette.

**Definitions.**

2. In these regulations, unless the context otherwise requires, -

- (a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (b) "certificate" means a certificate of registration granted by the Board under these regulations;

(c) "designated bank" means any bank in India, which has been authorised by the Reserve Bank of India to act as a banker to Foreign Institutional Investors;

<sup>1</sup> [(cc) Omitted by SEBI (Foreign Institutional Investor) (Amendment) Regulations, 2007 w.e.f. 8.1.2007.]

<sup>2</sup> [(dd) Omitted by SEBI (Foreign Institutional Investor) (Amendment) Regulations, 2007 w.e.f. 8.1.2007.]

(d) "domestic custodian" includes any person carrying on the activity of providing custodial services in respect of securities;

<sup>3</sup> [(e) Omitted by the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 w.e.f. 27.09.2002.]

(f) "Foreign Institutional Investor" means an institution established or incorporated outside India which proposes to make investment in India in securities;

<sup>4</sup> [\*\*\*]

(g) "form" means a form specified in the First Schedule to these regulations;

(h) "Government of India Guidelines" means the guidelines dated September 14, 1992 issued by the Government of India for Foreign Institutional Investors, as amended from time to time;

(i) "institution" includes every artificial juridical person;

(j) "schedule" means a schedule to these regulations;

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1 Prior to its omission clause (cc) was inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2000 w.e.f. 29.02.2000. Prior to its omission it read as under:

*"domestic asset management company" means an asset management company approved by the Board under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and who has been granted certificate of registration under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;"*

2 Prior to its omission clause (dd) was inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2000 w.e.f. 29.02.2000. Prior to its omission it read as under:

*"'domestic portfolio manager' means a portfolio manager registered under the Securities and Exchange Board of India (Portfolio Manager) Regulations, 1993."*

3 Prior to its omission it read as "enquiry officer" means any officer of the Board, or any other person appointed by the Board under Chapter V of these regulations;

4 Proviso omitted by the SEBI (Foreign Institutional Investor) (Amendment) Regulations, 2007 w.e.f. 8.1.2007. Prior to its omission, it was inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2000 w.e.f. 29.02.2000. Prior to its omission it read as under:

*"Provided that a domestic asset management company or domestic portfolio manager who manages funds raised or collected or brought from outside India for investment in India on behalf of a sub-account, shall be deemed to be a Foreign Institutional Investor;"*

(k) <sup>1</sup>["sub-account" means any person resident outside India, on whose behalf investments are proposed to be made in India by a foreign institutional investor and who is registered as a sub-account under these regulations.]

<sup>2</sup>[(2) All other words and expressions used but not defined in these regulations, but defined in the Act or in the Companies Act, 1956 or in Securities Contracts (Regulation) Act, 1956 or in the Depositories Act, 1996 or under the Foreign Exchange Management Act, 1999 (42 of 1999) or the Rules and the Regulations made thereunder shall have the same meanings respectively assigned to them in such Acts or the Rules or the Regulations or any statutory modification or re-enactment thereto, as the case may be.]

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4. Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008. Prior to substitution clause (k) as amended by SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2007, w.e.f. 8-1-2007 and SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2000, w.e.f.29-2-2000 read as under:

"sub-account" includes [foreign corporates or foreign individuals and] those institutions, established or incorporated outside India and those funds, or portfolios, established outside India, whether incorporated or not, on whose behalf investments are proposed to be made in India by a Foreign Institutional Investor."

2. Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

## CHAPTER II

### REGISTRATION OF FOREIGN INSTITUTIONAL INVESTOR

#### **Application for certificate.**

3. (1) No person shall buy, sell or otherwise deal in securities as a Foreign Institutional Investor unless he holds a certificate granted by the Board under these regulations.
- (2) An application for the grant of certificate shall be made to the Board in Form A.
- (3) Notwithstanding anything contained in sub-regulation (2), any Foreign Institutional Investor who has made an application for the grant of a certificate to the Board prior to the commencement of these regulations shall be deemed to have made an application under sub-regulation (2) and the application shall be accordingly dealt with under these regulations.
- (4) Notwithstanding anything contained hereinabove, any person who has before the commencement of these regulations, made an application for registration and has been granted registration by the Board under the Government of India Guidelines to act as a Foreign Institutional Investor shall be deemed to have made an application under sub-regulation (2) above may continue to buy, sell or otherwise deal in securities subject to the provisions of these regulations, till the grant or refusal of a certificate under these regulations.

#### **Furnishing of information, clarification, and personal representation.**

4. (1) The Board may require the applicant to furnish such further information or clarification as the Board considers necessary regarding matters relevant to the activities of the applicant for grant of certificate.
- (2) The applicant or his authorised representative shall, if so required by the Board, appear before the Board for personal representation in connection with the grant of a certificate.

### **Application to conform to the requirements.**

5. Subject to the provisions of sub-regulation (3) and sub-regulation (4) of regulation 3, any application, which is not complete in all respects and does not conform to the instructions specified in the form or is false or misleading in any material particular, shall be rejected by the Board.

Provided that, before rejecting any such application, the applicant shall be given a reasonable opportunity to remove, within the time specified by the Board, such objections as may be indicated by the Board.

### **Consideration of application.**

6. <sup>1</sup> [(1)] For the purpose of the grant of certificate the Board shall take into account all matters which are relevant to the grant of a certificate and in particular the following, namely:-

(a) the applicant's track record, professional competence, financial soundness, experience, general reputation of fairness and integrity:

<sup>2</sup>[Provided that in case of a newly established fund, the track record of the investment manager of the fund who has promoted it may be taken into consideration:

Provided further that such investment manager shall furnish the details in respect of disciplinary action, if any, taken against it.]

(b) whether the applicant is regulated by an appropriate foreign regulatory authority:

<sup>3</sup>[Provided that university funds, endowments, foundations, charitable trusts and charitable societies may be considered for

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1 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulation, 2000, w.e.f.29-2-2000.

2. Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

3. Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

registration even though they are not regulated by a foreign regulatory authority;]

(c) whether the applicant has been granted permission under the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973) by the Reserve Bank of India for making investments in India as a Foreign Institutional Investor;

(d) whether the applicant is –

<sup>1</sup> [(i) an institution established or incorporated outside India as a pension fund, mutual fund, investment trust, insurance company or reinsurance company;]

<sup>2</sup> [(ia) an International or Multilateral Organisation or an agency thereof or a Foreign Governmental Agency, <sup>3</sup>[Sovereign Wealth Fund] or a Foreign Central Bank;]

<sup>4</sup> [(ii) an asset management company, investment manager or advisor <sup>5</sup>[\*\*\*] , bank or institutional portfolio manager, established or incorporated outside India and proposing to make investments in India on behalf of broad based funds and its proprietary funds, if any;]

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1 Substituted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2006, w.e.f. 21-8-2006. Prior to its substitution, sub-clause (i), read as under:-

“i) an institution established or incorporated outside India as Pension Fund or Mutual Fund or Investment Trust; or”

2 Inserted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2006, w.e.f. 21-8-2006.

3 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008

4 Substituted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2006, w.e.f. 21-8-2006. Prior to its substitution, sub-clause (ii) as amended by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1997, w.e.f. 12-2-1997, read as under:-

*“an Asset Management Company or Nominee Company, or Bank or Institutional Portfolio Manager, established or incorporated outside India and proposing to make investments in India on behalf of broad based funds and its proprietary funds, if any; or”*

5 Words “nominee company” omitted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.

<sup>1</sup>[(iii) a trustee of a trust established outside India and proposing to make investments in India on behalf of broad based funds and its proprietary funds, if any;]

<sup>2</sup> [(iv) university fund, endowments, foundations or charitable trusts or charitable societies.

Provided that while considering the application from applicants under clause (iv) the Board may take into account the following, namely:-

(a) whether the applicant has been in existence for a period of at least 5 years;

(b) whether it is legally permissible for the applicant to invest in securities outside the country of its incorporation or establishment;

(c) whether the applicant has been registered with any statutory authority in the country of their incorporation or establishment;

(d) whether any legal proceeding has been initiated by any statutory authority against the applicant.]

<sup>3</sup> [(e) whether the applicant has been serving public interest].

**Explanation:**

For the purposes of this regulation, "broad based fund" means a fund, established or incorporated outside India, which has at least

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1 Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008. Prior to the substitution sub-clause (iii) inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1997 w.e.f. 12.2.1997 read as under:

“a trustee or a Power of Attorney holder incorporated or established outside India, and proposing to make investments in India on behalf of broad funds and its proprietary funds, if any”.

2 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1996 w.e.f. 9.10.1996.

3. Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

<sup>1</sup>[twenty] investors, with no single individual investor holding more than <sup>2</sup>[forty-nine per cent] of the shares or units of the fund:

Provided that if the broad based fund has institutional investor(s), it shall not be necessary for the fund to have <sup>3</sup> [twenty] investors:

Provided further that if the broad based fund has an institutional investor who holds more than <sup>4</sup>[forty nine per cent] of the shares or units in the fund, then the institutional investor must itself be a broad based fund; <sup>5</sup>[\*\*\*]

(e) Whether the grant of certificate to the applicant is in the interest of the development of the securities market;

<sup>6</sup> [(f) Whether the applicant is a fit and proper person.]

<sup>7</sup> [(2) Omitted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2007, w.e.f. 8-1-2007.]

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1 Substituted for "fifty" by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations 1999 w.e.f. 26-8-1999

2. Substituted for "ten percent" by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

3 Substituted for "fifty" by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations 1999 w. e. f. 26-8-1999

4 Substituted for "ten percent" by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.

5 Word "or" omitted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w. e. f. 22-5-2008

6 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1997 w.e.f. 5.12.1997.

7. Prior to its omission, sub-regulation (2), as inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2000, w.e.f. 29.2.2000 read as under:

"(2)(a) A domestic portfolio manager or domestic asset management company shall be eligible to be registered as a foreign institutional investor to manage the funds of sub-accounts;

(b) The domestic portfolio manager or domestic asset management company shall make an application in terms of regulations 3, 4 and 5;

### **Criteria for Fit and Proper person.**

<sup>1</sup>[6A. For the purpose of determining whether an applicant or foreign institutional investor is a fit and proper person the Board may take into account the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.]

### **Procedure and grant of certificate.**

7. Where an application is made for grant of certificate under these regulations, the Board shall, as soon as possible but not later than three months after information called for by it is furnished, if satisfied that the application is complete in all respects, all particulars sought have been furnished and the applicant is found to be eligible for the grant of certificate, grant a certificate in form B, subject to payment of fees in accordance with the Second Schedule.

<sup>2</sup>["Provided that the Board may exempt from the payment of fees, an applicant such as the World Bank and other institutions established outside India for providing aid, and which have been granted privileges and immunities from the payment of tax and duties by the Central Government.

Provided further that the Board shall refund the fees already collected from the institutions which are exempted from the payment of fees by the proviso mentioned above."]

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(c)For the grant of certificate to the domestic asset management company or to a domestic portfolio manager the board shall consider the following:

- (i) whether the applicant is an approved asset management company or a registered portfolio manager and that the approval or registration is valid
- (ii) whether any disciplinary proceeding is pending before the Board against applicant."

1. Substituted by the SEBI (Intermediaries) Regulations 2008 w.e.f. 26-5-2008. Prior to its substitution regulation 6A as inserted by the SEBI (Criteria for fit and proper person) Regulations, 2004, with effect from 10-3-04 and read as under:

*The provisions of the Securities and Exchange Board of India (Criteria for fit and proper person) Regulations, 2004 shall, as far as may be, apply to all applicants or the foreign institutional investors under these regulations.*

2 Inserted by SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1996 w.e.f. 9.10.1996.

<sup>1</sup> [\*\*\*]Proviso Omitted by SEBI (Foreign Institutional Investor) (Amendment) Regulations, 2007 w.e.f. 8.1.2007.

**Code of conduct.**

<sup>2</sup> [7A A foreign institutional investor holding a certificate shall, at all times, abide by the Code of Conduct as specified in Third Schedule.]

<sup>3</sup>[**Validity of certificate.**

8. (1) Subject to the compliance of the provisions of the Act, these regulations, the circulars issued thereunder and the obligation to pay fees as specified in these regulations, -

(a) any registration granted by the Board shall be permanent unless suspended or cancelled by the Board;

(b) any registration already granted by the Board prior to the commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008 shall be deemed to be permanent, unless suspended or cancelled by the Board.

(2) A foreign institutional investor or a sub-account, having a certificate referred to in clause (b) of sub-regulation (1) shall file information in Form A or Form AA, as the case may be, at least three months prior to the expiry of period of certificate or within three months from such commencement, whichever is later.

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1 Prior to its omission it was inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2000 w.e.f. 29.02.2000, read as under:  
“Provided further that a domestic portfolio manager or domestic asset management company shall not be liable to pay fee.”

2 Regulation 7A inserted by SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2003 w.e.f. 28.8.2003.

3 Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008. Prior to substitution regulation 8 read as under:

*“The certificate and each renewal thereof shall be valid for a period of three years from the date of its grant or renewal, as the case may be.”*

(3) A foreign institutional investor or a sub account may surrender the certificate of registration granted to it by the Board.

(4) While accepting a surrender of registration, the Board may impose such conditions upon the foreign institutional investor or the sub account as it deems fit.]

<sup>1</sup>[9. Omitted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.]

### **Conditions for grant <sup>2</sup>[\*\*\*] of certificate to Foreign Institutional Investors.**

10. The grant <sup>3</sup>[\*\*\*] of certificate to the Foreign Institutional Investor shall be subject to the following conditions namely:

(a) he shall abide by the provisions of these regulations;

(b) if any information or particulars previously submitted to the Board are found to be false or misleading, in any material respect, he shall forthwith inform the Board in writing;

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<sup>1</sup> Prior to omission regulation 9 read as under:

**“Application for renewal of certificate.**

9. (1) Three months before the expiry of the period of certificate, the Foreign Institutional Investor, if he so desires, may make an application for renewal in Form A.

Provided that a Foreign Institutional Investor who does not desire to renew its registration or has failed to make an application for renewal under sub-regulation (1), shall, at the time of expiry of registration, obtain a specific permission from the Board, for disinvesting the securities held by it on its own account or on behalf of its sub-account(s), within a stipulated time period, subject to such terms and conditions as may be specified by the Board:

Provided further that where a Foreign Institutional Investor does not desire to renew registration of any of its sub-account(s) or has failed to make an application for renewal of registration of sub-account(s), the Foreign Institutional Investor shall at the time of expiry of registration, obtain, a specific permission from the Board, for disinvesting the securities held by it on behalf of sub-account(s) within a stipulated time period, subject to such terms and conditions as may be specified by the Board]

<sup>2</sup> Words “or renewal” omitted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.

<sup>3</sup> . *Ibid.*

- (c) if there is any material change in the information previously furnished by him to the Board, which has a bearing on the certificate granted by the Board, he shall forthwith inform the Board;
- (d) he shall appoint a domestic custodian and before making any investments in India, enter into an agreement with the domestic custodian providing for custodial services in respect of securities;
- (e) he shall, before making any investments in India, enter into an arrangement with a designated bank for the purpose of operating a special non-resident rupee or foreign currency account;
- (f) before making any investments in India on behalf of a sub-account, if any, he shall obtain registration of such sub-account, under these regulations.

**Procedure where certificate is not granted.**

11. (1) Where an application for grant <sup>1</sup>[\*\*\*] of a certificate does not satisfy the requirements specified in regulation 6, the Board may reject the application after giving the applicant a reasonable opportunity of being heard.
- (2) The decision to reject the application shall be communicated by the Board to the applicant in writing stating therein the grounds on which the application has been rejected.
- (3) The applicant, who is aggrieved by the decision of the Board under sub-regulation (1) may, within a period of thirty days from the date of receipt of communication under sub-regulation (2), apply to the Board for reconsideration of its decision.
- (4) The Board shall, as soon as possible, in the light of the submissions made in the application for reconsideration made under sub-regulation (3) and after giving a reasonable opportunity of being heard, convey its decision in writing to the applicant.

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1 . Words “or renewal” omitted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008

### **Application for registration of sub-accounts.**

12. (1) A Foreign Institutional Investor shall seek from the Board registration of each sub-account on whose behalf he proposes to make investments in India:

<sup>1</sup>[Provided that before making an application for registration on behalf of a proposed sub-account being a foreign corporate, the foreign institutional investor shall verify the necessary details and documents and satisfy itself about the identity of the proposed sub-account after applying its know your client procedure.]

(2) Notwithstanding any thing contained in sub-regulation (1) above, any sub-account which has been granted approval prior to the commencement of these regulations by the Board shall be deemed to have been granted registration as a sub-account by the Board under these regulations.

<sup>2</sup> [(3) An application for registration as sub-account shall be made in Form AA.]

### **Procedure and grant of registration of sub-accounts.**

13. (1) For the purpose of grant of registration the Board shall take into account all matters which are relevant to the grant of such registration to the sub-account and in particular the following, namely:-

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1 . Proviso inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

2 . Substituted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2006, w.e.f. 21-8-2006. Prior to substitution, sub-regulation (3), as amended by the SEBI (Foreign Institutional Investors) (Third Amendment) Regulations, 1998, w.e.f. 30-6-1998, read as under:

*“An application for registration as a sub-account shall contain particulars specified in sub-para (b) of para 5 of Form A.” in 12 (1) of Annexure B to Form A of the First Schedule*

<sup>1</sup> [(a) the applicant falls into any of the following categories, namely:-

- (i) broad based fund or portfolio which is broad based, incorporated or established outside India; or
- (ii) proprietary fund of a registered foreign institutional investor; or
- (iii) foreign corporate; or
- (iv) foreign individual; or
- (v) university fund, endowment, foundation, charitable trust or charitable society who are eligible to be registered as a foreign institutional investor under these regulations.

Explanation I: For the purposes of clause (a),

(A) “foreign corporate” means a body corporate incorporated outside India which fulfills the following conditions:-

- (i) its securities are listed on a stock exchange outside India;
- (ii) it has asset base of not less than two billion US dollars;
- (iii) it had an average net profit of not less than fifty million US dollars during the three financial years preceding the date of the application.

(B) “foreign individual” means a foreigner who fulfills the following conditions:-

- (i) has a networth of not less than fifty million US dollars;
- (ii) holds the passport of a foreign country for a period of at least five years preceding the date of application;
- (iii) holds a certificate of good standing from a bank;

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1. Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008. Prior to substitution clauses (a) , (b) and proviso to clause (b) of the regulation 13(1) read as under:

“(a) the applicant is an institution or fund or portfolio established or incorporated outside India and proposes to make investment in India;

(b) the applicant is a broad based fund or proprietary fund or a foreign corporate or individual ;

Provided that a non-resident Indian or an overseas corporate body registered with Reserve Bank of India shall not be eligible to invest as sub-account or as foreign institutional investor.”

(iv) is the client of the foreign institutional investor or any other entity which belongs to the same group as the foreign institutional investor, for a period of at least three years preceding the date of the application:

Explanation II: Non-resident Indian shall not be eligible to apply as sub-account:

Provided that nothing contained in the Explanation I to clause (a) shall apply to a sub-account which was granted registration prior to commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008.]

<sup>1</sup> [(b)] the applicant is a fit and proper person;

(c) the Foreign Institutional Investor through whom the application for registration is made to the Board holds a certificate of registration as Foreign Institutional Investor;

(d) the Foreign Institutional Investor through whom an application for registration of sub-account is made, is authorised to invest on behalf of the sub-account;

<sup>2</sup> [(e) the applicant and the Foreign Institutional through whom the application for registration of sub-account is made, have submitted joint undertakings as required by Form AA of the First Schedule;]

<sup>3</sup> [(ee) *Omitted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2006 w.e.f. 21-8-2006.*]

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1 Clause (bb) renumbered as (b) by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

2 Substituted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2006, w.e.f 21-8-2006. Earlier it was Inserted by the SEBI (Foreign Institutional Investors) (Third Amendment) Regulations, 1998, w.e.f.30-6-1998. Prior to its substitution it read as under:

“ The foreign institutional investor through whom the application for registration is made, has submitted undertakings that the sub-account fulfils the criteria referred to in this sub-regulation in a manner specified in para 2 of Annexure B to Form A of the First Schedule”.

3 Prior to omission, Clause (ee), inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2000, w.e.f. 29-2-2000, read as under.

“In case the sub-account is a foreign corporate or individual, the foreign institutional investor, through whom the application for registration is made, shall furnish information and undertaking as specified in para 3 of Annexure B to Form A of the First Schedule;”

f) The sub-account has paid registration fees in accordance with the Second Schedule.]

<sup>1</sup>[(2)The Board on receipt of the undertakings and the registration fees as referred to in sub-regulation (1), may grant registration to the sub- account.]

(3) A sub-account granted registration in accordance with sub-regulation (2) of this regulation shall be deemed to be registered as a Foreign Institutional Investor with the Securities and Exchange Board of India for the limited purpose of availing of the benefits available to Foreign Institutional Investors under section 115 AD of Income Tax Act,1961, (43 of 1961).

## <sup>2</sup> [Responsibility of foreign institutional investors.

**13A.** (1) A foreign institutional investor shall be responsible and liable for all acts of commission and omission of all its sub-accounts and other deeds and things done by such sub-accounts in their capacity as sub-accounts under these regulations.

(2) Nothing contained in sub-regulation (1) shall be deemed to detract from any responsibility or liability of the sub-account under these regulations or under any other law for the time being in force.

(3) Sub-regulation (1) shall have effect irrespective of whether the foreign institutional investor exercises discretion in respect of funds of the sub-account or not.]

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1 Substituted by the SEBI ((Foreign Institutional Investors) (Third Amendment) Regulations, 1998 w.e.f. 30-6-1998.

2 . Regulation 13A inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008

**CHAPTER III**  
**INVESTMENT CONDITIONS AND RESTRICTIONS**

**Commencement of investment.**

14. A Foreign Institutional Investor shall not make any investments in securities in India without complying with the provisions of this Chapter.

**Investment restrictions.**

15. (1) A Foreign Institutional Investor may invest only in the following:-

(a) securities in the primary and secondary markets including shares, debentures and warrants of companies <sup>1</sup> [unlisted], listed or to be listed on a recognised stock exchange in India; and

(b) units of schemes floated by domestic mutual funds including Unit Trust of India, whether listed on a recognised stock exchange or not,<sup>2</sup>[units of scheme floated by a Collective Investment Scheme.]

<sup>3</sup> [(c) dated Government Securities;]

<sup>4</sup> [(d) derivatives traded on a recognised stock exchange;]

<sup>5</sup> [(e) commercial paper;]

<sup>6</sup> [(f) security receipts;]

<sup>7</sup> [(1A) Where a foreign institutional investor or sub-account holds equity shares in a company whose shares are not listed on any recognised

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1 Inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 1996 w.e.f. 9.10.1996.

2 . Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008

3 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1998 w.e.f. 20.4.1998.

4 Inserted by the SEBI (Foreign Institutional Investors) (Third Amendment) Regulations, 1998 w.e.f.30.6.1998.

5 Inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2001 w.e.f. 13.2.2001.

6 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2006 w.e.f. 26-6-2006.

7 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008

stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Central Government relating to foreign direct investment for the time being in force].

<sup>1</sup>[(1B) Nothing contained in sub-regulation (1A) shall be deemed to prejudice the applicability of any other law, regulation or guideline.]

(2) Notwithstanding anything contained in sub-regulation (1) of this regulation, the total investments in equity and equity related instruments (including fully convertible debentures, convertible portion of partially convertible debentures and tradable warrants) made by a Foreign Institutional Investor in India, whether on his own account or on account of his sub-accounts, shall not be less than seventy per cent of the aggregate of all the investments of the Foreign Institutional Investor in India, made on his own account and on account of his sub-accounts:

<sup>2</sup>[Provided that nothing contained in sub-regulation (2) shall apply to any investment of the Foreign Institutional Investor either on its own account or on behalf of its sub-accounts in debt securities which are <sup>3</sup>[unlisted or] listed or to be listed on any stock exchange if the prior approval of the Board has been obtained for such investments:

Provided further that the Board may while granting approval for the investments impose conditions as are necessary with respect to the maximum amount which can be invested in debt securities by the foreign institutional investor on its own account or through its sub accounts:]

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1. Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008
  2. Inserted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 1996 published in official Gazette of India dated 19.11.1996.
  3. Inserted by the SEBI (Foreign Institutional Investors) (Third Amendment) Regulations, 1996, w.e.f 30-6-1998.

<sup>1</sup> [Provided further that a foreign corporate or individual shall not be eligible to invest through the hundred percent debt route:]

<sup>2</sup> [Provided further that the conditions mentioned in sub-regulation (2) shall not apply to investments made by foreign institutional investors in security receipts issued by securitization companies or asset reconstruction companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the rules made there under:

Provided further that no foreign institutional investor shall invest in security receipts on behalf of its sub account.]

<sup>3</sup> [Explanation: For the purposes of the provisos to this sub-regulation, the expression “debt securities” shall include dated Government securities,<sup>4</sup> [commercial paper]<sup>5</sup> [, and treasury bills].];

(3) In respect of investments in the secondary market, the following additional conditions shall apply:-

<sup>6</sup>[(a) a foreign institutional investor or sub-account shall transact in the Indian securities market only on the basis of taking and giving delivery of securities purchased or sold:

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<sup>1</sup> Inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2000 w.e.f. 29.2.2000

<sup>2</sup> Inserted by the SEBI ((Foreign Institutional Investors) Amendment Regulations, 2006, w.e.f. 26.6.2006.

<sup>3</sup> Inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 1997 w.e.f. 12.2.1997.

<sup>4</sup> Inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2001, w.e.f. 13.2.2001.

<sup>5</sup> Inserted by the SEBI (Foreign Institutional Investors) (second Amendment) Regulations, 1998 w.e.f. 18.5.1998.

<sup>6</sup> Substituted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2007 w.e.f. 21.4.2008. Prior to its substitution, clause (a) as amended by SEBI (FII) (Third Amendment) Regulations, 1998, w.e.f. 30-6-1998, read as under:  
“(A) the Foreign Institutional Investor shall transact business only on the basis of taking and giving deliveries of securities bought and sold and shall not engage in short selling in securities: Provided that nothing contained in clause (a) shall apply in respect of transactions in derivatives traded on a recognized stock exchange;”

Provided that nothing contained in this clause shall apply to any transactions in derivatives on a recognised stock exchange:

Provided further that a foreign institutional investor or sub-account may enter into short selling transactions only in accordance with the framework specified by the Board in this regard;]

(b) no transaction on the stock exchange shall be carried forward; and

(c) the transaction of business in securities shall be only through stock brokers who has been granted a certificate by the Board under sub section (1) of section 12 of the securities and Exchange Board of India Act,1992:

<sup>1</sup>[Provided that transactions in government securities <sup>2</sup> [, commercial paper] <sup>3</sup> [including treasury bills] shall be carried out in a manner specified by the Reserve Bank of India:]

<sup>4</sup> [Provided further that nothing contained in clause (c) shall apply to sale of securities by a Foreign Institutional Investor in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 <sup>5</sup> [or to sale of securities by a Foreign Institutional Investor in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003]:]

<sup>6</sup> [Provided further that in case of an offer by a company to buy-back its securities, the foreign institutional investor, may sell the securities held by it to such company, in accordance with the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998:]

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1 Inserted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 1997, w.e.f. 10-7-1997.

2 Inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2001 w.e.f. 13.2.2001.

3 Inserted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulation, 1998 w.e.f. 18.5.1998.

4 Inserted by the SEBI (Foreign Institutional Investors) (Third Amendment) Regulations, 1998 w.e.f. 30.6.1998.

5 Inserted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2004 w.e.f. 19.2.2004.

6 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1999 w.e.f. 16.4.1999.

<sup>1</sup>[Provided further that nothing contained in clause (c) shall apply to divestment of securities by the Foreign Institutional Investors in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through issue of American Depository Receipts (ADR) or Global Depository Receipts (GDR) as notified by the Government of India vide notification No.15/23/99-NRI, dated July 29, 2002 and directions issued by Reserve Bank of India from time to time under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999):]

<sup>2</sup> [Provided further that nothing contained in clause (c) shall apply to any bid for, or acquisition of, securities by a Foreign Institutional Investor in response to an offer for disinvestment of shares made by the Central Government or any State Government:]

<sup>3</sup> [Provided further that nothing contained in clause (c) shall apply to purchase or sale of security receipts by a foreign institutional investor;]

<sup>4</sup> [(d) a Foreign Institutional Investor or a sub-account, shall, subject to such instructions as may be issued by the Board, deliver or cause to be delivered only securities in dematerialised form for settlement of

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1 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, w.e.f. 14-5-2003.

2 Inserted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2004 w.e.f. 19.2.2004.

3 Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2006, w.e.f. 26.6.2006.

4 Substituted for the clause (d) by the SEBI (Foreign Institutional Investor) (Amendment) Regulations 2007, w.e.f. 8-1-2007. Prior to substitution "Clause (d)" was inserted by the SEBI (Foreign Institutional Investors) (Third Amendment) Regulations, 1997 w.e.f. 5.12.1997 and read as follows:  
*"(d) a Foreign Institutional Investor or a sub-account having an aggregate of securities which are worth rupees ten crore or more, as on the latest balance sheet date, shall, subject to such instructions as may be issued from time to time by the Board, settle their transactions entered on or after January 15, 1998 only through dematerialised securities."*

its transactions undertaken on a recognised stock exchange, except in cases where the issuer of such securities has established connectivity with all depositories registered with the Board under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.]

- (4) Unless otherwise approved by the Board, securities shall be registered –
- (a) in the name of the Foreign Institutional Investor, provided the Foreign Institutional Investor is making investments on his own behalf; or
  - (b) in his name on account of his sub-account, or in the name of the sub-account, in case he is investing on behalf of the sub-account:  
Provided that the names of the sub-accounts on whose behalf the Foreign Institutional Investor is investing are disclosed to the Board by the Foreign Institutional Investor.
- (5) The purchase of equity shares of each company by a Foreign Institutional Investor investing on his own account shall not exceed <sup>1</sup> [ten] percent of the total issued capital of that company.
- (6) In respect of a Foreign Institutional Investor investing in equity shares of a company on behalf of his sub-accounts, the investment on behalf of each such sub-account shall not exceed <sup>2</sup> [ten] percent of the total issued capital of that company:  
<sup>3</sup> [Provided that in case of foreign corporates or individuals, each of such sub-account shall not invest more than 5% of the total issued capital of the company in which such investment is made.]

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1 Substituted for "five" by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1996 w.e.f. 9.10.1996

2 *Ibid.*

3 Substituted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2000 w.e.f. 29.10.2000. Earlier it was inserted by the SEBI (Foreign Institutional Investors) Amendment Regulations, 2000, w.e.f. 29.02.2000. Prior to its substitution it read as under:  
"Provided that in case of foreign corporates or individuals, all the investments made by all foreign corporates or individuals together as sub-accounts, shall not exceed 5% of the total issued capital of the company in which such investment is made."

(7) The investment by the Foreign Institutional Investor shall also be subject to Government of India Guidelines.

<sup>1</sup> [(8) A foreign institutional investor or sub-account may lend or borrow securities in accordance with the framework specified by the Board in this regard.]

<sup>2</sup> [Explanation- For the purposes of this regulation, the words 'security receipts', 'asset reconstruction', 'securitisation company' and 'reconstruction company' shall have the meanings respectively assigned to them under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.]

<sup>3</sup> **[Conditions for issuance of offshore derivative instruments.**

**15A.** (1) No foreign institutional investor may issue, or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

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1. Substituted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2007, w.e.f.31-12-2007. Prior to substitution Regulation 15(8) read as under:

"A Foreign Institutional Investor or sub-account may lend securities through an approved intermediary in accordance with stock lending scheme of the Board."

<sup>2</sup> Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2006 w.e.f. 26.6.2006.

3. Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008. Prior to substitution, Regulation 15A.(1) as amended by SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2004 w.e.f. 3.02.2004 read as under:

15A. (1) "A Foreign Institutional Investor or sub account may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities, listed or proposed to be listed on any stock exchange in India, only in favour of those entities which are regulated by any relevant regulatory authority in the countries of their incorporation or establishment, subject to compliance of "know your client" requirement:

Provided that if any such instrument has already been issued, prior to 3<sup>rd</sup> February 2004, to a person other than a regulated entity, contract for such transaction shall expire on maturity of the instrument or within a period of five years from 3<sup>rd</sup> February, 2004, whichever is earlier.

(2) A Foreign Institutional Investor or sub account shall ensure that no further down stream issue or transfer of any instrument referred to in sub-regulation (1) is made to any person other than a regulated entity."

(a) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;

(b) such offshore derivative instruments are issued after compliance with 'know your client' norms:

Provided that where at the commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008, any person other than a person regulated by an appropriate foreign regulatory authority is holding offshore derivative instruments issued by or on behalf of the foreign institutional investor, such foreign institutional investor shall ensure that they are cancelled, redeemed or closed out, before the thirty first day of March, 2009.

(2) A foreign institutional investor shall ensure that no further issue or transfer is made of any offshore derivative instruments issued by or on behalf of it to any person other than a person regulated by an appropriate foreign regulatory authority.

<sup>1</sup> [(3). Omitted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2008 w.e.f 30-10-2008]

<sup>2</sup>[(4) Omitted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2008 w.e.f 30-10-2008]

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<sup>1</sup> Prior to the omission, sub-regulation (3) of regulation 15A as inserted by SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.and read as under:

“(3) No offshore derivative instruments shall be issued by or on behalf of a foreign institutional investor with derivatives tradable on any recognized stock exchange in India as underlying:

Provided that where any such offshore derivative instruments had been issued prior to the commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008 by or on behalf of a foreign institutional investor and are outstanding at such commencement, they shall be cancelled or redeemed or closed out before the thirty first day of March 2009:

Provided further that such offshore derivative instruments issued before the commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008 by or on behalf of a foreign institutional investor may be renewed upon their expiry after such commencement, so that the period of renewal ends before the thirty first day of March 2009.

<sup>2</sup> Prior to the omission, sub-regulation (4) of regulation 15A as inserted by SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.and read as under:

<sup>1</sup>[(5) Omitted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2008 w.e.f 30-10-2008]

(6) On and from the commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008, no sub-account shall, directly or indirectly, issue offshore derivative instruments:

Provided that offshore derivative instruments issued directly or indirectly by a sub-account, before such commencement and outstanding as at such commencement shall be cancelled or redeemed or closed out before the thirty first day of March 2009.

<sup>2</sup>[(7) Omitted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2008 w.e.f 30-10-2008]

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(4) Where the total value of outstanding offshore derivative instruments issued by a foreign institutional investor or a sub-account as on the thirtieth day of September 2007 is more than forty per cent. of its assets under custody as on that date, further offshore derivative instruments may be issued only in lieu of offshore derivative instruments which are cancelled or redeemed or closed out:

Provided that the amount raised through such further issuance of offshore derivative instruments shall not exceed the amount of offshore derivative instruments cancelled or redeemed or closed out: Provided further that additional offshore derivative instruments may be issued against the bonus shares allotted in respect of the equity shares against which offshore derivative instruments are already in existence.

1 Prior to the omission, sub-regulation (5) of regulation 15A as inserted by SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.and read as under:

(5) Where the total value of offshore derivative instruments issued against securities held by a foreign institutional investor or a sub-account as on the thirtieth day of September 2007 is less than forty per cent of its assets under custody as on that date, further issuance of offshore derivative instruments in any period of twelve months shall not exceed five per cent. of the total value of its assets under custody:

Provided that such further issuance shall not result in the total value of offshore derivative instruments exceeding forty per cent of the assets under custody.

2 Prior to the omission, sub-regulation (7) of regulation 15A as inserted by SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.and read as under:

(7) Where offshore derivative instruments issued by or on behalf of a sub account are outstanding as on the thirtieth day of September 2007 and steps have been taken by the sub-account to obtain registration as a foreign institutional investor as on the date of

Explanation I: For the purpose of this regulation, -

(i) 'offshore derivative instrument' means any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying;

<sup>1</sup>[ii] Omitted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2008, w.e.f.30-10-2008.

Explanation II: For the purposes of sub-regulation (2) and the proviso thereto, the expression "person regulated by an appropriate foreign regulatory authority" means and includes the following, namely:-

(i) any person that is regulated/supervised and licensed/registered by a foreign central bank;

(ii) any person that is registered and regulated by a securities or futures regulator in any foreign country or state;

(iii) any broad based fund or portfolio incorporated or established outside India or proprietary fund of a registered foreign institutional investor or university fund, endowment, foundation, charitable trust or charitable society whose investments are managed by a person covered by clauses (i), or (ii) above.]

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commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008, sub-regulations (4) and (5) and the provisos thereto shall apply as if the sub-account were a foreign institutional investor on the said date.

1 . Prior to omission, Explanation I clause (ii) as inserted by SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008 read as under:

*“assets under custody’ on a particular date, in relation to a foreign institutional investor or a sub account, means the value of assets of the foreign institutional investor which are in custody of its custodian.”*

**CHAPTER IV**  
**GENERAL OBLIGATIONS AND RESPONSIBILITIES**

**Appointment of domestic custodian.**

16. (1) A Foreign Institutional Investor or a global custodian acting on behalf of the Foreign Institutional Investor, shall enter into an agreement with a domestic custodian to act as custodian of securities for the Foreign Institutional Investor.

(2) The Foreign Institutional Investor shall ensure that the domestic custodian takes steps for –

- (a) monitoring of investments of the Foreign Institutional Investor in India;
- (b) reporting to the Board on a daily basis the transactions entered into by the Foreign Institutional Investor;
- (c) preservation for five years of records relating to his activities as a Foreign Institutional Investor; and
- (d) furnishing such information to the Board as may be called for by the Board with regard to the activities of the Foreign Institutional Investor and as may be relevant for the purpose of this regulation.

(3) A Foreign Institutional Investor may appoint more than one domestic custodian with prior approval of the Board, but only one custodian may be appointed for a single sub-account of a Foreign Institutional Investor.

**Appointment of designated bank.**

17. A Foreign Institutional Investor shall appoint a branch of a bank approved by the Reserve Bank of India for opening of foreign currency denominated accounts and special non-resident rupee accounts.

<sup>1</sup> **[Investment Advice in publicly accessible media.**

17A. (1) A Foreign Institutional Investor or any of his employees shall not render directly or indirectly any investment advice about any security in the publicly accessible media, whether real-time or non real-time, unless a disclosure of his interest including long or short position in the said security has been made, while rendering such advice.

(2) In case, an employee of the Foreign Institutional Investor is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.]

**Maintenance of proper books of accounts, records, etc.**

18. (1) Every Foreign Institutional Investor shall keep or maintain, as the case may be, the following books of accounts, records and documents, namely:-

- (a) true and fair accounts relating to remittance of initial corpus for buying, selling and realising capital gains of investment made from the corpus;
- (b) accounts of remittances to India for investments in India and realising capital gains on investments made from such remittances;
- (c) bank statement of accounts;
- (d) contract notes relating to purchase and sale of securities; and
- (e) communication from and to the domestic custodian regarding investments in securities.

(2) The Foreign Institutional Investor shall intimate to the Board in writing the place where such books, records and documents will be kept or maintained.

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1            Inserted by the SEBI (Investment Advice by Intermediaries) Regulations, 2001 w.e.f. 29.5.2001.

**Preservation of books of accounts, records, etc.**

19. Subject to the provisions of any other law, for the time being in force, every Foreign Institutional Investor shall preserve the books of accounts, records and documents specified in regulation 18 for a minimum period of five years.

<sup>1</sup> **[Appointment of Compliance Officer.**

19A. (1) Every Foreign Institutional Investor shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions etc issued by the Board or the Central Government.

(2) The compliance officer shall immediately and independently report to the Board any non-compliance observed by him.]

**Information to the Board.**

20. Every Foreign Institutional Investor shall, as and when required by the Board or the Reserve Bank of India, submit to the Board or the Reserve Bank of India, as the case may be, any information, record or documents in relation to his activities as a Foreign Institutional Investor as the Board or as the Reserve Bank of India may require.

<sup>2</sup> [20A. Foreign Institutional Investors shall fully disclose information concerning the terms of and parties to off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other such instruments, by whatever names they are called, entered into by it or its sub-accounts or affiliates relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may require.]

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1 Inserted by the SEBI (Investment Advice by Intermediaries) Regulations, 2001 w.e.f. 29.5.2001.

2 Inserted by the SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2003 w.e.f. 8.8.2003

## CHAPTER V

### PROCEDURE FOR ACTION IN CASE OF DEFAULT

#### <sup>1</sup> [Liability for Action in case of default.

21. A Foreign Institutional Investor who contravenes any of the provisions of the Act, rules or regulations framed thereunder shall be liable for one or more actions specified therein including the action under Chapter V of the SEBI (Intermediaries) Regulations, 2008]

<sup>2</sup> [22 to 29]- Omitted by SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 w.e.f. 27.09.2002.

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<sup>1</sup> Substituted by the SEBI (Intermediaries) Regulations, 2008 w.e.f. 26-5-2008. Prior to its substitution, regulation as substituted by the SEBI (Procedure for Holding Enquiry by Enquiry officer and Imposing penalty) Regulations, 2002, w.e.f. 27-9-2002, read as under:

A Foreign Institutional Investor who -

(a) fails to comply with any condition subject to which certificate has been granted;  
(b) contravenes any of the provisions of the Act, rules or regulations, shall be dealt with in the manner provided under the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002.

2. Regulations 22 to 29 omitted by the SEBI (Appeal to Securities Appellate Tribunal) (Amendment) Regulations, 2000 w.e.f. 28.3.2000. Earlier regulation 29 was substituted by the SEBI (Appeal to Securities Appellate Tribunal) (Amendment) Regulations, 2000 w.e.f. 28.3.2000 Prior to its substitution it read as under "Any Foreign Institutional Investor aggrieved by an order of the Board under the regulations may prefer an (Appeal to the Central Government) Rules 1993. Earlier these regulations read as under:-

#### **"Suspension of certificate**

22. A penalty of suspension of certificate of a Foreign Institutional Investor may be imposed if he -

- (a) indulges in fraudulent transactions in securities;
- (b) fails to furnish any information related to his transaction in securities as required by the Board or the Reserve Bank of India;
- (c) furnishes false information to the Board; or
- (d) does not co-operate in any enquiry conducted by the Board.

#### **Cancellation of certificate**

23. A penalty of cancellation of certificate of a Foreign Institutional Investor may be imposed if he -

- (a) indulges in deliberate manipulation or price rigging or cornering activities prejudicially affecting the securities market or the investors' interest;
- (b) is guilty of fraud or a criminal offence, involving moral turpitude;
- (c) does not meet the eligibility criteria laid down in these regulations;
- (d) violates the provisions of the Securities and Exchange Board of India (Insider Trading) Regulations, 1992 or of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 1995, made under the Act; or
- (e) is guilty of repeated defaults of the nature mentioned in regulation 22.

Explanation: In this regulation, "fraud" shall have the same meaning as is assigned to it in section 17 of the Indian Contract Act, 1872.

#### **Manner of making order of suspension and cancellation of certificate**

24. No order of penalty of suspension or cancellation of certificate shall be imposed on the Foreign Institutional Investor except after holding an enquiry in accordance with the procedure specified in regulations 25 and 26.

#### **Manner of holding enquiry**

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25. (1) For the purpose of holding the enquiry referred to in regulation 24, the Board may appoint an enquiry officer.
- (2) The enquiry officer shall issue to the Foreign Institutional Investor a notice at the principal place of business of the Foreign Institutional Investor setting out the default alleged to have been committed by the Foreign Institutional Investor and calling upon him to show cause why the penalties specified in regulation 21 should not be imposed on him.
- (3) The Foreign Institutional Investor may, within thirty days from the date of receipt of such notice, furnish to the enquiry officer a reply, together with copies of documentary or other evidence relied on by him in support of its reply:  
Provided that the enquiry officer may call upon him to supply further information.
- (4) The enquiry officer shall, give a reasonable opportunity of hearing to the Foreign Institutional Investor to enable him to make submission in support of his reply under sub-regulation (3) of this regulation.
- (5) Before the enquiry officer, the Foreign Institutional Investor may either appear in person or through any person duly authorised by him in writing.
- (6) If it is considered necessary, the enquiry officer may ask the Board to appoint a presenting officer to present its case.
- (7) The enquiry officer shall, after taking into account all relevant facts and submissions made by the Foreign Institutional Investor and by the presenting officer, if appointed under sub-regulation (6) above, submit a report to the Board and recommend the penalty if any to be awarded along with the justification for such penalty.

**Show cause notice and order**

26. (1) On receipt of the report from the enquiry officer, the Board shall consider the same and issue a show-cause notice to the Foreign Institutional Investor as to why the penalty, which it considers appropriate and which shall be specified in the notice should not be imposed.
- (2) The Foreign Institutional Investor shall within twenty-one days of the date of the receipt of the show-cause notice referred to in sub-regulation (1), of this regulation send to the Board a reply to the notice.
- (3) The Board after considering the reply to the show-cause notice, if received in time, shall as soon as possible but not later than thirty days from the receipt of the reply, if any, pass such order as it deems fit.
- (4) Every order passed under sub-regulation (3) of this regulation shall be self-contained and give reasons for the conclusions stated therein including the justification for the penalty, if any, imposed by that order.

**Effect of suspension and cancellation of certificate**

27. (1) On and from the date of the suspension of certificate, if ordered under this Chapter, the Foreign Institutional Investor shall cease to buy, sell or otherwise deal in securities in India during the period of suspension.

(2) On and from the date of cancellation of certificate, if ordered under this Chapter, the Foreign Institutional Investor shall cease to buy, sell or otherwise deal in securities in India, except for the purpose of liquidating the existing investments.

**Publication of order of suspension and cancellation of certificate**

28. The order of suspension or cancellation of certificate under this Chapter shall be published by the Board in at least two daily newspapers.

**Appeal to Securities Appellate Tribunal**

29. Any person aggrieved by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999, (i.e., after 16th December 1999), under these regulations may prefer an appeal to a Securities Appellate Tribunal having jurisdiction in the matter.”

## FIRST SCHEDULE

### FORMS

#### <sup>1</sup>[FORM A]

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1 . Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008.  
Prior to substitution Form A read as under:

#### “FORM A

#### Application Form for Grant of Certificate of Registration as

#### Foreign Institutional Investor(FII)

[See regulation 3(2)]

#### 1. Details of the applicant:

#### 1.1 Name of the applicant:

#### 1.2 Date of incorporation/establishment:

#### 1.3 Legal form of the applicant and the law, under which it is incorporated, established or registered, if any:

#### 1.4 Place of incorporation/establishment:

---

**1.5 Brief description of the principal activities:**

--

**1.6 Year of commencement of such activities:**

--

**1.7 Brief description of the group, if any, to which the applicant belongs:**

--

**1.8 Registered office address:**

Address	
Postal Code	
Country	
Telephone no	
Fax No	
Web-site	
E-mail address	

**1.9 Compliance officer:**

Name	
Job Title	
Business Address	
Postal Code	
Country	

Telephone no	
Fax No	
E-mail address	

**2 Category of the applicant**

**2.1.1 If the applicant is a fund:**

- Pension Fund
- Mutual Fund
- Investment Trust
- Bank
- Charitable society
- Central Bank
- International or Multilateral organization
- Nominee company
- Any other, in the nature of fund, please specify
- University fund
- Endowment
- Foundation
- Charitable Trust
- Insurance/Reinsurance Company
- Foreign Governmental Agency

**2.1.2 Name of the investment manager/advisor of the fund:**

**2.2 If the applicant is not a fund:**

- Asset Management Company
- Institutional Portfolio Manager

---

Investment Manager/Advisor      Trustee

Power of attorney holder

Any other, please specify

--

**2.3 Details of the broad-based funds on whose behalf the applicant proposes to invest in Indian Securities markets :**

<b>Name of the fund/s</b>	<b>Category (e.g. Mutual fund, Pension fund)</b>	<b>Country of incorporation/establishment</b>

**3. Details of regulatory authority by which the applicant is regulated /with whom the applicant is registered.**

**3.1 Contact details:**

Name	
Address	
Country	
Postal Code	
Telephone no	
Fax No	

Web-site	
E-mail address	

**3.2 Please mention briefly the activities which the applicant is permitted to undertake under the registration/license granted by the regulatory authority as indicated in Item No. 3.1 <sup>@</sup>:**

--

<sup>@</sup> *(for the applicants falling under item no. 2.2)*

**3.3 Registration Number/Code (if any):**

--

**3.4 Period of registration (if any):**

Perpetual

Fixed Validity, if yes then give details:

From: <i>dd/mm/yyyy</i>	To: <i>dd/mm/yyyy</i>
-------------------------	-----------------------

**3.5 Disciplinary History**

Whether there has been any instance of violation or non-adherence to the securities laws, code of ethics/conduct, code of business rules, for which the applicant, or its parent / holding company or affiliate may have been subjected to economic or criminal liability or suspended from carrying out its operations or the registration, has been revoked, temporarily or permanently.

Yes

No

---

If yes, then please provide details:

--

**4 Details of the domestic custodian and designated bank appointed**

**4.1 Details of the domestic custodian**

Name	
Address	
Postal Code	
Country	
UIN	

**4.2 Details of designated bank:**

Name	
Address	
Postal Code	
Country	

**5. Details of association with the Indian securities market.**

**5.1 Whether the applicant or its associate/s or group company/s, having office in India, have ever been registered with “SECURITIES AND EXCHANGE BOARD OF INDIA”**

---

Yes

No

If yes, then please provide details:

Name of the entity	Registered as	SEBI Registration No.	Period of registration	
			From	To
			dd/mm/yyyy	dd/mm/yyyy
			dd/mm/yyyy	dd/mm/yyyy
			dd/mm/yyyy	dd/mm/yyyy
			dd/mm/yyyy	dd/mm/yyyy

*(Please attach separate sheet, in the same format, if the space provided here is not sufficient)*

## 6. Undertaking and declarations

### Declaration:

We hereby declare that the applicant has not incurred any of the disqualifications mentioned in regulation 3(2) of the SEBI (Criteria for Fit and Proper Person) Regulations, 2004.

### Undertaking:

1. We hereby agree and declare that the information supplied in the application, including the attachment sheets, is complete and true.
2. We further undertake that we will immediately notify the Securities and Exchange Board of India and the Reserve Bank of India of any change in the information provided in the application.
3. We further undertake that we shall comply with the provisions of the Act, and regulations issued thereunder and all other relevant laws including guidelines issued by the Reserve Bank of India and the Government of India.
4. We further undertake that as a condition of grant of certificate of registration, we shall abide by such operational instructions/ directives as may be issued by Securities and Exchange Board of India and by the Reserve Bank of India from time to time under provisions of the Act or any other law for the time being in force.

[See regulation 3(2)]

**FORM A**

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For and on behalf of (*Name of the applicant*)

<i>Name of the applicant</i>	
Signature	
Name of signatory	
Position	
Date	<i>dd/mm/yyyy</i>

-----X-----

**Notes:**

**1. Documents & Instruments to be enclosed with the application:**

- (i) Certified copy of the relevant clause of Articles of the Memorandum and Articles of Association or the agreement authorizing the applicant to invest on behalf of its clients
- (ii) Audited financial statements/ annual report for the previous financial year, (period covered shall not be less than twelve months)
- (iii) Draft of US \$ 5000 in favor of 'Securities and Exchange Board of India' payable in New York.

2. Applications along with necessary documents should be submitted at **\*"SECURITIES AND EXCHANGE BOARD OF INDIA, Division of FIIs & Custodians, Mittal Court 'B' Wing, 1<sup>st</sup> Floor, Nariman point, Mumbai-400021."**

3. Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) reserve the right to call for any further information from the applicant regarding his application."

**Securities and Exchange Board of India (FII) Regulations, 1995**

**Application Form for Grant of Certificate of Registration as Foreign Institutional Investor(FII)**

[See regulation 3(2)]

**1. Details of the Applicant:**

**1.1 Name of the applicant:**

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**1.2 Address of the Applicant:**

Address			
Postal Code		Country	
Telephone No.		Fax No	
Web-site			

**1.3 Date of incorporation/establishment:**

of 

--

**1.4 Place and Country of Incorporation:**

Place		Country	
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**1.5 Legal form of the applicant and the law, under which it is incorporated, established or registered, if any:**


**1.6 Brief description of the principal activities:**

--

**1.7 Date of commencement of such activities:**

--

**1.8 Brief description of the group, if any, to which the applicant belongs:**

--

**1.9 Information pertaining to Compliance Officer:**

Name			
Job Title			
Telephone no		Fax No	
E-mail id			

**2 Category of the applicant**

**2.1 If the applicant is a fund:**

<input type="checkbox"/> Pension Fund	<input type="checkbox"/> University fund
<input type="checkbox"/> Mutual Fund	<input type="checkbox"/> Endowment
<input type="checkbox"/> Investment Trust	<input type="checkbox"/> Foundation
<input type="checkbox"/> Bank	<input type="checkbox"/> Charitable Trust
<input type="checkbox"/> Charitable society	<input type="checkbox"/> Insurance/Reinsurance Company
<input type="checkbox"/> Foreign Central Bank	<input type="checkbox"/> Foreign Governmental Agency
<input type="checkbox"/> Sovereign Wealth Fund	<input type="checkbox"/> International/Multilateral organization/agency
<input type="checkbox"/> Broad Based Fund (only if it does not satisfy any other category)	

**(Please state the corpus of the fund, Generic type and Number of investors in the fund along with their respective proportionate holdings in a separate annexure in the following format)**

Sr. No.	Generic Type of Investors	No. of Investors	Percentage of Holding
<b>Total Corpus of the Fund</b>			

**2.2 If the applicant is not a fund:**

- |   |  |
|---|--|
| <input type="checkbox"/> Asset Management Company Manager | <input type="checkbox"/> Institutional Portfolio |
| <input type="checkbox"/> Investment Manager/Advisor       | <input type="checkbox"/> Trustee of a Trust      |

**3. Classification of the applicant:**

70:30 (Equity: Debt)

100% Debt

**4. Details of Regulatory authority by which the applicant is regulated**

**4.1 Contact details:**

Name			
Country		Web-site	

**4.2 Registration Number/Code:**

**4.3 Please mention briefly the activities which the applicant is permitted to undertake under the registration/license granted by the above regulatory authority:**

**5. Details of Proposed Investments to be made in Indian Securities markets:**

**5.1. Nature of Investments to be made by the applicant:**

On behalf of Self

On behalf of client(s)/fund(s)

Both

**5.2 In case of investments being made on behalf of clients/ funds, details of the same:**

Name	Category	Country

**6. Disciplinary History**

Whether there has been any instance of violation or non-adherence to the securities laws, code of ethics/conduct, code of business rules, for which the applicant, or its parent / holding company or affiliate may have been subjected to economic or criminal liability or suspended from carrying out its operations or the registration, has been revoked, temporarily or permanently.

Yes

No

**If yes, please furnish details in annexure**

**7. Details of the domestic custodian and designated bank appointed**

**7.1 Details of the domestic custodian**

Name	
SEBI Reg. No.	

**7.2 Details of designated bank:**

Name of the Bank and Branch	
Address	

**8. Details of prior association with the Indian securities market.**

**8.1 Whether the applicant was anytime registered as FII or Sub account with Securities and Exchange Board of India.**

Yes  No

If yes, then please provide details:

Name of the entity	Registered as	SEBI Registration No.	Period of registration	
			From	To

**8.2 Whether any of your associate/s or group company/s, having office in India, have ever been registered with Securities and Exchange Board of India**

Yes  No

If yes, then please provide details:

Name of the entity	Registered as	SEBI Registration No.	Period of registration	
			From	To

*(Please attach separate sheet, in the same format, if the space provided here is not sufficient)*

## 9. Declaration and Undertaking

We declare that:

- a. No winding up orders have been passed against the applicant.
- b. no order suspending or debarring the applicant from permanently carrying on activities in the financial sector has been passed by any regulatory authority;
- c. no order withdrawing or refusing to grant any license/approval to the applicant which has a bearing on the securities market has been passed by any authority in the preceding five years;
- d. any penalty imposed (including monetary penalty) by any regulatory authority has been undergone or paid.
- e. the information supplied in the application, including the attachment sheets, is complete and true.

### Undertaking:

We undertake to:

1. notify the Securities and Exchange Board of India and the Reserve Bank of India of any change in the information provided in the application promptly.
2. comply with the provisions of the Act, and regulations issued there under and all other relevant laws including guidelines issued by the Reserve Bank of India and the Government of India.
3. abide by operational instructions/ directives as may be issued by Securities and Exchange Board of India and by the Reserve Bank of India from time to time under provisions of the Act or any other law for the time being in force.
4. be held responsible and liable for all acts of commission and omission of all its sub-accounts and other deeds and things done by such sub accounts under these regulations, irrespective of whether discretion is exercised by us in respect of the sub-account.

For                      and                      on                      behalf                      of                      applicant

---

Signature of Authorized Signatory	
Name	
Designation	

Date	dd/mm/yyyy
------	------------

**Notes:**

1. Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) reserve the right to call for any further information from the applicant regarding this application.
2. Applications along with necessary documents should be submitted at:

**Securities and Exchange Board of India,**

Division of Foreign Institutional Investors & Custodians,  
Plot No. C4-A, "G" Block,  
Bandra Kurla Complex,  
Mumbai-400051.

**3. Documents & Instruments to be enclosed with the application:**

- (i) Certified copy of the relevant clause of Articles of the Memorandum and Articles of Association or the agreement authorizing the applicant to invest on behalf of its clients.
- (ii) Audited financial statements/ annual report for the previous financial year, (period covered shall not be less than twelve months)
- (iii) Draft of US \$ 10,000 in favor of 'Securities and Exchange Board of India' payable in New York.

<sup>1</sup>[Form AA]

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1. Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f. 22-5-2008. Prior to substitution Form AA read as under:

"Form AA

Application Form for Grant of Certificate of Registration as Sub-account (SA)

[See regulation 12(1)]

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\*Note: - (The new address is “SECURITIES AND EXCHANGE BOARD OF INDIA, Division of FIIs & Custodians, Plot No. C 4 A, “G” Block, Bandra kurla Complex, Bandra (East), Mumbai-400051.”)

PART - I

(For the applicants under category “broad-based fund” and “proprietary fund of the FII”)

1. Details of the applicant:

1.1 Name of the applicant:

1.2 Date of incorporation/establishment:

1.3 Legal form of the applicant and the law under which it is incorporated, established or registered, if any:

1.4 Place of incorporation/establishment:

2. Category of the applicant

2.1 Please tick whether the applicant is:

---

Pension Fund

Mutual Fund

Investment Trust

Proprietary fund of the FII

any other, please specify

2.2 Please declare that the applicant is:

a broad-based fund

proprietary fund of the FII

2.3 If the applicant is “proprietary fund” of the FII, whether application is made for multi-managed structure

Yes

No

Not applicable

-----X-----

PART – II

(For the applicants under the category “foreign corporate” and “foreign individual”)

1. Details of the applicant

1.1 Name of the applicant:

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1.2 Citizenship of the applicant:

--

1.3 Present address of the individual/registered office address of the foreign corporate:

Address	
Country	
Postal Code	
Telephone no	
Fax No	
Web-site, if any	
E-mail address, if any	

1.4 Constitution of the applicant (in case of “foreign corporate”):

--

2 Business/occupation of the applicant

Brief description of the business/job of the applicant:

--

-----x-----

PART – III

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(For the all the applicants)

3. Details of the taxation authority

3.1 Please provide following details of the authority where the applicant is subject to taxation:

Name of the authority	
Address	
Country	
Postal Code	
Telephone no	
Fax No	
Web-site, if any	
E-mail address, if any	

3.2 Permanent Account Number/Registration Number/Code given by tax authority (if any):

--

4. Details of domestic custodian and designated bank appointed in India

4.1 Details of the domestic custodian

Name	
Address	
Postal Code	
Country	

UIN	
-----	--

4.2 Details of designated bank:

Name	
Address	
Postal Code	
Country	

5. Undertaking and Declarations

A. Declaration:

We hereby declare that the applicant has not incurred any of the disqualifications mentioned in regulation 3(2) of the SEBI (Criteria for Fit and Proper Person) Regulations, 2004.

We further declare that:

- a. no winding up orders have been passed against the applicant
- b. no order suspending or debarring the applicant from permanently carrying on activities in the financial sector has been passed by any regulatory authority;
- c. no order withdrawing or refusing to grant any license/approval to the applicant which has a bearing on the securities market has been passed by any authority in the preceding five years;
- d. any penalty imposed (including monetary penalty) by any regulatory authority has been undergone or paid.

B. Undertakings

(i) In case the client / sub-account is a broad based fund:

"We undertake that the proprietary funds of *name of the FII* (give name of the Foreign Institutional Investor) shall not be invested through \_\_\_\_\_ (give name of the applicant)."

OR

(ii) In case the client / sub-account is a proprietary fund of the Foreign Institutional Investor:

"We undertake that only the proprietary funds of the *name of the FII* shall be invested through \_\_\_\_\_ (give name of the applicant)."

C. Further declaration and undertaking:

1. We further declare that:

- (i) the Foreign Institutional Investor through whom an application for registration of sub-account is made is authorized to invest on behalf of the sub-account;
- (ii) the income of the applicant is from known and legitimate sources;
- (iii) the applicant is not a non-resident Indian or an overseas body corporate.

2. We hereby agree and declare that the information provided and the undertakings given above are complete and true.

3. And we further undertake that we will immediately notify the Securities and Exchange Board of India and the Reserve Bank of India of any change in the information provided.

For and on behalf of (*Name of the applicant*)

--

Signature	
Name of signatory	
Position	
Date	<i>dd/mm/yyyy</i>

For and on behalf of

Name of the FII	
Regn No.	
Signature	
Name of signatory	
Position	
Date	<i>dd/mm/yyyy</i>

## Application Form for Grant of Certificate of Registration as Sub-account

[See regulation 12(1)]

### 1. Details of the applicant:

Name			
Address			
Postal Code		Country	
Telephone no		Fax No	

#### 1.1 Name and Address of the applicant:

#### 1.2 Date of incorporation/establishment:

#### 1.3 Place and Country of Incorporation/ establishment:

---

#### Note:

1. Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) reserve the right to call for any further information from the applicant regarding his application.

2. Applications along with necessary documents should be submitted at **“SECURITIES AND EXCHANGE BOARD OF INDIA, Division of FIIs & Custodians, Mittal Court ‘B’ Wing, 1<sup>st</sup> Floor, Nariman Point, Mumbai-400021, INDIA.”**

<b>Place</b>		<b>Country</b>	
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**1.4 Legal form of the applicant**

:

**2. Category of the applicant**

**2.1 Please select the most appropriate category of the applicant:**

- |   |  |
|---|--|
| <input type="checkbox"/> Broad Based Fund   | <input type="checkbox"/> Broad Based Portfolio |
| <input type="checkbox"/> Proprietary fund of the FII                                      | <input type="checkbox"/> University Fund       |
| <input type="checkbox"/> Foreign Corporate  | <input type="checkbox"/> Endowment             |
| <input type="checkbox"/> Foundation   | <input type="checkbox"/> Charitable Trust      |
| <input type="checkbox"/> Charitable Society   | <input type="checkbox"/> Sovereign Wealth Fund |
| <input type="checkbox"/> Foreign Individual (Please furnish requisite information in 2.4) |  |

**2.2. In case of broad based fund / broad based Portfolio, please specify the constitution:**

- |  |   |
|--|---|
| <input type="checkbox"/> Mutual Fund                                   | <input type="checkbox"/> Pension Fund     |
| <input type="checkbox"/> Insurance                                     | <input type="checkbox"/> Investment Trust |
| <input type="checkbox"/> Others (only if it does not satisfy any other |   |

category):

**(Please state the corpus of the fund, Generic type and Number of investors in the fund along with their respective proportionate holdings in a separate annexure in the following format)**

SrNo.	Generic Type of Investors	No. of Investors	Percentage of Holding
<b>Total Corpus of the Fund</b>			

**2.3 In case of Foreign Corporate please specify the name of the Exchange/s where the applicant is listed:**

--

**2.4 In case of an Foreign Individual applicant, please specify the nationality and passport no. of the applicant:**

<b>Nationality</b>		<b>Passport No.</b>	
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**2.5 Classification of the applicant:**  70:30 (Equity: Debt)  100% Debt

**2.6 If the applicant is applying as a Proprietary fund of the FII, whether such funds would be invested through Multi-Managed Structure?**

Yes  No

**3. Details of the taxation authority**

**3.1 Name and Address of the tax Authority where the applicant is subject to taxation:**

--

**3.2 Unique Taxation-Id/Number (if any):**

--

**4. Details of domestic custodian and designated bank appointed in India**

**4.1 Details of the domestic custodian:**

Name	
SEBI Reg. No.	

**4.2 Details of designated bank:**

Name of the Bank & Branch	
Address	

**5. Declaration to be furnished by the Foreign Institutional Investor**

**A. We declare that:**

- a. no winding up orders have been passed against the applicant.
- b. no order suspending or debarring the applicant from permanently carrying on activities in the financial sector has been passed by any regulatory authority;
- c. no order withdrawing or refusing to grant any license/approval to the applicant which has a bearing on the securities market has been passed by any authority in the preceding five years;
- d. any penalty imposed (including monetary penalty) by any regulatory authority has been undergone or paid.

**B.** In case the sub-account applicant is a Foreign Corporate:

- a) its securities are listed on a stock exchange outside India;
- b) it has a asset base of not less than two billion US dollars;
- c) it has an average net profit of not less than fifty million US dollars during the three financial years preceding the date of the application,

**OR**

In case the sub-account applicant is a Foreign Individual:

- a) has a networth of not less than fifty million US dollars;
- b) holds the passport of a foreign country for a period of at least five years preceding the date of application;
- c) holds a certificate of good standing from a bank;
- d) is a client of the foreign institutional investor or any other entity which belongs to the same group as the foreign institutional investor, for a period of at least three years preceding the date of the application;

**6. Undertaking**

**A. Undertakings to be submitted by FII**

- (i) In case the sub-account applicant is a broad based fund:

"We undertake that the proprietary funds of \_\_\_\_\_  
(name of FII) shall not be invested through \_\_\_\_\_ (name  
of the sub account applicant)."

**OR**

- (ii) In case the sub-account applicant is a proprietary fund of the Foreign Institutional Investor:

"We undertake that only the proprietary funds of \_\_\_\_\_ (name of FII) shall be invested through \_\_\_\_\_ (name of the sub account applicant)."

*(Please Strike off which is not applicable)*

**B. Further declaration and undertaking:**

1. We further declare that:
  - a. the Foreign Institutional Investor through whom an application for registration of sub-account is made, is authorized to invest on behalf of the sub-account;
  - b. the income of the applicant is from known and legitimate sources;
  - c. the applicant is not a non-resident Indian.
  - d. the foreign institutional investor through whom the application for registration of sub-account is made shall be responsible and liable for all acts of commission and omission of this sub-account and other deeds and things done by such sub accounts under these regulations, irrespective of whether discretion is exercised or not by the foreign institutional investor in respect of the sub-account.
  - e. the above obligation of the foreign institutional investor shall, however, not be deemed to detract from any responsibility or liability which the sub account shall incur under the Regulations made by the Board or under any law for the time being in force in India.
2. We hereby agree and declare that the information provided and the undertakings given above are complete and true.
3. We further undertake that we will immediately notify the Securities and Exchange Board of India and the Reserve Bank of India of any change in the information provided.

--	--

Authorized Signatory of the Sub Account Applicant		Authorized Signatory of the Foreign Institutional Investor	
Name:		Name:	
Date:		Date:	

**Note:**

1. Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) reserve the right to call for any further information from the applicant regarding his application.
2. Applications along with necessary documents should be submitted at

**Securities and Exchange Board of India,**  
Division of Foreign Institutional Investors & Custodians,  
Plot No. C4-A, "G" Block,  
Bandra Kurla Complex,  
Mumbai-400051.  
India

**FORM B**

**(Regulation 7)  
SECURITIES AND EXCHANGE BOARD OF INDIA  
(FOREIGN INSTITUTIONAL INVESTORS) REGULATIONS, 1995**

**CERTIFICATE OF REGISTRATION**

I. In exercise of the powers conferred by sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the regulations made thereunder the Board hereby grants a certificate of registration to \_\_\_\_\_ as a Foreign Institutional Investor, subject to the conditions specified in the Act and in the regulations made thereunder.

II. Registration Number for the Foreign Institutional Investor is IN/.../.../.../....

1[III.This certificate shall be valid till it is suspended or cancelled in accordance with the regulations.]

Date:

Place: Mumbai

By Order  
For and on behalf of  
Securities and Exchange Board of India  
Authorised Signatory

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1.Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.  
Prior to omission item no.III of Form B read as under:

“Unless renewed, the certificate of registration is valid from ..... to.....”

**SECOND SCHEDULE  
PAYMENT OF FEES**

**(REGULATION 7)**

**SECURITIES AND EXCHANGE BOARD OF INDIA  
(FOREIGN INSTITUTIONAL INVESTORS) REGULATIONS, 1995.**

1) Every applicant eligible for grant of a certificate under regulation 7 shall pay a registration fee of <sup>1</sup>[US\$10,000].

<sup>2</sup>[(2) A registered foreign institutional investor shall pay a fee of US \$ 10,000 for every block of three years after grant of registration during which the registration subsists.

(2A) The fee mentioned in paragraph (2) shall be paid at least one month before expiry of the period of three years.]

<sup>3</sup>[(2B) In case of a foreign institutional investor who was registered as at the commencement of the (2D) Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008, the blocks of three years for the purposes of paragraph (2) shall be reckoned from the date which is three years prior to the date on which the registration or renewal granted to it prior to such commencement would have expired but for such commencement.

(2C) An application for registration as a sub-account made under regulation 12 shall be accompanied with a fee of US \$ 2,000.

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1 Substituted for "US \$ 5,000" SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2006 w.e.f. Earlier "5000" was substituted for "US \$ 10,000/-" by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2002 w.e.f. 10.12.2002.

2. Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008. Prior to its substitution paragraph (2) & (2A) of Second Schedule read as under:

"2) The registration fee shall be payable at the time of initial registration as well as at the time of each renewal, within 15 days from the date of intimation from the Board.

2A) An application for registration of a sub-account under regulation 12 shall be accompanied by a registration fee of US\$ 2,000 which shall be payable at the time of initial application for registration as well as at the time of each renewal, and fees paid in respect of each renewal shall be paid within 15 days of intimation by the Board."

3. Inserted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, w.e.f.22-5-2008.

(2D) A registered sub-account shall pay a fee of US \$ 2,000 for every block of three years for which the foreign institutional investor through whom it makes investment in the Indian securities market pays fees under paragraph (2).

(2E) A foreign institutional investor shall collect and pay the fees payable by all its sub-accounts within the period mentioned in paragraph (2A).]

<sup>1</sup> [(3) The registration fee specified above shall be payable by the applicant by a draft in favour of "Securities and Exchange Board of India" or by any appropriate mode or instrument as may be specified by the Board.]

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1 Substituted by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 1999 w.e.f. 16.4.1999. Prior to its substitution it was substituted by the SEBI (Payment of Fees) (Amendment) Regulations, 1995, w.e.f. 28.11.1995 and later on amended by the SEBI ((Foreign Institutional Investors) (Third Amendment) Regulations, 1998, w.e.f. 30.6.1998.. Earlier the word "fee" was substituted with "The registration fee" by SEBI (Foreign Institutional Investors) (Third Amendment) Regulations, 1998 w.e.f. 30-06-1998. Prior to its substitution it read as under:  
*"The registration fee indicated above shall be payable by a (cheque), draft or other instrument drawn in favour of "The Securities and Exchange Board of India" payable at Bombay or at the respective regional office."*

<sup>1</sup> [“SECURITIES AND EXCHANGE BOARD OF INDIA (FOREIGN INSTITUTIONAL INVESTORS), REGULATIONS, 1995.

**CODE OF CONDUCT  
(Regulation 7A)**

**Third Schedule**

1. A Foreign Institutional Investor and its key personnel shall observe high standards of integrity, fairness and professionalism in all dealings in the Indian securities market with intermediaries, regulatory and other government authorities.

2. A Foreign Institutional Investor shall, at all times, render high standards of service, exercise due diligence and independent professional judgment.

3. A Foreign Institutional Investor shall ensure and maintain confidentiality in respect of trades done on its own behalf and/or on behalf of its sub-accounts/clients.

4. A Foreign Institutional Investor shall ensure the following:

a) clear segregation of its own money/securities and sub-accounts' money/securities.

b) arms length relationship between its business of fund management/ investment and its other business.

5. A Foreign Institutional Investor shall maintain an appropriate level of knowledge and competency and abide by the provisions of the Act, regulations made thereunder and the circulars and guidelines, which may be applicable and relevant to the activities carried on by it. Every Foreign Institutional Investor shall also comply with award of the Ombudsman and

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<sup>1</sup> Inserted by SEBI (Foreign Institutional Investors) (Second Amendment) Regulations, 2003 w.e.f. 28.8.2003.

decision of the Board under Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

6. A Foreign Institutional Investor shall not make any untrue statement or suppress any material fact in any documents, reports or information furnished to the Board.

7. A Foreign Institutional Investor shall ensure that good corporate policies and corporate governance are observed by it.

8. A Foreign Institutional Investor shall ensure that it does not engage in fraudulent and manipulative transactions in the securities listed in any stock exchange in India.

9. A Foreign Institutional Investor or any of its directors or manager shall not, either through its/his own account or through any associate or family members, relatives or friends indulge in any insider trading.

10. A Foreign Institutional Investor shall not be a party to or instrumental for –

a) creation of false market in securities listed or proposed to be listed in any stock exchange in India;

b) price rigging or manipulation of prices of securities listed or proposed to be listed in any stock exchange in India;

c) passing of price sensitive information to any person or intermediary in the securities market.”]