



CIRCULAR

CIR/IMD/FIIC/ 09/ 2014

April 28, 2014

To,

All Designated Depository Participants through Depositories

Dear Sir/ Madam,

Sub: Infrastructure facilities and submission of periodic reports

1. The SEBI (Foreign Portfolio Investors) Regulations, 2014 ("the Regulations") have been notified on January 07, 2014. Pursuant to the implementation of Foreign Portfolio Investor ("FPI") regime, SEBI approved Designated Depository Participants ("DDPs") would grant registration to FPIs on behalf of SEBI and also carry out other allied activities in compliance with Regulations and other guidelines, circulars, issued thereunder.
2. In order to ensure proper functioning of the FPI regime, it is imperative that DDPs should have adequate infrastructure facilities and appropriate systems and controls in place. Accordingly, it has been decided as follows:
 - 2.1. **Segregation of activities:** Every DDP shall maintain arms length distance from other businesses carried out by it such that:
 - a) the activities relating to its business as DDP is segregated from all other activities and is not influenced by its other activities;
 - b) its officers and employees engaged in carrying out functions of DDPs shall not be engaged in any other activity carried on by it and shall directly report to its chief compliance officer.
 - 2.2. **Infrastructure:** Every DDP shall have necessary infrastructure, including adequate office space, adequate and competent manpower and computer systems capability required to discharge its activities as DDP in compliance with Regulations and other guidelines, circulars, issued thereunder.
 - 2.3. **Manual:** Every DDP shall have a complete manual, setting out the systems and procedures to be followed for the effective and efficient discharge of its functions as DDPs.
 - 2.4. **Monitoring of systems and controls:** Every DDP shall have adequate mechanisms for the purposes of reviewing, monitoring and evaluating its controls, systems, procedures and safeguards. Further the DDPs shall carry out internal audits of their systems.



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3. **Submission of periodic reports to SEBI:** Every DDP shall submit periodic reports as enclosed in the Annexure A to SEBI and such other reports as may be required by SEBI.
4. The provisions of this circular would be applicable upon commencement of the Foreign Portfolio Investor ("FPI") regime.
5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework" and "information for - FII".

Yours faithfully,

S. Madhusudhanan
Deputy General Manager
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1. **Monthly Report:** The report pertaining to a month may be submitted by DDPs to SEBI by 10th of the following month in the format prescribed under:

A. Summary of the applications received and disposed during the month

Name of the DDP	Application type *	Opening balance	Received during the month	Disposed during the month	Pending as on last day of month

* Indicate application type as

1. Fresh Registration and provide the detailed report as per the format A1
2. Continuance and provide the detailed report as per the format A2
3. Conversion and provide the detailed report as per the format A3
4. Miscellaneous such as surrender, permission of disinvestment, name change, Change of DDP/Custodian, Change in status of a Compliant jurisdiction etc and provide the detailed report as per the format A4

A.1. Detailed report on application for fresh registration received from FPI applicants

Sr. No.	Name of the DDP	Name of the applicant	Category of the applicant	Application date	Application receipt date	Date of receipt of complete / last set of information / documents	Status (open, closed, in process, rejected)	Date of disposal	No. of days = (I-G)	Registration no. if granted registration	Comments, if any
A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.



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A.2. Detailed report on application for continuance of FPIs

Sr. No.	Name of the DDP	Name of the FPI	Registration number	Registration validity date	Application date	Application receipt date	Date of receipt of complete / last set of information / documents	Status (open, closed, in process, rejected)	Date of disposal	Comments, if any

A.3. Detailed report on application for conversion to FPIs

Sr. No.	Name of the DDP	Name of the Applicant	Indicate whether FII/ SA/ QFI	Registration number as FII/SA	Registration validity date	Application date	Application receipt date	Date of receipt of complete / last set of information / documents	Status (open, closed, in process, rejected)	Date of disposal	FPI registration number	Comments, if any

A.4. Detailed report on Miscellaneous applications submitted by FPIs

Sr. No.	Name of the DDP	Miscellaneous application (indicate type such as surrender, permission of disinvestment, name change, Change of DDP/Custodian, Change in status of a Compliant jurisdiction etc.)	Name of the FPI	Registration number	Registration validity date	Application date	Application receipt date	Date of receipt of complete / last set of information / documents	Status (open, closed, in process, rejected)	Date of disposal	Comments, if any



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- 2. Annual Audit Report on internal controls:** Every DDP shall carry out an annual review of its systems, procedures & controls by an expert. This review shall cover the systems and procedures being followed by them to meet its obligations towards its clients, regulators and other relevant bodies and compliance with the requirements of the regulations and circulars issued by SEBI. The DDPs shall furnish an annual audit report on its internal control for a particular calendar year within three months of the next year. Further, the DDPs shall also provide Action Taken Report, if any, on the audit report on a quarterly basis.