



CIR/IMD/FPI&C/61/2016

June 29, 2016

To,
All Foreign Portfolio Investors
Through their Custodians of Securities/DDPs

Dear Sir/Madam,

Sub: Clarification regarding grandfathering of ODI issuers and modification of replies of FAQ 70 and FAQ 71 of SEBI FAQs to SEBI (FPI) Regulations, 2014.

In terms of the SEBI (Foreign Portfolio Investors) Regulation, 2014 (FPI Regulations) and circulars issued from time to time regarding ODI, the Foreign Portfolio Investors (FPIs) issuing ODIs (hereinafter referred to as ODI Issuers) are required to comply with the clarifications to the following queries raised by them:

1. ODIs have been issued to unregulated funds under the FII Regulations. Whether these ODI positions can continue under the FPI regime? Whether the existing ODI subscribers can continue to subscribe to ODIs?

Clarification: The ODI subscribers who have subscribed to ODIs under FII Regulations can continue to subscribe to ODIs under the FPI regime, subject to the condition that they comply with Regulation 22 of SEBI FPI Regulations, 2014 and meet the eligibility criteria as laid down in the SEBI circular CIR/IMD/FIIC/20/2014 dated November 24, 2014 along with other norms which may be notified by SEBI from time to time. Those ODI subscribers which do not meet the aforementioned norms, including unregulated funds whose investment manager is appropriately regulated, can continue to hold the position till the date of expiry of such positions or till December 31, 2020, whichever is earlier. Such subscribers cannot take fresh positions or renew the old positions.

2. Whether an ODI issuer can issue ODIs to existing entities, which were registered as clients but did not have positions as on January 07, 2014?

Clarification: Fresh ODIs can be issued to those entities which comply with SEBI circular CIR/IMD/FIIC/20/2014 dated November 24, 2014 along with other conditions that may be notified by SEBI from time to time read along with Regulation 22 of SEBI FPI Regulations, 2014

The replies for FAQ 70 and FAQ 71 of SEBI FAQs to SEBI (FPI) Regulations, 2014 stands modified from the date of this circular getting effective.

This circular shall be effective from August 1, 2016

Yours faithfully,

Achal Singh
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