

## **v. Foreign Institutional Investors (FIIs)**

The SEBI (Foreign Institutional Investors) Regulations, 1995 presently permit portfolio investment by FIIs either on their own account or on behalf of broad based funds.

Representations were received indicating willingness of foreign corporate bodies and foreign individuals to invest in Indian capital market through the FII route. This facility is available to this category of investors in several emerging markets economies, subject to prudent regulations, exchange control norms and penal provisions.

Foreign corporates and individuals were permitted to invest in the Indian capital market through registered FIIs. The total investment made by all investors in this category shall not exceed 5 per cent of the total capital of that company within the aggregate limit for FII portfolio investment of 24/30 per cent . NRIs and OCBs shall be excluded from this category as they have separate investment limit of 10 per cent . The FIIs shall be required to undertake due diligence about the legitimacy of source of funds as well as confirm that the investing entity is registered with the relevant tax authorities and is filing its returns regularly.