

**SECURITIES AND EXCHANGE BOARD OF INDIA
(FOREIGN PORTFOLIO INVESTORS) REGULATIONS, 2014**

In exercise of the powers conferred by sub-section (1) of Section 30 read with sub section (1) of Section 11, clause (ba) of sub-section (2) of Section 11 and sub sections (1) and (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992, and under Section 25 of the Depositories Act, 1996, the Securities and Exchange Board of India hereby, makes the following regulations, to put in place a framework for registration and procedures with regard to foreign investors who propose to make portfolio investment in India, namely,—

**CHAPTER I
PRELIMINARY**

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

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

Definitions.

2. (1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions and variations shall be construed accordingly,—

(a) “Act” means the Securities and Exchange Board of India Act, 1992;

(aa) “appropriately regulated” entity means an entity which is regulated or supervised by the securities market regulator or the banking regulator of home jurisdiction or otherwise, in the same capacity in which it proposes to make investments in India.

Provided registered entities without appropriate oversight from regulator or entities, exempted from regulatory framework/ oversight in its jurisdiction, shall not be considered appropriately regulated.

(b) “Board” means the Securities and Exchange Board of India established under section 3 of the Act;

(c) “certificate” means a certificate of registration granted to a foreign portfolio investor by the designated depository participant on behalf of the Board under these regulations;

(ca) “control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

(d) “custodian” means a person registered under the Securities and Exchange Board of India (Custodian) Regulations, 1996;

(e) “designated bank” means a scheduled bank in India, which has been authorized by the Reserve Bank of India to act as a banker to foreign portfolio investors;

(f) "designated depository participant" means a person who has been approved by the Board under Chapter III of these regulations;

(h) "foreign portfolio investor" means a person who has been registered under Chapter II of these regulations, which shall be deemed to be an intermediary in terms of the provisions of the Act.

(i) "Form" means an application form for obtaining registration as Foreign Portfolio Investor as notified by the Government of India and/ or the Board. ;

(ia) "Investment Manager" shall include an entity performing the role of investment management, investment advisory or any equivalent role, including trustee(s);

(j) "offshore derivative instrument" means any instrument, by whatever name called, which is issued overseas by a foreign portfolio investor against securities held by it in India as its underlying;

(m) "Schedule" means a schedule to these regulations;

(ma) 'stock exchange' means a recognised stock exchange under the Securities Contracts (Regulation) Act, 1956.

(o) "International Financial Services Centre" or "IFSC" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005

(2) Words and expressions used and not defined in these regulations, but defined in the Act or the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the rules and regulations made thereunder shall have the same meaning respectively assigned to them in those Acts or rules or regulations or any statutory modification or re-enactment thereto.

CHAPTER II

REGISTRATION OF FOREIGN PORTFOLIO INVESTORS

Application for grant of certificate as foreign portfolio investor.

3. (1) No person shall buy, sell or otherwise deal in securities as a foreign portfolio investor unless it has obtained a certificate granted by a designated depository participant on behalf of the Board:

Provided that an any offshore fund that has received no-objection certificate in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 , shall be required to obtain registration as a foreign portfolio investor within one hundred and eighty days from the notification of the Securities and Exchange Board of India (Foreign Portfolio Investors) (Amendment) Regulations 2019.

(2) An application for the grant of certificate as foreign portfolio investor shall be made to the designated depository participant in Form and shall be supported by the fee specified in Part A of the First Schedule.

Eligibility criteria of foreign portfolio investor.

4[(1)] The designated depository participant shall not consider an application for grant of certificate of registration as a foreign portfolio investor unless the applicant satisfies the following conditions namely, -

(a) the applicant is a person not resident in India;

Provided an applicant incorporated or established in an International Financial Services Centre shall be deemed to be a person not resident in India for this purpose

(b) the applicant is resident of a country whose securities market regulator is a signatory to International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Board:

Provided an applicant incorporated or established in an International Financial Services Centre shall be deemed to be in compliance with this regulation

[Provided further that an applicant falling under Category I foreign portfolio investor, as defined in clause (a) of regulation 5 shall be considered as eligible for registration, if such applicant is a resident in a country as may be approved by the Government of India.

(c) the applicant being a bank, other than a central bank, is a resident of a country whose central bank is a member of Bank for International Settlements;

Provided a bank incorporated or established in an International Financial Services Centre shall be deemed to be in compliance with this regulation.

(d) the applicant is not resident in a country identified in the public statement of Financial Action Task Force as:

(i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or

(ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies;

(e) the applicant is not a non-resident Indian;

6[(ea) where non-resident Indians or overseas citizens of India or resident Indians are constituents of the applicant or an existing foreign portfolio investor -

(i) the contribution of a single non-resident Indian or overseas citizen of India or resident Indian shall be below twenty-five percent. of the total contribution in the corpus of the applicant or the existing foreign portfolio investor;

(ii) the aggregate contribution of non-resident Indians, overseas citizens of India and resident Indians shall be below fifty percent. of the total contribution in the corpus of the applicant or the existing foreign portfolio investor;

Explanation 1. : The contribution of Resident Indian is permitted, if made through the Liberalised Remittance Scheme (LRS) approved by Reserve Bank of India or out of foreign assets held outside India in accordance with provisions under the Foreign Exchange Management Act, 1999, in global funds whose Indian exposure is less than 50%.

Explanation 2: The conditions specified in clause (ea) of sub regulation 1 of regulation 4 shall be applicable to individuals and non-individuals constituents of the foreign portfolio investor.

(iii) the non-resident Indians, overseas citizens of India and resident Indians shall not be in control of the applicant:

Nothing contained in sub-clause (iii) shall apply if the applicant or an existing foreign portfolio investor is an 'offshore fund' for which 'No Objection Certificate' has been issued by the Board in terms of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, or is controlled by an Investment Manager which is controlled and/or owned by non-resident Indian or overseas citizen of India or resident Indian if the following conditions are satisfied:

I. such Investment Manager is appropriately regulated in its home jurisdiction and registered with the Board as a non-investing foreign portfolio investor, or

II. such Investment Manager is incorporated or setup under the Indian laws and appropriately registered with the Board.

Nothing contained in clause (ea) shall apply to non-investing foreign portfolio investor or if the applicant or an existing foreign portfolio investor proposes to invest or invests only in units of schemes floated by mutual funds in India.

(eb) the applicant and an existing foreign portfolio investor and their underlying investors contributing twenty-five percent. or more in the corpus of the applicant or existing foreign portfolio investor or identified on the basis of control, shall not be persons mentioned in the Sanctions List notified from time to time by the United Nations Security Council and shall not be from a jurisdiction which is identified in the public statement of the Financial Action Task Force as:

(i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or

(ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.]

(f) the applicant is a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

(g) The Board may specify simplified eligibility norms for registration for certain set of applicant(s).

(h) Foreign institutional investor or Sub-account registered under the repealed Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, which did not meet the eligibility requirements as stipulated under these regulations and were converted into a suitable foreign portfolio investor category shall continue as foreign portfolio investor subject to their compliance with regulation 5.;

(m) any other criteria specified by the Board from time to time.

8[(2)(1) A foreign portfolio investor existing on 31st December, 2018 will comply with clause (ea) of sub-regulation (1) by 31st December, 2020. All other foreign portfolio investor shall comply with clause (ea) of sub-regulation (1) within a period of 180 days from the date of registration..

(3) A foreign portfolio investor who remains non-compliant even after the period specified in clause (1) of this sub-regulation shall be prohibited from making any fresh purchase of securities and such foreign portfolio investor shall liquidate its existing position in the Indian securities market within a period of one hundred and eighty days.

(4) In case of temporary breach of investment limits specified in clause (ea) of sub-regulation (1), the foreign portfolio investor shall comply with the eligibility conditions within ninety days of the breach and in case the foreign portfolio investor remains non-compliant with the said requirement even after ninety days, then no fresh purchases shall be permitted and such foreign portfolio investor shall liquidate its existing position in Indian securities market within a period of the next one hundred and eighty days.]

Explanation.-For the purposes of this regulation:

9[(i) The term “person” shall have the same meaning as assigned to it under the Foreign Exchange Management Act, 1999;

(ii) The terms “non-resident Indian” and “overseas citizen of India” shall have the same meaning as assigned to such terms under regulation 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 made under the Foreign Exchange Management Act, 1999;

(iii) The term “resident in India” shall have the same meaning assigned to the term “person resident in India” under the Foreign Exchange Management Act, 1999.]

(iv) “Bilateral Memorandum of Understanding with the Board” shall mean a bilateral Memorandum of Understanding between the Board and the overseas regulator that, *inter alia*, provides for information sharing arrangements under clause (ib) of sub section (2) of Section 11 of the Act.

Categories of foreign portfolio investor.

5. An applicant shall seek registration as a foreign portfolio investor in one of the categories mentioned hereunder or any other category as may be specified by the Board from time to time:

(a) "Category I foreign portfolio investor" which shall include Government and Government related investors such as central banks, Governmental agencies, sovereign wealth funds, international or multilateral organizations or agencies as well as pension funds and institutions and entities owned by Category I eligible investor, which are directly or indirectly majorly owned, controlled or managed by above constituents.

;

Explanation1: “government agency” shall mean an entity in which more than 75% of ownership or control is held by the Government of a foreign country at all times.

Explanation 2: Entity owned by Category I eligible investor shall be owned 75%, directly or indirectly or controlled by investors eligible for Category I FPI registration at all times.

(b) "Category II foreign portfolio investor" which shall include:

(i) appropriately regulated broad based funds such as mutual funds, investment trusts, collective investment funds, insurance/reinsurance entities;

(ii) appropriately regulated persons such as banks (including private banks and merchant banks), asset management companies, investment managers/ advisors, portfolio managers 4[, broker dealers and swap dealers,

(iii) broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated:

Provided that the investment manager of such broad based fund is itself registered as Category II foreign portfolio investor:

Provided further that the investment manager undertakes that it shall be responsible and liable for all acts of commission and omission of all its underlying broad based funds and other deeds and things done by such broad based funds under these regulations.

(iv) university funds

(v) university related endowments from Financial Action Task Force member countries

Provided that existing university related endowments as Category II FPI shall be grandfathered.

(vi) entities owned by Category II eligible investor

Explanation 1.-For the purposes of this clause, an applicant incorporated or established in an International Financial Services Centre shall be deemed to be considered as appropriately regulated.

Explanation 2.-

A) For the purposes of this clause, "broad based fund" shall mean a fund, established or incorporated outside India, which has at least twenty investors, with no investor holding more than forty-nine per cent of economic ownership interest of the fund:

Provided that if the broad based fund has an institutional investor who holds more than forty nine per cent of economic ownership interest in the fund, then such institutional investor must itself be a broad based fund:

Provided further that if a foreign portfolio investor has a Bank, including central bank or any entity eligible for Category I registration as its institutional investor, then such an applicant or foreign portfolio investor shall be deemed to be broad based subject to the condition that such institutional investor(s) shall, directly or indirectly, hold more than fifty percent of economic ownership interest of the applicant fund at all times:

Provided further that Insurance/Reinsurance entity, in its capacity as an applicant or as an investor in a foreign portfolio investor, shall be deemed to be broad based only if it does not maintain segregated portfolio with one to one correlation with a single investor.

Provided also that in cases where broad based status is achieved on the basis of investor(s) of an underlying fund, then such underlying fund shall also be required to fulfil the extant eligibility requirements as specified for foreign portfolio investors from time to time by the Board.

Provided that underlying investor fund(s) singly or together should at least be 25% in order to achieve broad based status for the fund. Existing foreign portfolio investors not meeting this condition will be grandfathered for a period of three years from the date of notification of this change.

B) For the purpose of clause A of this Explanation, for ascertaining the number of investors in a fund, direct investors as well as underlying investors shall be considered.

C) For the purpose of clause B of this Explanation, only investors of entities which have been set up for the sole purpose of pooling funds and making investments, shall be considered for the purpose of determining underlying investors.

D) Exit of some investors from a broad based fund will not result in immediate loss of Category II status of such fund. Such fund may regain broad based status within a period of 90 days, failing which, the fund shall be appropriately re-categorised.

Explanation 3:

For the purposes of (i) and (iii) above, if a existing or new fund does not satisfy the broad based criteria at the time of making application, conditional registration may be granted for ensuring compliance within 180 days. In case of unregulated funds seeking registration under category II and whose investment manager is registered as Category II foreign portfolio investor, broad based criteria should be ensured in 90 days of conditional registration.

Provided that during the period of conditional registration, foreign portfolio investors are not permitted to issue or subscribe to offshore derivative instruments. .

Provided further in case, these FPIs with conditional registration failed to fulfil the conditions for registration within the timelines, they shall be recategorised as Category III FPI on submission of necessary KYC documents. Till these funds fail to provide

necessary KYC documents, fresh buying shall not be permitted and SEBI may also consider initiating appropriate action, as deemed fit.

Explanation 4:

An entity 100% owned/ subscribed by foreign banks or insurance / reinsurance entities or university funds shall be eligible for registration as Category II FPIs by relying on parent's regulatory and broad based status. This will be subject to foreign bank or insurance / reinsurance entity giving an undertaking that they shall be responsible for all obligations as applicable to the applicant/ FPI in terms of Indian laws.

Explanation 5:

There should be separate registration for each sub-fund/ share class having segregated portfolio investing in India.

Explanation 6:

Foreign portfolio investor should take separate registration for proprietary business and offshore derivative instrument business.

(c) "Category III foreign portfolio investor" which shall include all others not eligible under Category I and II foreign portfolio investors such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices.

Furnishing of information, clarification and personal representation.

6.(1) The Board or the designated depository participant may require the applicant to furnish such further information or clarification as may be considered necessary to grant certificate of registration as a foreign portfolio investor.

(2)The applicant or his authorized representative shall, if so required by the Board or designated depository participant, appear before them for personal representation in connection with the grant of a certificate.

Grant of certificate

7.(1) The designated depository participant may grant digitally signed certificate of registration as specified in Form A of First Schedule to an applicant if it is satisfied that the applicant is eligible and fulfils the requirements as specified in these regulations.

The Board has authorised National Securities Depositories Limited to generate the Foreign Portfolio Investor registration number.

(2) The designated depository participant shall endeavour to dispose of the application for grant of certificate of registration as soon as possible but not later than thirty days after receipt of application by the designated depository participant or, after the information called for under regulation 6 has been furnished, whichever is later.

(3) The designated depository participant shall remit the fees, as specified in Part A of the Second Schedule, received from the applicant to the Board.

(4) If an applicant seeking registration as a foreign portfolio investor has any grievance with respect to its application or if the designated depository participant has any question in respect of interpretation of any provision of this regulation, it may approach the Board for appropriate instructions.

8 (1) An application for grant of certificate of registration to act as a foreign portfolio investor, which is not complete in all respects or is false or misleading in any material particular or does not satisfy the requirements specified in these regulations shall be deemed to be deficient and liable to be rejected by the designated depository participant:

Provided that, before rejecting any such application, the applicant shall be given a reasonable opportunity to remove the deficiency, within the time as specified by the designated depository participant.

(2) The decision to reject the application shall be communicated by the designated depository participant 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 designated depository participant 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 the decision of the designated depository participant.

Provided that such application shall not be made where the rejection was made for technical reasons such as non-submission of complete information, documents, fees, etc.

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, communicate its decision in writing to the applicant.

(5) The foreign portfolio investor, may make an application for continuance of the certificate of registration along with applicable registration fee.

Provided that where the Foreign Portfolio Investor fails to pay the requisite fees by the date of such fees becoming due it shall be deemed that it has applied for surrender of its registration and shall be dealt with in accordance with the provisions of Section [9] below.

(6) The foreign portfolio investor need to have valid registration as long as it is having securities or derivative position in India.

Provided existing foreign portfolio investor whose registration is not valid but are holding securities or derivatives position are allowed one year to sell securities or time till expiry of their open derivatives position before exit.

(7) When the foreign portfolio investor does not pay the fees for continuance of registration within the prescribed due date and such foreign portfolio investor does not have any cash or security balance, such FPI shall be deemed to have applied for surrender of its registration.

Suspension, cancellation or surrender of certificate.

9. (1) Subject to compliance with the provisions of the Act, these regulations and the circulars issued thereunder, the registration granted by the designated depository participant on behalf of the Board under these regulations shall be permanent unless it is suspended or cancelled by the Board or surrendered by the foreign portfolio investor.

(2) Suspension and cancellation of registration granted by the Board under these regulations, shall be dealt with in the manner as provided in Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

(3) Any foreign portfolio investor desirous of giving up its activity and surrendering the certificate of registration may make a request for such surrender to the designated depository participant who shall accept the surrender of registration after obtaining approval from the Board to do so

(4) While accepting the surrender of registration the designated depository participant may specify such conditions as may be required by the Board

CHAPTER III

APPROVAL OF DESIGNATED DEPOSITORY PARTICIPANT

Application for approval to act as designated depository participant.

11. (1) No person shall act as designated depository participant unless it has obtained the approval of the Board:

Provided that a Custodian which is registered with the Board as on the date of commencement of these regulations, shall be deemed to have been granted approval as designated depository participant subject to the payment of fees as specified in Part B of Second Schedule:

(2) An application for approval to act as designated depository participant shall be made to the Board through a Board registered depository in which the applicant is a participant and shall be accompanied by the application fee specified in Part A of the Second Schedule which shall be paid in the manner specified therein.

(3) The depository shall forward to the Board the application, as early as possible, but not later than thirty days from the date of receipt by the depository, along with its recommendations and certifying that the participant complies with the eligibility criteria as provided for in these regulations.

Eligibility criteria of designated depository participant .

12. (1) The Board shall not consider an application for the grant of approval as designated depository participant unless the applicant satisfies the following conditions,

- (a) the applicant is a depository participant registered with the Board;
- (b) the applicant is a Custodian registered with the Board;
- (c) the applicant is an Authorized Dealer Category-1 bank authorized by the Reserve Bank of India under the Foreign Exchange Management Act, 1999;
- (d) the applicant has multinational presence either through its branches or through agency relationships with overseas intermediaries regulated in their respective home jurisdictions;
- (e) the applicant has systems and procedures to comply with the requirements of the Financial Action Task Force Standards, Prevention of Money Laundering Act, 2002, Rules prescribed thereunder and the circulars issued from time to time by the Board;
- (f) the applicant is a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008; and
- (g) any other criteria as may be specified by the Board from time to time.

(2) Notwithstanding anything contained in sub-regulation (1) of this regulation, the Board may consider an application from any entity, regulated in India or in its home jurisdiction, for grant of approval to act as designated depository participant, if it is satisfied that it has sufficient experience in providing custodial services and the grant of such approval is in the interest of the development of the securities market:

Provided that such entity shall be registered with the Board as a participant, custodian of securities, and shall have a tie up with Authorized Dealer Category-1 bank.

Furnishing of information, clarification and personal representation.

13. (1) The Board may require the applicant or the depository of which the applicant is a participant to furnish such further information or clarification as may be considered necessary for grant of approval to act as designated depository participant.

(2) The applicant or his authorized representative shall, if so required by the Board, appear before it for personal representation in connection with the grant of approval.

Procedure and grant of approval to designated depository participant.

14. (1) After considering an application made under regulation 11, the Board may grant approval to the applicant, if it is satisfied that the applicant is eligible and fulfills the requirements as specified in these regulations including payment of fees as specified in Part B of Second Schedule.

(2) The Board shall dispose of the application for grant of approval as soon as possible but not later than one month after receipt of application by the Board or, after the information called for under regulation 13 has been furnished, whichever is later.

Application to conform to the requirements.

15. An application for grant of approval to act as designated depository participant which is not complete in all respects or is false or misleading in any material particular, shall be deemed to be deficient and shall be liable to be rejected by the Board:

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

Procedure where approval is not granted.

16. (1) Where an application for grant of an approval does not satisfy the requirements specified in these regulations, 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.

Validity of approval.

17. Subject to compliance with the provisions of the Act, these regulations and the circulars issued thereunder, the approval granted by the Board under these regulations shall be permanent unless suspended or withdrawn by the Board or surrendered by the designated depository participant.

Suspension or withdrawal of approval.

18. Where any designated depository participant who has been granted approval under these regulations-

(a) fails to comply with any conditions subject to which an approval has been granted to him under these regulations;

(b) contravenes any of the provisions of the securities laws or directions, instructions or circulars issued thereunder;

the Board may, without prejudice to any action under the securities laws or directions, instructions or circulars issued thereunder, by order suspend or withdraw such approval after providing the designated depository participant a reasonable opportunity of being heard.

Surrender of approval.

19. (1) Any designated depository participant, who has been granted approval under these regulations, desirous of giving up its activity and surrendering the approval granted, may make a request for such surrender to the Board.

(2) While accepting the surrender under sub-regulation (1), the Board may impose such conditions as it deems fit for protection of investors or the clients of designated depository participants or the securities market and such person shall comply with such conditions.

CHAPTER IV INVESTMENT CONDITIONS AND RESTRICTIONS

Commencement of investment.

20. No foreign portfolio investor shall make any investments in securities in India without complying with the provisions of this Chapter.

Investment restrictions.

21. (1) A foreign portfolio investor shall invest only in the following securities, namely-
(a) Shares], debentures and warrants of body corporate, listed or to be listed on a recognized stock exchange in India

Provided a security will be considered 'to be listed' securities only in case of initial public offer (IPO) and offer for sale to the public by any existing holders of specified securities in an unlisted issuer

(b) Units of domestic mutual funds;

(c) Units of schemes floated by a collective investment scheme in accordance with the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999;

(d) Derivatives traded on a recognized stock exchange ;

(e) Units of REITs, InvITs and Category III AIFs

(g) Indian depository receipts;

(h) Any debt securities/ other instruments as permitted by the Reserve Bank of India for foreign portfolio investors to invest in from time to time

[(i)] Such other instruments specified by the Board from time to time.

(2) Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized 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 Government of India relating to foreign direct investment for the time being in force.

(3) Nothing contained in sub-regulation (2) shall be deemed to prejudice the applicability of any other law, regulation or guideline.

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

(a) A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;

(b) Nothing contained in clause (a) shall apply to:

(i) any transactions in derivatives on a recognized stock exchange;

(ii) short selling transactions in accordance with the framework specified by the Board;

(iii) any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(iv) any other transaction specified by the Board.

(c) No transaction on the stock exchange shall be carried forward;

(d) The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board;

(e) Nothing contained in clause (d) of this sub-regulation shall apply to:

(i) transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;

(ii) sale of securities 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, 2011;

(iii) sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;

(iv) sale of securities, in accordance with the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998;

(v) divestment of securities 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 or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;

(vi) any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;

(vii) any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(viii) transactions by Category I and II foreign portfolio investors, in corporate bonds, as may be specified by the Board;

(ix) transactions on the electronic book provider platform of recognized stock exchanges;]

(x) transactions to receive, hold and sell unlisted securities as referred at regulation 21(2) and those received under involuntary corporate actions provided such transaction is in compliance with the pricing guidelines as applicable to a foreign investor having acquired the shares as a foreign direct investor under the provisions of Foreign Exchange Management Act, 1999

(xi) sell transactions of illiquid/ suspended/ delisted securities by a foreign portfolio investor who wishes to exit the market provided Such foreign portfolio investor must surrender their registration within 30 days of completion of such off market transaction.

(xii) transactions between registered Foreign Portfolio Investors, who are multi investment manager structure of same beneficial owner and have common PAN

(xiii) transactions where due to a restructuring of investment manager overseas including sale of investment manager entity, an existing foreign portfolio investor sells holding to a new FPI without change in beneficial ownership

Provided such restructuring does not result in change of domicile of the portfolio investor and such transactions in India are without prejudice to tax authorities in India. The board may apply appropriate fees for such off market transactions.

(ivx)] any other transaction specified by the Board.

(f) A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form:

Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized.

Provided further that rights entitlements may be held and/ or transferred in non-dematerialized form.

(5) In respect of investments in the debt securities, the foreign portfolio investors shall also comply with terms, conditions or directions, specified or issued by the Board or Reserve Bank of India, from time to time, in addition to other conditions specified in these regulations.

(6) Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

(7) The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total paid-up equity capital on a fully diluted basis of the company.

Explanation: Fully diluted basis means the total number of shares that would be outstanding if all possible sources of conversion are exercised

(8) The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.

(9) In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.

(10) A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard.

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.

Conditions for issuance of offshore derivative instruments.

22. (1) No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

(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 those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated or those Category II foreign portfolio investors who have been granted conditional registration shall not issue, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly:]

Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.

14[(c) such offshore derivative instruments shall not be issued to or transferred to persons who do not satisfy the conditions specified in regulation 4.]

15[(2) A foreign portfolio investor shall ensure that any transfer of offshore derivative instruments issued by or on behalf of it, is made subject to the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfillment of sub-regulation (1); and

(b) prior consent of the foreign portfolio investor is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the foreign portfolio investor.]

(3) Foreign portfolio investors shall fully disclose to the Board any 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 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 specify.

(4) Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of these regulations shall be deemed to have been issued under the corresponding provision of these regulations.

(5) A foreign portfolio investor shall collect regulatory fee, as specified in Part C of the Second Schedule, from every subscriber of offshore derivative instrument issued by it and deposit the same with the Board.

22(5) An foreign portfolio investor shall issue offshore derivative instrument only to those subscribers which meet the eligibility criteria as laid down in regulation 4 of these regulations.

22(6) An foreign portfolio investor shall not issue offshore derivative instruments with derivative as underlying, with the exception of those derivative positions that are taken An foreign portfolio investor for hedging the equity shares held by it, on a one to one basis.

Explanation: Complete information on offshore derivative instruments hedged on portfolio basis should be included in monthly statement and should establish one to one hedge on offshore derivative instruments issued by foreign portfolio investor (throughout the life of the offshore derivative instruments).

CHAPTER V GENERAL OBLIGATIONS AND RESPONSIBILITIES OF FOREIGN PORTFOLIO INVESTORS

General obligations and responsibilities of foreign portfolio investors.

23. (1) The foreign portfolio investor shall-

(a) comply with the provisions of these regulations, as far as they may apply, circulars issued thereunder and any other terms and conditions specified by the Board from time to time;

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

(c) forthwith inform the Board and designated depository participant in writing, if there is any material change in the information 26[including any direct or indirect change in its structure or ownership or control,] previously furnished by him to the Board or designated depository participant;

(d) as and when required by the Board or any other government agency in India, submit any information, record or documents in relation to its activities as a foreign portfolio investor;

- (e) forthwith inform the Board and the designated depository participant, in case of any penalty, pending litigations or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by an overseas regulator against it;
- (f) obtain a Permanent Account Number from the Income Tax Department;
- (g) in relation to its activities as foreign portfolio investor, at all times, subject itself to the extant Indian laws, rules, regulations and circulars issued from time to time.
- (h) be a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;]
- (i)] undertake necessary KYC on its shareholders/investors in accordance with the rules applicable to it in the jurisdiction where it is organised; and
- (j) provide any additional information or documents including beneficiary ownership details of their clients as may be required by the designated depository participant or the Board or any other enforcement agency to ensure compliance with the Prevention of Money Laundering Act, 2002 and the rules and regulations prescribed thereunder, the Financial Action Task Force standards and circulars issued from time to time by the Board.]
- (k) ensure that equity shares held by foreign portfolio investors are free from all encumbrances:

[Explanation. - An encumbrance created to meet any statutory and regulatory requirements shall not be considered under this clause.]

(2) In case of jointly held depository accounts, each of the joint holders shall meet the requirements specified for foreign portfolio investor and each shall be deemed to be holding a depository account as a foreign portfolio investor.

(3) Multiple entities having common ownership, directly or indirectly, of more than fifty percent. or common control shall be treated as being part of the same investor group and the investment limits of all such entities shall be clubbed at the investment limit as applicable to a single foreign portfolio investor.

Provided that in case the limit is breached, either all entities of investor group are re-categorised as FDI in accordance with the procedure prescribed by SEBI & RBI or divestment is made within 5 trading days from date of settlement of the trades causing the breach.

(3A) Notwithstanding anything contained in sub-regulation (3), the clubbing of investment limit of foreign portfolio investors having common control shall not be applicable where:

- (i) the foreign portfolio investors are appropriately regulated public retail funds; or
- (ii) the foreign portfolio investors are public retail funds majority owned by appropriately regulated public retail fund on look through basis; or

(iii) foreign portfolio investors are public retail funds and Investment Managers of such foreign portfolio investors are appropriately regulated.

Explanation - Public retail funds means -

(i) mutual funds or unit trusts which are open for subscription to retail investors and which do not have specific investor type requirements like accredited investors;

(ii) insurance companies where segregated portfolio with one to one correlation with a single investor is not maintained; and

(iii) pension funds.]

(4) In order to appropriately monitor investment concentration where common ownership or control is identified for such public retail funds, the Indian depositories shall maintain details of controlling entities on the basis of name, address, nationality, passport number/ any other identification card issued by Government and provide appropriate reports to the Board on a periodic basis.

32[(5)] In case of any direct or indirect change in structure or 33[common ownership or control] of the foreign portfolio investor, it shall bring the same to the notice of its designated depository participant forthwith.

Code of conduct.

24. A foreign portfolio investor shall, at all times, abide by the code of conduct as specified in Third Schedule.

Engagement of designated depository participant

25. An applicant seeking registration as a foreign portfolio investor shall engage a designated depository participant to avail of its services for obtaining a certificate of registration as foreign portfolio investor. At all times the designated depository participant and the Custodian of the foreign portfolio investor shall be the same entity

Appointment of custodian.

26. (1) A foreign portfolio investor or a global custodian who is acting on behalf of the foreign portfolio investor, shall enter into an agreement with the designated depository participant engaged by it to act as a custodian, before making any investment under these regulations.

(2) In addition to the obligation of custodian of securities under any other regulations, the custodian of securities shall:

(a) report to the depositories and the Board on a daily basis the transactions entered into by the foreign portfolio investor in the form and manner prescribed by the Board and/or depositories from time to time;

(b) monitor investment of the foreign portfolio investors;

(c) maintain the relevant true and fair records, books of accounts, and documents including the records relating to transactions of foreign portfolio investors;

(d) report the holdings of foreign portfolio investors who form part of investor group to the depositories and the depositories shall club the investment limits to ensure that combined holdings of all these foreign portfolio investors remains below ten per cent

of the total paid-up equity capital on a fully diluted basis of a investee company at any time.

Appointment of designated bank.

27. A foreign portfolio investor shall appoint a branch of a bank authorized by the Reserve Bank of India for opening of foreign currency denominated account and special non-resident rupee account before making any investments in India.

Appointment of compliance officer.

28. (1) Every foreign portfolio investor shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines and instructions issued by the designated depository participant or the Board or the Central Government:

Provided that in case of a foreign portfolio investor who is an individual, such individual shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines and instructions issued by the designated depository participant or the Board or the Central Government.

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

Investment advice in publicly accessible media.

29. (1) A foreign portfolio investor, or any of its 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 portfolio investor is rendering such advice, he shall also disclose the interest of his dependent family members and his employer including their long or short position in the said security, while rendering such advice.

Maintenance of proper books of accounts, records and documents.

30. (1) Every foreign portfolio 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 remittances of funds to India for buying, selling and realising capital gains or losses investment 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 designated depository participants, stock brokers and depository participants regarding investments in securities.

Preservation of books of accounts, records and documents.

31. Subject to the provisions of any other law, for the time being in force, every foreign portfolio investor shall preserve the books of accounts, records and documents specified in regulation 30 for a minimum period of five years.

CHAPTER VI
GENERAL OBLIGATIONS AND RESPONSIBILITIES OF DESIGNATED
DEPOSITORY PARTICIPANTS

Obligations and responsibilities of designated depository participants.

32. (1) All designated depository participants who have been granted approval by the Board shall -

(a) comply with the provisions of these regulations, as far as they may apply, circulars issued thereunder and any other terms and conditions specified by the Board from time to time;

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

(c) forthwith inform the Board in writing, if there is any material change in the information previously furnished by him to the Board;

(d) furnish such information, record or documents to the Board and Reserve Bank of India, as may be required, in relation to his activities as a designated depository participant;

(e) ensure that only registered foreign portfolio investors are allowed to invest in securities market;

(f) have adequate systems to ensure that in case of jointly held depository accounts, each of the joint holders meet the requirements specified for foreign portfolio investors and shall perform KYC due diligence for each of the joint holders;

(g) in case of any penalty, pending litigations or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by any regulator against a designated depository participant, the designated depository participant shall bring such information forthwith, to the attention of the Board, depositories and stock exchanges;

(h) be guided by the relevant circular on Anti-Money Laundering or Combating the Financing of Terrorism specified by the Board from time to time.

(2) The designated depository participant engaged by an applicant seeking registration as foreign portfolio investor shall:--

(a) ascertain at the time of granting registration and whenever applicable, whether the applicant forms part of any investor group;

(b) open a dematerialized account for the applicant only after ensuring compliance with all the requirements under Prevention of Money Laundering Act, 2002 and rules and regulations prescribed thereunder, Financial Action Task Force standards and circulars issued by the Board in this regard, from time to time and shall also ensure that foreign portfolio investors comply with all these requirements on an ongoing basis;

(c) carry out necessary due diligence to ensure that no other depository account per depository is held by any of the concerned applicant as a foreign portfolio investor, before opening a depository account. Foreign portfolio investor can open separate

depository accounts for holding securities under the Voluntary Retention Route/ any other scheme as specified by the Reserve Bank of India or the Board;

(e) collect and remit fees to the Board, in the manner as specified in Part A of Second Schedule; and

(f) in case of change in structure or constitution or direct or indirect change in 37[common ownership or control] reported by the foreign portfolio investor, re-assess the eligibility of such foreign portfolio investor.(3)Designate depository participant shall maintain segregation of activities such that there is no conflict of interest between the activity of grant of registration to a FPI in the capacity of a DDP and its other activities.

(7) Designate depository participant shall submit reports as specified by the Board from time to time.

(8) Designate depository participant shall carry out an annual review of its systems, procedures & controls by an independent professional.

Explanation: 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.

(9) Designate depository participant shall furnish an annual audit report on its internal control for a particular calendar year within three months of the next year.

(10) Designate depository participant shall also provide Action Taken Report, if any, on the audit report on a quarterly basis.

Maintenance of proper books of accounts, records and documents.

33. (1) Every designated depository participant shall keep or maintain, as the case may be, the relevant true and fair records, books of accounts, and documents including the records relating to registration of foreign portfolio investors.

(2) The designated depository participant shall intimate to the Board in writing the location where such books, records and documents will be kept or maintained.

(3) Subject to the provisions of any other law for the time being in force, every designated depository participant shall preserve the books of accounts, records and documents specified in this regulation at all times.

Appointment of compliance officer.

34. (1) Every designated depository participant shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines and instructions 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/Reserve Bank of India.

35. Every designated depository participant 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 activities of foreign portfolio investor as the Board or as the Reserve Bank of India may require.

Investment advice in publicly accessible media.

36. (1) A designated depository participant, or any of its 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 designated depository participant is rendering such advice, he shall also disclose the interest of his dependent family members and his employer including their long or short position in the said security, while rendering such advice.

**CHAPTER VII
INSPECTION**

Board's right to inspect.

37. The Board may *suo moto* or upon receipt of information or complaint appoint one or more persons as inspecting authority to undertake inspection of the books of account, records and documents relating to a designated depository participant for any of the following purposes, namely, -

(a) to ensure that the books of account, records including telephone records and electronic records and documents are being maintained by the designated depository participants;

(b) to ascertain whether any circumstances exist which would render the designated depository participants unfit or ineligible;

(c) to inquire into the complaints received from investors, clients, other market participants or any other person on any matter having a bearing on the activities of the designated depository participants;

(d) to ascertain whether the provisions of the securities laws and the directions or circulars issued thereunder are being complied with by the designated depository participants;

(e) to ascertain whether the systems, procedures and safeguards which have been established and are being followed by the designated depository participants are adequate; and

(f) to investigate *suo moto* into the affairs of the designated depository participants in the interest of the securities market or in the interest of investors.

Notice before inspection.

38. (1) Before undertaking an inspection under regulation 37, the Board shall give not less than ten days notice to the designated depository participants:

Provided that where the Board is satisfied that, in the interest of the investors, no such notice should be given, it may, by an order in writing direct that such inspection be taken up without such notice.

(2) During the course of an inspection, the designated depository participants against whom the inspection is being carried out shall be bound to discharge its obligation as provided in regulation 39.

Obligations of designated depository participants in connection with inspection by the Board.

39. (1) It shall be the duty of the designated depository participants whose affairs are being inspected, and of every director, officer and employee thereof to produce to the inspecting officer such books, securities, accounts, records and other documents in its custody or control and furnish him with such statements and information relating to its activities, as the inspecting officer may require, within such reasonable period as the inspecting officer may specify.

(2) The designated depository participants shall allow the inspecting officer to have reasonable access to the premises occupied by such designated depository participant or by any other person on its behalf and also extend reasonable facility for examining any books, records, documents and computer data in the possession of the designated depository participants or such other person and also provide copies of documents or other materials which in the opinion of the inspecting officer are relevant for the purposes of the inspection.

(3) The inspecting officer, in the course of inspection, shall be entitled to examine or to record the statements of any director, officer or employee of the designated depository participants.

(4) It shall be the duty of every director, officer or employee of the designated depository participants to give to the inspecting officer all assistance in connection with the inspection, which the inspecting officer may reasonably require.

Submission of report to the Board.

40. The inspecting officer shall, as soon as possible, on completion of the inspection or investigation as the case may be, submit a report to the Board:

Provided that if directed to do so by the Board, he may submit interim report(s).

Action on inspection report.

41. The Board shall after consideration of inspection report take such action as the Board may deem fit and appropriate including action under Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

Appointment of auditor.

42. The Board shall have the power to appoint an auditor to inspect or investigate, as the case may be, into the books of account, records, documents, infrastructures, systems and procedures or affairs of the applicant or the designated depository participants, as the case may be:

Provided that the auditors so appointed shall have the same powers as vested in the inspecting officer under regulation 37 and the applicant or designated depository participants and its directors, officers and employees shall be under the same obligations, towards the auditor so appointed, as are mentioned in regulation 39.

Board to recover the expenses.

43. The Board shall be entitled to recover from the designated depository participants or applicant, as the case may be, such expenses including fees paid to the auditors as may be incurred by it for the purposes of inspecting or investigating the books of account, records, documents, infrastructures, systems and procedures or affairs of the designated depository participants or applicant, as the case may be.

CHAPTER VIII

PROCEDURE FOR ACTION IN CASE OF DEFAULT

Liability for action in case of default.

44. A foreign portfolio investor, designated depository participant, depository or any other person who contravenes any of the provisions of these regulations shall be liable for action under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 and/or the relevant provisions of the Act or the Depositories Act, 1996.

CHAPTER IX

MISCELLANEOUS

Power of the Board to issue clarifications.

45. In order to remove any difficulties in the application or interpretation of the provisions of these regulations, the Board may issue clarifications and guidelines in the form of circulars or issue separate circular or guidelines or framework for each category of foreign portfolio investors or designated depository participant.

Amendments to other regulations.

46. The regulations specified in the Fourth Schedule to these regulations shall be amended in the manner and to the extent stated therein.

Repeal, rescission and saving.

47. (1) The Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 shall stand repealed.

(2) On and from the commencement of these regulations, the following circulars issued by the Board shall stand rescinded:

- (a) Board's circular ref. no. Cir/IMD/DF/14/2011 dated August 09, 2011;
- (b) Board's circular ref. no. Cir/IMD/FII&C/3/2012 dated January 13, 2012;
- (c) Board's circular ref. no. Cir/IMD/FII&C/4/2012 dated January 25, 2012;
- (d) Board's circular ref. no. Cir/IMD/FII&C/13/2012 dated June 07, 2012;
- (e) Board's circular ref. no. Cir/IMD/FII&C/17/2012 dated July 18, 2012;
- (f) Board's circular ref. no. Cir/IMD/FII&C/18/2012 dated July 20, 2012;
- (g) Board's circular ref. no. Cir/IMD/FII&C/13/2013 dated August 13, 2013.

(3) Notwithstanding such repeal and rescission:

(a) anything done or any action taken or purported to have been done or taken, including suspension or cancellation of certificate of registration, any inquiry or investigation commenced or show cause notice issued under the repealed regulations, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) any offshore derivative instrument issued in accordance with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 shall be deemed to have been issued in accordance with the corresponding provisions of these regulations.

(4) After the repeal of Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, and rescission of circulars specified in sub-regulation (2), any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

**FIRST SCHEDULE
FORMS**

(FORM A to be replaced by CAF notified by Govt. and Annexures issued by SEBI)

FORM B
SECURITIES AND EXCHANGE BOARD OF INDIA
(FOREIGN PORTFOLIO INVESTORS) REGULATIONS, 2014

[See regulation 7(1)]

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 portfolio investor, subject to the conditions specified in the Act and in the regulations made thereunder.

II. The category of the foreign portfolio investor is _____.

III. Registration Number for the foreign portfolio investor is .../.../.../.../....

IV, The address of the foreign portfolio investor is _____.

V. This certificate shall be valid till it is suspended, cancelled or surrendered in accordance with the regulations.

Date:

Place:

By Order

Name and Designation of the Authorized Signatory of

Designated depository participant

**Issued on behalf of
Securities and Exchange Board of India
SECOND SCHEDULE
PART A**

PAYMENT OF FEES APPLICABLE TO FOREIGN PORTFOLIO INVESTOR

[See regulation 3 and regulation 7(3)]

Registration Fee

(1) Foreign portfolio investor belonging to Category I shall be exempted from the payment of registration fees.

(2) Where many foreign portfolio investors have 38[direct/indirect common ownership or control] common beneficial owner(s), only one foreign portfolio investor shall be exempt from payment of registration fee under Category I and the other foreign portfolio investors shall pay registration fees

as applicable to Category II, except where the 39[common ownership or control is of] beneficial owner is an international/multilateral agency such as World Bank and other institutions, established outside India for providing aid, which have been granted privileges and immunities from payment of tax and duties by the Central Government.

(3) Foreign portfolio investor belonging to Category II and III shall pay registration fees, before commencement of its activity.

(4) Foreign portfolio investor belonging to Category II and III shall pay registration fees of US \$ 3000 and US \$300, respectively or any other amount specified by the Board from time to time, for every block of three years, till the validity of its registration.

(7) The designated depository participants of the respective foreign portfolio investors shall collect the registration fees in advance once in every three years from all the foreign portfolio investors registered by it, and remit the fees to the Board in the manner prescribed by the Board from time to time.

(8) Every designated depository participant shall remit the fees collected from the foreign portfolio investors during the immediate preceding month, to the Board, by 5th working day of every month, along with the details in the format, as may be prescribed from time to time.

(9) Any foreign portfolio investor, whose registration fee has not been received by the Board within the prescribed time, shall not make any fresh investment. The concerned designated depository participant shall immediately block/ freeze the accounts of such foreign portfolio investors.

**PART B
PAYMENT OF FEES APPLICABLE TO DESIGNATED DEPOSITORY
PARTICIPANT**

[See regulation 11(2) and regulation 14(1) and (3)]

(1) Every designated depository participant shall pay application fees and approval fees, before commencement of its activity.

(2) Every designated depository participant shall pay application fees of 40[]10,000/- at the time of making application, 41[by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by way of Demand Draft in the name of "Securities and Exchange Board of India" payable at Mumbai.

(3) Every designated depository participant shall pay approval fees of 42[]5,00,000/- 43[by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by way of Demand Draft in the name of "Securities and Exchange Board of India" payable at Mumbai, at the time of grant of prior approval by the Board.

**[PART C
COLLECTION OF REGULATORY FEES BY FOREIGN PORTFOLIO INVESTOR
FROM ODI SUBSCRIBERS**

[See sub-regulation (5) of Regulation 22]

Regulatory Fee

(1) A foreign portfolio investor shall collect the regulatory fee of US \$ 1000 or any other amount, as may be specified by the Board from time to time, from every subscriber of offshore derivative instrument issued by it and deposit the same with the Board by way of electronic transfer in the designated bank account of the Board.

(2) The regulatory fee shall be deposited once every three years .

Provided that for the block of three years beginning April 1, 2017, a foreign portfolio investor shall collect and deposit the regulatory fee within two months from the date of notification of the Securities and Exchange Board of India (Foreign Portfolio Investors) (Fourth Amendment) Regulations, 2017.]

**THIRD SCHEDULE
SECURITIES AND EXCHANGE BOARD OF INDIA (FOREIGN PORTFOLIO
INVESTORS) REGULATIONS, 2014
CODE OF CONDUCT**

[See regulation 24]

1. A foreign portfolio 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 portfolio investor shall, at all times, render high standards of service, exercise due diligence and independent professional judgment.

3. A foreign portfolio investor shall ensure and maintain confidentiality in respect of trades done on its own behalf and/or on behalf of its clients.

4. A foreign portfolio investor shall ensure the following:

(a) Clear segregation of its own money/securities and its client's money/securities.

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

5. A foreign portfolio 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 portfolio investor shall also comply with award of the Ombudsman and decision of the Board under Securities and Exchange Board of India (Ombudsman) Regulations, 2003.
6. A foreign portfolio investor shall not make any untrue statement or suppress any material fact in any documents, reports or information to be furnished to the designated depository participant and/or Board.
7. A foreign portfolio investor shall ensure that good corporate policies and corporate governance are observed by it.
8. A foreign portfolio 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 portfolio investor or any of its directors or managers 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 portfolio 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.

FOURTH SCHEDULE

[See regulation 46]

SEBI to update amendment to other Regulations