Foreign Nominee Holder Accounts and Creating Links with Foreign CSDs

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Anik Mehta
(Senior Manager)
Account Structure in India

- Principal Account Structure: Beneficial Owner
- India has opted for segregated account structure as compared to omnibus structure
- Accounts of all investors are opened and maintained in CSD
- Information of holding and transaction of an investor are maintained at account level at CSD.
- All rights on the securities held in the account are vested to the person in whose name account is opened.

- SEBI has allowed Segregated Nominee Account (SNA) Structure in International Financial Service Centre (IFSC).
SNA Account

- SNA Structure permits the orders of foreign investors to be routed through eligible segregated nominee account providers (Providers).

- Entities eligible to register as Providers:
  - SEBI registered brokers in the IFSC;
  - SEBI registered FPIs (Category I and II); and
  - Trading/clearing members of international stock exchanges/clearing corporations that are regulated by a member of the Financial Action Task Force.

- Compliance Requirement for the Provider:
  - Register with IFSC Stock Exchange/CC
  - Meet eligibility criteria/norms for Providers, including net worth requirement
  - Share end client information with Stock Exchanges
GIFT IFSC

GIFT (Gujarat International Finance Tec-City)-IFSC (International Financial Services Centre)
GIFT IFSC - Opportunities

High-tech financial hubs to cater as international financial services centres with state-of-the-art-technology

- Opportunity for exchanges to set up operations and offer services for a wide range of securities such as equities, commodities, equity derivatives, debt, currency & index based derivatives, etc.

- Provide a platform for Indian companies to raise foreign currency capital

- Provide a wide range of securities to Indian investors looking to invest in the exchanges that set up in the IFSC

- Provide a wide range of securities to foreign investors looking to invest in the exchanges that get set up in the IFSC
# GIFT IFSC - Regulation

<table>
<thead>
<tr>
<th>Investors of GIFT -IFSC</th>
<th>Permissible Securities</th>
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<tbody>
<tr>
<td>• a person not resident in India</td>
<td>• Equity shares of a company incorporated outside India</td>
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<tr>
<td>• a non-resident Indian</td>
<td>• Depository receipt(s)</td>
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<tr>
<td>• a financial institution resident in India (eligible under FEMA)</td>
<td>• Debt securities issued by eligible issuers</td>
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<tr>
<td>• a person resident in India (eligible under FEMA)</td>
<td>• Currency and interest rate derivatives</td>
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<td>• Index based derivatives</td>
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<td></td>
<td>• Such other securities as may be specified by the Board.</td>
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GIFT IFSC – Current Status

- The IFSC provides an opportunity to Stock Brokers, Alternate investment funds, portfolio managers, advisors, mutual funds etc. to carry out international financial services

- Regulation: IFSC currently has three regulators, SEBI, RBI and IRDA. Towards evolution of the IFSC, it is proposed setting up of the single unified regulator

- Market Infrastructure:
  1. India International Exchange (India INX)
  2. NSE IFSC
  3. India International Clearing Corporation IFSC Limited (India ICC)
  4. NSE IFSC Clearing Corporation Limited

- Intermediaries
  - over 80 SEBI approved broking members (over 40 offering trade execution services)
  - seven clearing members (offering trade clearing, margin and collateral maintenance and related services)
  - over 12 banks, insurance and reinsurance companies and insurer brokers.
# GIFT IFSC – Current Status

<table>
<thead>
<tr>
<th>India INX</th>
<th>NSE IFSC Ltd</th>
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<tbody>
<tr>
<td><strong>Index Futures:</strong></td>
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</tr>
<tr>
<td>Sensex, Sensex 50</td>
<td>Nifty, Bank Nifty, Nifty IT</td>
</tr>
<tr>
<td><strong>Foreign Stock Futures:</strong> 5</td>
<td><strong>Foreign Stock Futures:</strong> 15</td>
</tr>
<tr>
<td><strong>Indian Stock Futures:</strong> 108</td>
<td><strong>Indian Stock Futures:</strong> 62</td>
</tr>
<tr>
<td><strong>Currency Derivatives:</strong> EUR/USD, GBP/USD, JPY/USD, USD/INR</td>
<td><strong>Currency Derivatives:</strong> EUR/USD, GBP/USD, JPY/USD, Switzerland Franc/USD, Australian $/USD, USD/INR</td>
</tr>
<tr>
<td><strong>Commodity Derivatives:</strong> Gold, Silver, Copper, Lead, Zinc, Aluminum, Nickel, Gold KG</td>
<td><strong>Commodity Derivatives:</strong> Gold, Silver</td>
</tr>
</tbody>
</table>

- Exchanges currently trade derivatives for 22 hours a day with two (2) daily settlements.
- All trades are quoted and settled in USD currency.
GIFT IFSC – NSDL

- Depositories at GIFT IFSC
  - Opportunity for depositories to set up operations and offer services for a wide range of securities such as equities, equity derivatives, debt, currency & index based derivatives, etc.
  - Provide Depository services to Indian exchanges
  - Provide Depository services to Foreign exchanges
  - Provide Depository services to Indian and foreign companies that get listed on the exchanges in the IFSC

- NSDL @ GIFT IFSC
  - Currently in process of acquire regulatory approval to set up a International Depository Services
GIFT IFSC – CSD Linkage a Way Forward

Objective of CSD Linkage

- Secondary Listing of Foreign Securities at IFSC
- Cross Border Settlement
Thank you