Foreign Portfolio Investor (FPI) & Role of NSDL in FPI Regime

Presentation by

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Overview on FPI Regulations,2014

NSDL
Technology, Trust & Reach

SEBI (Foreign Portfolio Investor) Regulations, 2014 came into effect on January 7, 2014.

SEBI has issued Operational Guidelines for Designated Depository Participants and Frequently asked Questions (FAQs).

A single route to foreign investors viz., FIIs, Sub Accounts & QFIs under portfolio investment scheme converging it to one class of investor viz., Foreign Portfolio Investor (FPI)

No registration required by FPI at SEBI

FPIs to register with Designated Depository Participant (DDP) who will carry out necessary due diligence .

All existing FIIs, Sub Accounts & QFIs are deemed to be FPIs.

Classification of FPI

Category I

- Government related investors viz., Central Banks, Governmental Agencies, Sovereign Wealth Funds, International/ Multilateral Organizations/ Agencies

Category II

- Mutual Funds, Investment Trusts, Insurance /Reinsurance Companies, Banks, Investment Managers/ Advisors, Portfolio Managers etc.

Category III

- All other FPIs not eligible under Category I and II such as Endowments, Charitable Societies/ Trust, Foundations, Corporate Bodies, Trusts, Individuals, Family Offices.
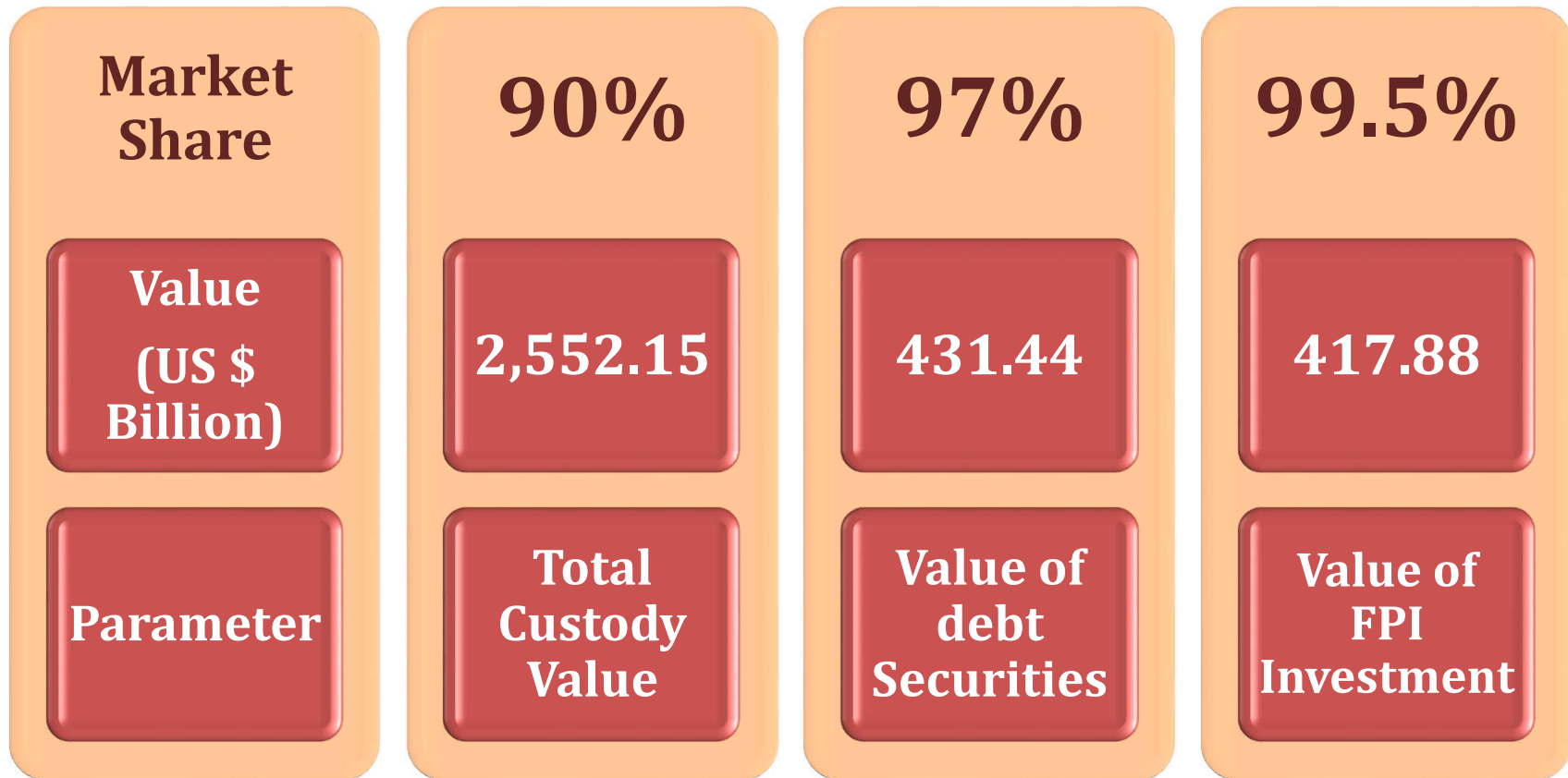
Role of NSDL in FPI Regime

- SEBI has authorized NSDL as a central agency to generate FPI Registration Number & FPI Certificate.

- NSDL has developed centralized web portal for FPI Registration viz., FPI Monitor (www.fpi.nsdl.co.in) whereby DDPs can capture application received from FPIs and grant registration to FPIs.

- Till date, more than 9400 FPIs have got registered on NSDL FPI portal.

Role of NSDL in FPI Regime

❑ Monitor the investment limits of FPI belonging to Same investor Group under the equity segment and overall Corporate debt limits under debt segment.

❑ Custodians and other stakeholders are required to report various FPI Investment/Asset under Custody (AUC) data to NSDL.

❑ NSDL disseminate various FPI investment data on NSDL FPI portal:

  ✓ Daily Trends in FPI Investments
  ✓ Calendar and Financial Year wise FPI investments
  ✓ Fortnightly Sector wise FPI / FII Investment
  ✓ Asset Under Custody data – Country wise, FPI Category Wise data is disseminated under the said report
  ✓ Debt Utilisation Status
  ✓ List of Registered FPIs / Deemed FPIs

NSDL Stats

Market Share	90%	97%	99.5%
Value (US $ Billion)	2,552.15	431.44	417.88
Parameter	Total Custody Value	Value of debt Securities	Value of FPI Investment

As on Dec 31, 2018

Common Application Form

- A single and common application form [CAF] for FPI Registration, obtain PAN and KYC for opening bank and demat account.

- Common Application Form jointly designed by NSDL & Custodian Group and approved by SEBI.

- Central Govt.- Ministry of Finance [DEA], India has notified Common Application Form on August 21, 2018.

- NSDL FPI Registration Portal being integrated with CBDT for generation of PAN in an online manner.

- Applicant to capture and submit CAF in an electronic manner on NSDL FPI Registration portal and forward the documents to DDP.

Common Application Form

❑ DDP to register the FPI application on NSDL FPI Registration portal.

❑ Upon generation of FPI Registration Number/Certificate, DDP shall submit/forward the application on NSDL FPI portal in an online manner to CBDT for obtaining PAN.

❑ CBDT to generate PAN/e-PAN which will be communicated to FPI.

Monitoring of Sovereign Entities

❑ SEBI vide its email dated November 2, 2017 issued guidelines regarding Clubbing of Investment Limits of Sovereign Entities from same jurisdiction.

❑ The investment limits of FPIs, including SoEs, which form part of the same investor group are clubbed to ensure that their aggregate investments in an Indian investee company are below 10% of the paid-up capital of the company.

❑ SoEs belonging to the same country shall be treated as a part of the same sovereign group with regard to their investments as FPIs.

❑ SoEs can subscribe to the facility by communicating request to NSDL through its custodian.

❑ SoEs will be able to access the available limits/Headroom from NSDL

Thank You