

Regulatory Hotline

May 06, 2022

CHANGE IN FPI REGISTRATION PROCESS

The Securities and Exchange Board of India (“SEBI”), on January 14, 2022¹, amended the SEBI (Foreign Portfolio Investors) Regulations, 2019, (“FPI Regulations”) authorizing SEBI to generate the Foreign Portfolio Investor (“FPI”) Registration number², a task which was earlier done by National Securities Depositories Limited (“NSDL”).

Subsequently, vide a notification³ amending the Common Application Form (“CAF”) (the “Notification”), the Department of Economic Affairs, Government of India allowed both the depositories, viz., NSDL and Central Depository Services (India) Limited (“CDSL”) to host the CAF for FPI registration. The instructions for filling CAF were notified⁴ by the Central Government for the registration, opening of bank and dematerialized accounts, and application for Permanent Account Number (“PAN”) by FPIs in India.

The Notification makes CAF available for the FPI applicants on the website(s) of both the depositories viz. NSDL (www.nsdl.co.in) or (www.fpi.nsdl.co.in) and CDSL (www.cdslindia.com) and also provides that once the CAF is duly filled in by the applicant in electronic mode and supporting documents are uploaded on the interface of the respective depository, the same shall flow to the Designated Depository Participant (“DDP”) in electronic manner. Thereafter, the applicant shall have to take a print of the duly filled form, which should be signed by the applicant and submitted in physical mode along with the requisite documents in original to the DDP.

In order to further effectuate and compliment the above two amendments, SEBI, vide its circular dated April 29, 2022⁵, (“Circular”) has made amendments to the Operational Guidelines for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors (the “Operational Guidelines”)⁶.

CERTIFICATE OF REGISTRATION (PARAGRAPH 6 OF PART A OF THE OPERATIONAL GUIDELINES)

The Operational Guidelines originally provided for the DDP to grant the certificate of registration, bearing registration number generated only by NSDL, in a centralized manner. The Circular has now amended the provision to state that:

“The designated depository participant shall grant the certificate of registration, bearing registration number generated by SEBI.”

NAME CHANGE (PARAGRAPH 10(III) OF PART A OF THE OPERATIONAL GUIDELINES)

In order to allow CDSL to host the CAF for FPI registration process, the provision pertaining to the change of name of FPIs has also been amended. The provision which prior to the amendment considered only NSDL for the registration of FPIs and hence provided that upon receipt of the request for name change along with the requisite documents, the DDP had to effect the change in name in the certificate and issue a letter and fresh registration certificate to such applicant acknowledging the change in name. NSDL, being the only registering body, had to make necessary arrangements for DDPs to provide fresh registration certificate as an acknowledgement from its database including a statement that the name change has been granted without prejudice to any tax liability/ implication in India.

The Circular has now amended the provision to state that:

“Upon receipt of the request for name change along with abovementioned documents, the DDP shall effect the change in name in the certificate. The DDP shall issue a letter and fresh registration certificate to such applicant acknowledging the change in name. Respective Depositories shall make necessary arrangements for DDPs to provide fresh registration certificate as an acknowledgement from its database including a statement that the name change has been granted without prejudice to any tax liability/implication in India.”

The provisions of the Circular shall be effective from May 09, 2022.

– Prakhar Dua & Kishore Joshi

(We acknowledge and thank Ritul Sarraf, Student Amity Law School, Constituent college of Amity University, Noida for her assistance on this hotline.)

You can direct your queries or comments to the authors

¹ Vide SEBI (Foreign Portfolio Investors) (Amendment) Regulations, 2022, Available at: <https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-foreign>

-portfolio-investors-amendment-regulations-2022_55352.html

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² Regulation 7 of the SEBI (Foreign Portfolio Investors) Regulations, 2019, Available at:
https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-foreign-portfolio-investors-regulations-2019-last-amended-on-january-14-2022-_55375.html

³ Notification No. F. No. 4/15/2016-ECB, dated March 29, 2022. Available at:
<https://egazette.nic.in/WriteReadData/2022/234620.pdf>

⁴ Notification No. 4/15/2-16-ECB dated January 27, 2020 issued in Gazette of India on January 28, 2020. Available at: https://www.sebi.gov.in/sebi_data/commondocs/feb-2020/Applicatnform_p.pdf

⁵ Available at: https://www.sebi.gov.in/legal/circulars/apr-2022/modification-in-the-operational-guidelines-for-foreign-portfolio-investors-designated-depository-participants-and-eligible-foreign-investors-sebi-to-generate-fpi-registration-number-and-both-the-de-_58587.html

⁶ Available at: https://www.sebi.gov.in/sebi_data/commondocs/nov-2019/Operational%20Guidelines%20for%20FPIs,%20DDPs%20and%20EFIs%20revised_p.pdf

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