

Circular No.: NSDL/POLICY/DDP/2023/0001

April 06, 2023

Subject: Streamlining the on-boarding process of FPIs

Attention of participants who are registered with SEBI as Designated Depository Participants (DDPs) / Custodians of Securities (Custodian) is invited to SEBI Circular no: SEBI/HO/AFD/P/CIR/2023/043 dated March 27, 2023 (copy enclosed) regarding Streamlining the on-boarding process of FPIs.

DDPs/ Custodians are requested to take note of the same.

For and on behalf of

National Securities Depository Limited

Digitally signed by AROCKIARAJ

Date: 2023.04.06 19:13:31 +05'30'

Arockiaraj**Manager**

Enclosed: One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) (Quarterly)	By 15th of the following month	Through e-PASS	Circular No. NSDL/POLICY/2021/0102 dated October 04, 2021
Cyber Security & Cyber Resilience framework of Depository Participants (Quarterly)	By 15th of the following month.	Through e-PASS	1. Circular no. NSDL/POLICY/2020/0069 dated May 15, 2020. 2. Circular No. NSDL/POLICY/2021/0047 dated May 10, 2021
Reporting of status of the alerts generated by Participants- (Quarterly)	Within 15 days from end of the quarter	Through e-PASS	1. Circular No. NSDL/POLICY/2021/0072 dated July 15, 2021 2. Circular No.: NSDL/POLICY/2022/001 dated January 03, 2022
Risk based Supervision of Participants (Half yearly)	April 30	Through e-PASS	1. Circular No. NSDL/POLICY/2015/0046 dated April 30, 2015 2. Circular No. NSDL/POLICY/2018/0050 dated September 25, 2018
Internal/ Concurrent Audit Report (Half yearly)	May 15	Through e-PASS	Circular No.: NSDL/POLICY/2023/0048 dated April 01, 2023
Tariff Sheet (Yearly)	April 30	Through e-PASS	Circular No.: NSDL/POLICY/2023/0049 dated April 05, 2023

**National Securities Depository Limited**

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भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/AFD/P/CIR/2023/043

March 27, 2023

To,

- 1. All Foreign Portfolio Investors (“FPIs”) through their Designated Depository Participants (“DDPs”)**
- 2. All Designated Depository Participants (“DDPs”) and Custodians**
- 3. The Depositories (NSDL and CDSL)**

Dear Sir/ Madam,

Sub: Streamlining the onboarding process of FPIs

1. SEBI (Foreign Portfolio Investors) (Amendment) Regulations, 2023 were notified on March 14, 2023, for streamlining the onboarding process of FPIs.
2. In terms of Regulation 3 (2) of the SEBI (Foreign Portfolio Investors) Regulations, 2019 (hereinafter referred to as ‘FPI Regulations’), an application for the grant of certificate as a foreign portfolio investor shall be made to a Designated Depository Participant (‘DDP’) in the Form and manner specified by the Government or the Board from time to time and shall be supported by the fee specified in Part A of the Second Schedule and any documents in the manner specified by the Board from time to time.
3. Accordingly, in order to ease the onboarding process of FPIs and reduce the time taken for granting registration and opening of demat, trading and bank accounts of FPIs, the following modifications to the ‘Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors’, issued vide SEBI Circular No. SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 (hereinafter referred to as ‘Master Circular’) are specified:

a. Grant of FPI registration on the basis of scanned copies of application forms and supporting documents:

- i. The DDP may grant FPI registration to the applicant on the basis of scanned copies of executed Common Application Form (‘CAF’), scanned copies of certified supporting documents and applicable fees submitted by the applicant.



- ii. The DDP shall thereafter update the CAF module as per the standard process, for issuance of Permanent Account Number ('PAN').
- iii. Post allotment of PAN to the applicant, the scanned copies of certified Know Your Client ('KYC') documents of the applicant shall be uploaded on the KYC Registration Agencies ('KRA') by the DDP/ Custodian. Other intermediaries/ entities may access such documents from the KRA and complete their KYC requirements for opening the demat, trading and bank accounts.
- iv. The Custodian shall ensure that appropriate systems and procedures are in place to prevent any activity in such accounts till verification of physical documents is carried out.
- v. Only upon receipt and verification of the physical documents by the DDP/ Custodian, the Custodian shall make an application to the Clearing Corporation ('CC') for allotment of a CP Code to the FPI and carry out necessary steps for enabling the FPI to transact in the Indian securities markets.

b. Use of Digital Signatures by FPIs:

- i. FPIs may use digital signatures for the purpose of execution of CAF and other registration related documents, provided such digital signatures are in accordance with the provisions of the Information Technology Act, 2000.

c. Certification of copies of original documents by authorized bank officials using SWIFT mechanism:

- i. At present, copies of all documents submitted by the FPI applicants are to be accompanied with originals for verification. In case the original of any document is not produced for verification, then the copies are required to be physically attested by entities authorized for attesting the documents, as mentioned in Para 8 of Part B of the Master Circular.
- ii. In lieu of physical attestation, certification of copies of original documents by authorized bank officials (i.e. officials of Multinational Foreign Banks or any Bank regulated by RBI) through SWIFT mechanism may be accepted by DDPs/ Custodians for the purpose of verification of documents.
- iii. The authorized bank official shall be required to send copies of original documents to the DDP/Custodian digitally and certify the authenticity of



these documents through authentic free format SWIFT message types (such as SWIFT MT 599) sent to the DDP/ Custodian.

d. Verification of PAN through the CAF module available on the websites of the Depositories:

- i. In cases where PAN application by the FPI applicant is made via the CAF portal, the DDP/Custodian may verify the PAN of the FPI basis its availability on the CAF module hosted on the website of the depositories, where the PAN is reflected via an automated secure feed from the Income Tax department.

e. Submission of unique investor group ID by FPI applicants in lieu of complete details of group constituents:

- i. At present, an FPI applicant, at the time of registration, is required to provide details of FPIs with whom it share ownership of more than fifty percent or common control, under the 'Clubbing of Investment Limit' section of the CAF. Depositories in turn generate a unique FPI investor group ID for identifying each such FPI investor group.
 - ii. For operational convenience, it is now specified that in case an FPI applicant belongs to an existing FPI investor group, it may submit its unique FPI investor group ID in the CAF, in lieu of providing complete details of all group constituents. In case the applicant wants to club additional FPIs (apart from itself) in such unique investor group ID, the FPI may only provide details of such additional FPIs, along with the investor group ID.
4. In addition to the aforesaid, the following provisions of the Master Circular shall stand modified as under, in order to bring consistency with the provisions of the FPI Regulations:
- a. The term '*forthwith*' mentioned at paragraphs 9 (iv), 12 (iii), 14 (i) of Part A and in Annexure H of the Master Circular, shall be read as '*as soon as possible but not later than seven working days*'.
 - b. The term '*forthwith*' mentioned at paragraphs 14 (iii), 15 (i) of Part A and paragraph 1 (vi) of Part C of the Master Circular, shall be read as '*as soon as possible but not later than two working days*'.

5. The provisions of this circular shall be applicable with immediate effect.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

6. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992.
7. A copy of this circular is available at the web page "Circulars" on our website www.sebi.gov.in.

Yours faithfully,

Sanjay Singh Bhati
Deputy General Manager
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