



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CIRCULAR

IMD/FPIC/CIR/P/2018/114

July 13, 2018

To

- 1. All Foreign Portfolio Investors (through their Custodian of Securities)**
- 2. All Custodians**
- 3. The Depositories (NSDL and CDSL)**
- 4. All Registrar and Transfer Agents**
- 5. All Merchant Bankers**

Dear Sir / Madam,

Sub: Investment by Foreign Portfolio Investors (FPI) through primary market issuances

1. Regulation 21(7) of SEBI (Foreign Portfolio Investors) Regulations, 2014 ('FPI Regulations') mandates that 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 issued capital of the company.
2. Further, Regulation 23(3) of FPI Regulations requires that in case the same set of ultimate beneficial owner(s) invest through multiple entities, such entities shall be treated as part of 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.
3. As prescribed in reply to FAQ No. 58 for FPIs, for the purpose of identifying the investor group, the Designated Depository Participant (DDP) shall obtain the details provided by the FPI under clause 2.2 of the FPI Application form (Form A) specified in First Schedule of FPI Regulations. The monitoring of investment limits at the level of investor group shall be performed by the depositories based on the information provided by DDPs.
4. To ensure compliance of the above, at the time of finalization of basis of allotment during primary market issuances, Registrar and Transfer Agents ('RTAs') shall:
 - a) Use Permanent Account Number (PAN) issued by Income Tax Department of India for checking compliance for a single foreign portfolio investor; and



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b) Obtain validation from Depositories for the foreign portfolio investors who have invested in the particular primary market issuance to ensure there is no breach of investment limit

within the timelines for issue procedure, as prescribed by SEBI from time to time.

5. The depositories shall put in place the necessary systems for sharing of information with RTAs within the timelines for issue procedure, as prescribed by SEBI from time to time.

This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992.

A copy of this circular is available at the web page “Circulars” on our website www.sebi.gov.in. Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

Yours faithfully,

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