



COMMENCEMENT OF FOREIGN PORTFOLIO INVESTOR REGIME

With a view to rationalize / harmonize different routes for foreign portfolio investments, SEBI had decided to create an unified and simplified regulatory framework. In order to adopt a consultative approach, SEBI had constituted a "Committee on Rationalization of Investment Routes and Monitoring of Foreign Portfolio Investments" comprising of various stakeholders.

After extensive deliberations and consultations by the Committee, it was decided to create a new investor class called "Foreign Portfolio Investor" (FPI) by merging the existing three investor classes viz. FIIs, Sub Accounts and Qualified Foreign Investors. It was envisaged that dispensing with the mandatorily requirement of direct registration with SEBI and adopting risk based KYC approach in FPI regime would smoothen the entry process and onboarding experience of FPIs which desire to invest in the Indian securities market.

Subsequently, SEBI (FPI) Regulations, 2014 were notified on January 07, 2014 followed by certain other enabling notifications by Ministry of Finance and RBI. In order to ensure the seamless transition from FII regime to FPI regime, it was decided to commence the FPI regime with effect from June 1, 2014 so that the requisites systems and procedures are in place before migration to the new FPI regime.

SEBI approved Designated Depository Participants have already commenced granting registration to FPIs under the new framework. The migration to the FPI regime has thus been effected in a smooth manner.

Mumbai

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