



CIRCULAR

IMD/HO/FPIC/CIR/P/ 2017/ 003  
January 04, 2017

To,

1. All Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)
2. All Foreign Portfolio Investors ("FPIs") through their Designated Depository Participants ("DDPs")/ Custodian of Securities ("Custodians").
3. All DDPs/ Custodian of Securities.
4. The Depositories (NSDL and CDSL)

Sir/ Madam,

**SUBJECT: Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in International Financial Services Centre (IFSC).**

- 1) Pursuant to announcement made in the Union Budget 2015-16 on Gujarat International Finance Tec-City (GIFT), SEBI, in consultation with stakeholders, is in process of laying down requisite regulatory framework for facilitating and regulating financial services relating to securities market in an International Financial Services Centre (IFSC). Accordingly, SEBI issued IFSC Guidelines, 2015 on March 27, 2015 and also issued further guidelines for functioning of Stock Exchanges and Clearing Corporations in IFSC on November 28, 2016.
- 2) Based on consultations held with the stakeholders on the proposed regulatory framework on participation of Eligible Foreign Investors (EFIs), in partial modification to SEBI (IFSC) Guidelines, 2015, it has been decided as follows:
  - a. SEBI registered FPIs ("FPIs"), proposing to operate in IFSC, shall be permitted, without undergoing any additional documentation and/or prior approval process.
  - b. In case of participation of FPIs in IFSC, a trading member of the recognized stock exchange in IFSC, may rely upon the due diligence process already carried out by a SEBI registered intermediary during the course of registration and account opening process in India.



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- c. In case of participation of an EFI, not registered with SEBI as an FPI, but desirous of operating in IFSC, a trading member of the recognized stock exchange in IFSC, may rely upon the due diligence carried out by a bank, which is permitted by RBI to operate in IFSC, during the account opening process of EFI.
  - d. FPIs, who presently operate in Indian securities market and propose to operate in IFSC also, shall be required to ensure clear segregation of funds and securities. Custodians shall, in turn, monitor compliance of this provision for their respective FPI clients. Such FPIs shall keep their respective custodians informed about their participation in IFSC.
  - e. Recognised stock exchange in IFSC shall maintain, at all times, the necessary details of EFIs, which may be called upon by SEBI/RBI or any other authority of law.
  - f. EFIs shall abide by all the applicable Indian laws viz. Rules/Regulations/Circulars/Guidelines etc. in IFSC issued by the Government of India/RBI/SEBI or any other authority of law, from time to time.
  - g. It has now been decided to delete the words “a foreign portfolio investor,” in the definition of the term “intermediary” in clause (g) of Guideline 2 (1) of the SEBI (IFSC) Guidelines. Accordingly, the Guidelines stand amended.
- 3) This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
  - 4) A copy of this circular is available at the links “Legal Framework→Circulars” and “Info for →F.P.I” on our website [www.sebi.gov.in](http://www.sebi.gov.in). The DDPs/Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

Yours faithfully,

**ACHAL SINGH,**  
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