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EY Regulatory Alert

SEBI Consultation paper - Simplified registration process for Foreign Portfolio Investors

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Executive summary

To ease the onboarding process for applicants seeking to register as Foreign Portfolio Investors (FPIs) and reduce duplication of information, The Securities and Exchange Board of India (SEBI) on 24 September 2024 released a consultation paper which aims to simplify the registration process for FPIs.

This alert summarizes the proposals laid down by SEBI with respect to simplifying the registration process for FPIs.



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Background

- ▶ Currently, foreign investors proposing to register as a FPI are required to submit a Common Application Form (CAF) along with an Annexure supported by various documents to the Designated Depository Participant (DDP).
 - ▶ CAF was introduced in January 2020 to streamline the registration process for FPIs and acts as a single window clearance for (a) obtaining registration from SEBI, (b) allotment of Permanent Account Number (PAN) from Income-tax Department and (c) carrying out KYC for opening bank and demat account in India.
 - ▶ During the course of discussions with market participants, it has been represented to SEBI that for certain applicants, data in respect of various information fields in the CAF is either not applicable or is already available with the DDP which can be leveraged, without again requesting for the said information. Such information represents approximately 45% of number of fields in CAF. Thus, to save significant time and effort in completing, signing, and reviewing the CAF, the consultation paper proposes to introduce an abridged version of CAF.
- ▶ Remaining fields shall either be disabled or auto-populated based on information already available with the DDP.
 - ▶ Applicants will be required to provide consent for using the pre-existing information available with the DDP and also confirm that all the details other than those mentioned in the abridged CAF remain unchanged.
 - ▶ DDPs shall update the information in CAF against the registration number of the applicant for future reference purposes to ensure seamless fetching of the same.

Proposal

The abridged version of CAF shall be applicable in case of applicants belonging to the following categories:

- a) Multiple funds of investing/ non-investing Investment Manager (IM) wherein IM or one of the funds is already registered as FPI
- b) Sub-funds of a master fund wherein the master fund/ one of the sub-funds is already registered as FPI
- c) Sub-funds of a fund with separate classes of shares or equivalent structure with segregated portfolio wherein such fund/ one of the sub-funds is already registered as FPI
- d) Schemes of Insurance companies wherein the parent entity/ one of the schemes of the Insurance company is already registered as FPI.

Under the proposed framework:

- ▶ Above mentioned applicants are required to complete an abridged CAF containing only unique fields relevant to them.

For additional information with respect to this Alert, please contact the following:

Tejas Desai

Partner & Leader

Wealth and Asset Management - Tax & Regulatory Services

Phone no. +91 9820410278,

E mail - tejas.desai@in.ey.com

Jaiman Patel

Partner

Financial Services - Tax

Phone no. +91 9833071413

E mail - jaiman.patel@in.ey.com

Comments

The above proposal shall simplify the onboarding process for foreign investors seeking to obtain FPI license thereby facilitating ease of doing business in India by FPIs.

Public comments on the consultation paper are to be provided to SEBI by 15 October 2024.

Our offices

Ahmedabad

22nd Floor, B Wing, Privilon
Ambli BRT Road, Behind Iskcon Temple
Off SG Highway
Ahmedabad - 380 059
Tel: + 91 79 6608 3800

8th Floor, Building No. 14A
Block 14, Zone 1
Brigade International Financial Centre
GIFT City SEZ
Gandhinagar - 382355, Gujarat
Tel +91 79 6608 3800

Bengaluru

12th & 13th Floor
"UB City", Canberra Block
No.24 Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground & 1st Floor
11, 'A' wing
Divyasree Chambers
Langford Town
Bengaluru - 560 025
Tel: + 91 80 6727 5000

3rd & 4th Floor
MARKSQUARE
#61, St. Mark's Road
Shantala Nagar
Bengaluru - 560 001
Tel: + 91 80 6727 5000

1st & 8th Floor, Tower A
Prestige Shantiniketan
Mahadevapura Post
Whitefield,
Bengaluru - 560 048
Tel: + 91 80 6727 5000

Bhubaneswar

8th Floor, O-Hub, Tower A
Chandaka SEZ, Bhubaneswar
Odisha - 751024
Tel: + 91 674 274 4490

Chandigarh

Elante offices, Unit No. B-613 & 614
6th Floor, Plot No- 178-178A
Industrial & Business Park, Phase-I
Chandigarh - 160 002
Tel: + 91 172 6717800

Chennai

6th & 7th Floor, A Block,
Tidel Park, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR

Aikyam
Ground Floor
67, Institutional Area
Sector 44, Gurugram - 122 003
Haryana
Tel: +91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
Gautam Budh Nagar, U.P.
Noida - 201 304
Tel: + 91 120 671 7000

Hyderabad

THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jaipur

9th floor, Jewel of India
Horizon Tower, JLN Marg
Opp Jaipur Stock Exchange
Jaipur, Rajasthan - 302018

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: + 91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

3rd Floor, Unit No 301
Building No. 1
MindSpace Airoli West (Gigaplex)
Located at Plot No. IT-5
MIDC Knowledge Corridor
Airoli (West)
Navi Mumbai - 400708
Tel: + 91 22 6192 0003

Altimus, 18th Floor
Pandurang Budhkar Marg
Worli, Mumbai - 400 018
Tel: +91 22 6192 0503

Pune

C-401, 4th Floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

10th Floor, Smartworks
M-Agile, Pan Card Club Road
Baner, Taluka Haveli
Pune - 411 045
Tel: + 91 20 4912 6800

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



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