



CIRCULAR

CIR/IMD/FIIC/05/2015

June 12, 2015

To,

1. **All registered Foreign Portfolio Investors ("FPIs")** through their Designated Depository Participants
2. **All Registered Foreign Venture Capital Investors**
3. **All Approved Designated Depository Participants ("DDPs")**
4. **All Registered Custodians of Securities**
5. **All Depositories**
6. **All Recognized Stock Exchanges**

Dear Sir/ Madam,

Sub: Clarification on grant of registration as a Foreign Portfolio Investor (FPI) to Registered Foreign Venture Capital Investors (FVCI).

1. SEBI has received a query from a Designated Depository participant (DDP) seeking clarification with regard to any restrictions/conditions on applicants, holding registration as a FVCI, from obtaining registration as a FPI.
2. The SEBI (Foreign Portfolio Investors) Regulations, 2014 ("FPI Regulations") as well as the SEBI (Foreign Venture Capital Investors) Regulations, 2000 ("FVCI Regulations") do not expressly prohibit FVCI from holding registration as a FPI.
3. The investment conditions and restrictions for an entity registered as FVCI under FVCI Regulations are different as compared to the investment conditions and restrictions as prescribed for an entity registered as FPI under the FPI Regulations. Thus, such an entity would be required to have a clear segregation of funds/ securities which are proposed to be invested / held under the respective registrations.
4. Accordingly, it is clarified that a DDP may consider an applicant, holding FVCI registration, for grant of registration as an FPI subject to the following:
 - a. The applicant complies with the eligibility criteria as prescribed under the FPI Regulations.
 - b. The funds raised, allocated and invested must be clearly segregated for both the registrations.
 - c. Separate accounts must be maintained with the custodian for execution of trades. However, such an applicant shall have same custodian for its activities as FPI and FVCI.



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- d. The securities held under FVCI and FPI registrations should be clearly segregated.
 - e. Reporting of transactions must be done separately according to the conditions applicable under the specific registration.
 - f. All the conditions applicable to the entity under the respective registrations must be complied with at the level of the segregated funds and activities with respect to the specific registrations.
 - g. The investment restrictions as applicable to FPI, in terms of Regulation 21 of FPI Regulations and SEBI Circular No. CIR/IMD/FIIC/20/2014 dated November 24, 2014 shall be applicable.
 - h. The applicant does not have opaque structure(s), as defined under Explanation 1 of Regulation 32(1) (f) of FPI Regulations.
5. The applicant shall be required to comply with the provisions of FPI Regulations, FVCI Regulations and the circulars etc., issued there under from time to time.
 6. 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.
 7. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework" and "information for - FPI".

Yours faithfully,

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