

Circular No.: NSDL/POLICY/DDP/2023/0008

November 10, 2023

Subject: Operational guidelines in respect of mandating additional disclosures by Foreign Portfolio Investors (FPIs) that fulfil certain objective criteria

Attention of the DDPs/ Custodians is invited to SEBI Circular Ref. No. **SEBI/HO/AFD/AFD-PoD-2/CIR/P/2023/148** dated **August 24, 2023** and NSDL Circular Nos. **NSDL/POLICY/DDP/2023/0005** dated **August 30, 2023** & **NSDL/POLICY/DDP/2023/0007** dated **October 31, 2023** about mandating additional disclosures by Foreign Portfolio Investors (FPIs) that fulfil certain objective criteria wherein SEBI has mandated obtaining additional granular disclosures of entities/ individuals having any ownership, economic interest, or control rights in the FPI that have either concentrated single corporate group exposures and/ or significant overall holdings in their equity investment portfolio held in India.

In this context, all DDPs/ Custodians are hereby requested to take note of the following operational guidelines towards daily monitoring of equity AUM of the FPI individually or with their investor group having AUM more than INR 25,000 Crore in the Indian market.

1. The monitoring shall be carried out based on settled positions at the end of T+1 day.
2. NSDL shall consider the equity holding of FPIs which are non-exempted, based on the reporting done by the DDPs/ Custodians for monitoring.
3. NSDL shall monitor the limits on an ongoing basis and provide reports to the respective DDPs/Custodians by **3 P.M.** of reporting day in respect of FPI(s)/ FPI investor groups which have breached the limits.
4. DDPs/ Custodians based on report shared by NSDL will be required to evaluate whether the FPI or any FPI(s) from investor group is eligible for exemption. Details of such exempted FPI/ FPI(s) forming part of investor group shall be informed to NSDL by **8 P.M.** of reporting day to re-calculate the investment limit breach for monitoring of limits.
5. After re-calculating the investment limit, in case the FPI/ FPI(s) investor group still exceeds the INR 25,000 crore threshold, NSDL shall communicate this list of FPI(s) to the DDPs/ Custodians by **9 P.M.** of reporting day for further communication to the FPIs.



6. As per SOP given by SEBI, If the Equity AUM of FPI/ FPI group investment is beyond the threshold, accounts of all such non-exempted FPIs, individually or belonging to such investor group, shall be blocked/frozen for further equity purchases (including voluntary corporate actions, which leads to increase in equity shareholding) by the DDPs/ Custodians until the equity AUM of the FPI / FPI investor group is brought below the threshold. The respective Custodian/ DDP shall intimate the same to the concerned FPIs.

To facilitate Custodian / DDP of the FPI for blocking the account at ISIN / SCG and account level, NSDL has introduced new Freeze reason codes as per below details in NSDL depository system to adequately capture the reason for blocking of account of the FPI for credit/debit by the DDP/ Custodian.

Reason Code	Freeze Reason
42	Breach of MPS/PN3 – Blocked for Additional Disclosures

7. DDP/Custodian can unfreeze the account and process the transaction to facilitate FPI for selling of securities from its demat account to bring holding below INR 25,000 Cr. After DDP/Custodian process the transaction, DDP /Custodian must freeze the account with aforesaid reason code if FPI is still exceeding the threshold.
8. DDPs/ Custodians will inform NSDL about any change in the status of exempted FPIs as and when assessed. Custodians / DDPs shall be responsible to communicate the exemption details to NSDL as mentioned in SOP.
9. Upon rectification of the breach, NSDL will inform the same to the concerned DDPs /Custodians for unblocking the accounts of such FPIs. DDP/ Custodian shall inform the same to the FPI.

In view of the above facility, a screen-based option has been made available to capture or modify exempted FPI in NSDL FPI Monitor portal and operationalised since EOD of October 31, 2023.

Other Points to be noted:

- 1) Custodians will be required to report to NSDL on T+1 day by 3 P.M. the trade(s) done in respect of T day for monitoring.



DDPs/Custodians are requested to take note of the same and ensure compliance. Further, DDP/Custodians are requested to inform their respective FPIs.

**For and on behalf of
National Securities Depository Limited**

**Arockiaraj
Manager**

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month	Through e-PASS	Para 20 of NSDL Master Circular for Participants on 'Grievance Redressal' chapter.
Internal/ Concurrent Audit Report (April - September)	November 15 th	Through e-PASS	Para 20.4 of NSDL Master Circular for Participants on 'Internal Controls/Reporting to NSDL/SEBI' chapter and Circular No. NSDL/POLICY/2023/0141 dated October 04, 2023.

