



ERGO

Analysing developments impacting business

RELAXATION IN COMPLIANCE WITH THE KYC CIRCULAR

27 August 2018

This is with reference to our newsflash titled "[NRIs: Not Really for Indians? SEBI tightens FPI Norms](#)" dated 17 April 2018 (Newsflash). The Newsflash analysed the Securities and Exchange Board of India (SEBI) circular dated 10 April 2018 (SEBI Circular), which disallowed Indian / Non-resident Indians from being beneficial owners of a Foreign Portfolio Investor (FPI) and clarified the position on clubbing of investments limits. The SEBI Circular provided a period of 6 months to registered FPIs from the date of the SEBI Circular, ie, until 10 October 2018, to take corrective measures to ensure compliance with the beneficial ownership requirement as well as to meet the 10% investment limit under Regulation 21 (7) of the SEBI (Foreign Portfolio Investors) Regulations, 2014 (FPI Regulations). Now, vide circular no IMD/FPIC/CIR/2018/124 titled "Amendment to the SEBI Circular No. CIR/IMD/FPIC/CIR/P/2018/64 dated 10 April 2018 on Know Your Client Requirements for Foreign Portfolio Investors", dated 21 August 2018 (Extension Circular), SEBI has granted an extension of more than two and half months, ie, till 31 December 2018, to FPIs to manage their holdings and investments in a manner to be in compliance with the SEBI Circular. Therefore, FPIs now have time till the end of 2018 to modify its beneficial ownership and/or investments to be in-sync with the SEBI rules and regulations. At this stage, the Extension Circular makes no other change to the SEBI Circular other than the grant of the extension.

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