

MEMO# 31286

July 12, 2018

Member Call on New SEBI KYC Norms for Foreign Portfolio Investors - July 18, 10 a.m. US Eastern

[31286]

July 12, 2018 TO: Tax Committee RE: Member Call on New SEBI KYC Norms for Foreign Portfolio Investors - July 18, 10 a.m. US Eastern

Note: This message was previously circulated to the ICI Global Investing Subcommittee, ICI Global Regulated Funds Committee, International Operations Advisory Committee, SEC Rules Committee, and Securities Operations Advisory Committee. It was published in the ICI Daily on July 10, 2018. We are resending it to include the Tax Committee.

In April 2018, the Securities and Exchange Board of India (SEBI) issued a circular (Circular) specifying changes that tighten the know your client (KYC) requirements applicable to foreign portfolio investors (FPIs) and extend the KYC compliance requirements to be followed by FPIs as well as custodians/designated depository participants.[\[1\]](#) These changes apply to the existing risk-based KYC norms for FPIs adopted in 2013 that categorize FPIs into one of three categories, with different documentation requirements applying to each category.

The Circular makes changes in the following areas: (1) identification and verification of beneficial owners (under an expanded definition), with a specific format prescribed for reporting of beneficial owner information, (2) periodical KYC review, (3) requirement for FPIs to provide an undertaking to the custodian on exempted documents, (4) clubbing of investments for the purpose of monitoring investment limits, and (5) bearer shares structure not permitted. The new requirements are applicable from the date of the Circular; existing FPIs must comply with the new norms by October 9, 2018.

The Circular raises a number of questions and issues for FPIs, and the local industry in India has been working through the implications of the Circular and discussing particular areas of challenge with SEBI. We will hold a member call on Wednesday, July 18, at 10 a.m. US Eastern to explain the changes brought about by the Circular and to share the latest information regarding efforts to have SEBI ease some of the requirements. Representatives from PwC and Deutsche Bank AG in India will be presenting on the call and we expect to have time for questions and member discussion at the end.

The dial in details for the call are below. Please RSVP by email to Ruth Tadesse

at rtadesse@ici.org. We will be distributing a presentation document prior to the call; if you do not RSVP you will not receive the document. If you have questions that you would like to submit ahead of time, you may also send them to Ruth.

Member Call on Wednesday, July 18, 10 a.m. - 11:30 a.m. US Eastern

Dial-in Numbers:

US: 1-866-803-2145 or 1-210-795-1099

UK: 0800-376-8334

Others: 1-210-795-1099

Passcode: 9506790

If you have any questions, please contact Eva Mykolenko at emykolenko@ici.org or 202-326-5837.

Katie Sunderland
Counsel - Tax Law

endnotes

[1] The Circular is available at https://www.sebi.gov.in/legal/circulars/apr-2018/know-your-client-requirements-for-foreign-portfolio-investors-fpis-_38618.html.

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