

FREQUENTLY ASKED QUESTIONS ON KYC REQUIREMENTS FOR ELIGIBLE FOREIGN INVESTORS (EFIs) / FOREIGN PORTFOLIO INVESTORS (FPIs)

In consultation with the market participants, certain clarifications are being issued with respect to KYC requirements for EFIs/ FPIs as prescribed by SEBI vide circular no. CIR/MIRSD/07/2013 dated September 12, 2013. Intermediaries may rely on the below mentioned Guidance for KYC requirements with respect to EFIs / FPIs.

1. For the purpose of these FAQs -

- New EFIs / FPIs / new clients shall mean EFIs which have been registered with SEBI / Designated Depository Participants (DDPs) after September 12, 2013.
- Existing clients / existing EFIs shall mean all EFIs which were registered with SEBI / Qualified Depository Participants up to September 12, 2013.

2. KYC requirements for new client

- Intermediaries which on boards New EFI / FPI, is required to comply with the KYC requirements as prescribed by SEBI and upload the same on the KRA system.

3. KYC requirements for existing clients

- The existing EFIs applying for conversion as FPIs from June 1, 2014 (as provided in the SEBI (Foreign Portfolio Investors) Regulations, 2014) shall also update their KYCs, as required, at the time of submission of documents to the DDPs.
- Considering the initial phase of new FPI regime, the existing EFI clients applying for conversion as FPIs between June - December, 2014 shall update their KYCs latest by December 31, 2014. However, from January 1, 2015, all EFIs, coming up for conversion as FPI, must update their KYCs at the time of submission of documents to the DDPs.
- All such updated information in KYCs shall also be uploaded on the KRA system.
- In the event of non-submission of KYC documents, as stated above, no further transactions shall be permitted to such clients.
- The intermediaries shall develop their systems and procedures to implement the above in coordination with other intermediaries including the KRAs.

4. Documents that may be collected in lieu of Board Resolution

- In lieu of Board resolution provided by EFIs / FPIs for trading in securities market, the intermediary may rely on any of the following documents:

- Power of Attorney granted to Global Custodian / Local Custodian
- Prospectus/ Information Memorandum/ Offer Document/ Investment Management Agreement/ Regulatory Filings

5. Reliance on information available from reliable public sources

- In addition to information provided by the client, the intermediaries can rely on documents / information available from reliable public sources (for e.g. websites of Regulators, Exchanges, SROs, Registrars) while collecting documents / information required for an EFI / FPI. However, it shall be ensured that copies of such documents are sent to the EFI to revert in case of any changes / modifications. Attestation of these documents (by way of mentioning the source of the document and signature against the same) may be carried out by a duly authorized official of the Intermediary.