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1. Flexibility to FPIs in dealing with their securities post expiry of their registration

- Continuance of registration or disposal of securities post expiry of registration
    - Foreign Portfolio Investors (**FPIs**) wishing to continue their registration shall pay the registration fees to their Designated Depository Participants (**DDPs**) within 15 days before the expiry of their existing registration.
    - FPIs that fails to pay the registration fees prior to the expiration were not permitted to pay registration fee post expiry of existing registration. FPIs had to compulsorily surrender the registration and had to apply for fresh registration, in case it intends to have a FPIs license.
    - However, FPIs can now pay the registration fees within 30 days of expiry of existing registration along with a late payment fee. Re-activation of registration shall be subject to KYC and Anti Money Laundering/Countering the Financing of Terrorism ("AML/CFT"). Further, until re-activation, FPIs shall be permitted to dispose the securities held in its account, but no fresh purchases of securities shall be permitted.
    - Those FPIs whose registration has expired and who failed to re-activate it within the prescribed 30-day period will have an additional 180 days to dispose the securities held in their account. The remittance of sale proceeds to the FPIs shall be subject to applicable KYC, AML/CFT requirements.
- Disposal of securities in case of reclassification or change in status of compliant jurisdiction
    - If an FPIs registered under a particular category/sub-category fails to comply with applicable eligibility requirements, it shall now notify this change to its DDPs to be reclassified under appropriate category/sub-category in accordance with prescribed timeline.
    - The FPIs cannot make fresh purchase till additional KYC requirements (if any) are complied with.
    - Earlier FPIs were permitted to sell the securities within 180 days from blocking of fresh purchases in case of reclassification and there was no time limit for sale of securities in case of change in status of compliant jurisdiction. However, FPIs shall now be allowed to sell the securities already purchased by it until expiry of its existing registration block or 180 days from the date of notification of change by the FPIs, whichever is later.
    - Earlier, DDPs had to refer cases to SEBI where FPIs held securities beyond the prescribed period for further actions. However, SEBI has now notified the process to deal with such securities.
- In addition to the above three instances, SEBI stipulates blocking of fresh purchases by FPIs and sale of their existing securities within 180 days in the following cases:
    - Breach of prescribed limits for contribution / control by Non-resident Indian Investors / Overseas Citizens of India and Resident Indian in the corpus of the FPIs; and
    - Non-disclosure of granular details by FPIs fulfilling certain objective criteria.
- Securities held by FPIs after expiry of their registration and/or elapse of the time-period for disposal of securities

  - In cases where FPIs are unable to sell off all their securities within the prescribed 180-day period, an additional 180-day period has been provided to FPIs to dispose their holdings, subject to the conditions mentioned below:

    - Financial disincentive of 5% of the sale proceeds, which shall be deducted by the custodian of the FPIs from the sale proceeds and to be deposited in the Investor Protection and Education Fund (**IPEF**), not later than 30 days from the date of deduction.

    - Subject to fulfilment of KYC, AML/CFT requirements.

    - Sale of suspended, unlisted/delisted securities shall be permitted through off-market transactions and in accordance with the pricing guidelines.

    - During this period monetary/non-monetary corporate benefits/voting rights with respect to the securities shall continue to accrue to the FPIs.

      - Securities remaining unsold after expiry of the additional 180-day period, shall be deemed to have been compulsorily written-off by the FPIs. Further, the FPIs shall lose any beneficial interest in the same.

- Securities held by FPIs whose registration has expired

  - Following is the summary of the process of dealing with securities which are written-off / deemed to be written-off post the expiry of the additional 180-day period:

    - Transfer of the securities written-off by the custodian to a separate escrow account operated by an exchange empanelled broker within 30 days of the write-off.

    - Monetary corporate benefits if received by the custodian which are written-off / deemed to be written-off to be credited to IPEF.

    - The empanelled broker shall attempt to sell the securities at the available market prices only through the regular online trading platform of the Stock Exchanges, excluding block deal window.

    - Proceeds of sale, upon deduction of brokerage and statutory charges, to be transferred to IPEF.

2. Participation by NRIs, OCIs and RIIs in SEBI registered FPIs

- Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs) and Resident Indian Individuals (RIIs) can be constituents of FPIs subject to following conditions:

  - FPIs, while seeking registration, shall declare its intent to have 50% or more of their aggregate corpus contributed from NRIs, OCIs and RIIs.

  - FPIs shall submit following documents of NRI/OCI/RIIs constituents to DDPs:
    - identity proofs
    - their economic interest in its corpus

  - FPIs shall submit following documents of non-individual entities that are controlled by one or more NRIs/OCIs/RIIs (directly or indirectly) holding together 50% or more ownership or economic interest in the FPIs to DDPs:
    - identity proofs
    - their ownership/economic interest/control in the non-individual entity and the FPIs.

- Above two points are exempted to FPIs set up as funds in IFSCs in India subject following conditions:
  - Pooling of all investments in a single investment vehicle in IFSC, with no side-vehicles.
  - The FPIs shall have a common portfolio, with all investors having pari-passu and pro-rata rights in the FPIs.
  - At any time, maximum up to 20% of the FPI's corpus can be invested in listed Indian equites.
  - FPIs should have at least 20 investors, and none of the investors should hold more than 25% stake in its corpus.
  - Investment decisions to be exclusively made by an independent Investment Manager or Fund Manager, being an Asset Management Company of a Mutual Fund or its IFSC-based subsidiary/branch and not by any investor.
  - Contributions from RIIs shall be made through the Liberalised Remittance Scheme of the RBI and shall be in global funds with less than 50% exposure to India.
  - No control over FPIs is allowed.

- FPIs shall disclose to DDPs, granular details of all entities upto the level of natural persons, if such FPIs is holding more than 50% of Indian equity AUM in a single corporate group. Such limit has been decreased to 33% in case of FPIs which are setup in IFSC and are exempted in the above point.

3. Timeline for disclosure of material changes for FPIs

- Material changes to the earlier information disclosed by FPIs to SEBI and/or DDPs shall be communicated as below:

Type of material changes	Description	Notification Timeline	Submission of Supporting Documents
Type I*****	Critical changes affecting FPIs eligibility, registration, securities purchases, privileges or exemptions under regulatory framework.	Within 7 working days of such change.	Within 30 days of such change.
Type II	Other significant changes not classified under Type I.	Within 30 days of such change.	Within 30 days of such change.

*** Type I material change includes the following:**

Sr. No.	Particulars
I.	Change of Jurisdiction
II.	Change of name due to any corporate action
III.	Acquisition/merger/demerger resulting in cessation of existence of FPIs
IV.	Legal restructuring (e.g. Corporate to Trust)
V.	Change in regulatory or compliance status
VI.	Reclassification of FPIs category
VII.	Change in FPIs investor composition
VIII.	Investment Manager been removed resulting FPIs losing Category I eligibility

IX.	Breaches in aggregate contribution thresholds of NRIs, OCIs and RIIs
X.	False information submissions
XI.	Penalty, pending litigation, findings of investigation for which action is taken or is in process by oversees regulator
XII.	Impacts on exemptions granted as per SEBI circular
XIII.	Breaches of any eligibility criteria

- The DDPs shall examine all material changes reported by FPIs, reassess their eligibility including requiring FPIs to seek fresh registration. For 'Type I' changes mentioned in points I to V above, DDPs shall mandatorily require FPIs to seek fresh registration.

- DDPs within 2 working days of any delays in reporting material changes by FPIs, shall notify to SEBI along with reason for delay for necessary action.

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