

# Foreign Portfolio Investors

August 2023



## Regulatory updates - SEBI/ RBI etc



### Alternative dispute resolution mechanism provided

SEBI inserted a new regulation in Securities and Exchange Board of India (Foreign portfolio investors) Regulations, 2019 on dispute resolution.

As per the new regulation, all claims, differences or disputes between a foreign portfolio investor ('FPI') and a designated depository participant ('DDP') arising out of or in relation to the activities of the DDP in the securities market to be submitted to a dispute resolution mechanism that includes **mediation and/or conciliation and/or arbitration**, in accordance with the procedure specified by SEBI. The amendment came into effect from effect from 4 July 2023.

(Source: Securities and Exchange Board of India (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023 ADVT.- III/4/Exty./247/2023-24 dated 3 July 2023)

### Mandatory requirement to provide Legal Entity Identifier (LEI)

SEBI has mandated providing LEI details for all non-individual FPIs with effect from 27 July 2023.

**Existing FPIs (including renewals)** that have already not provided their LEIs to do so within 180 days from the date of issuance of the circular i.e. by 23 January 2024. In case LEI is not provided, the account shall be blocked for further purchases until LEI is provided.

**Fresh registration:** to be carried out upon receipt of the FPIs' respective LEI details.

FPIs are required to ensure that their LEI is active at all times. Accounts of FPIs whose LEI code has expired/lapsed to be blocked for further purchases in the securities market till the time the LEI code is renewed.

(Source: SEBI circular SEBI/ HO/ AFD/ AFD- PoD-2/ CIR/ P/ 2023/ 0127 dated 27 July 2023.)

### Online resolution of disputes in the Indian securities market

In the interests of investors and consequent to notification dated 3 July 2023 providing alternative dispute resolution mechanism, SEBI has issued circular for streamlining the dispute resolution mechanism. The circular, *inter alia*, provides:

- Establishing a common Online Dispute Resolution Portal ("ODR Portal") for online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market.
- The disputes between institutional or corporate clients and specified intermediaries/regulated entities in securities market as specified (including FPI and depositories) can be resolved, at the option of the institutional or corporate clients:
  - a. In accordance with this circular issued by SEBI and by harnessing online conciliation and/or online arbitration as specified in this circular; or

- b. by harnessing any independent institutional mediation, conciliation and/or online arbitration institution in India.

**For existing and continuing contractual arrangements** such option to be exercised within a period of 6 months, failing which option as specified in (a) above will be deemed to have been exercised.

**For all new contractual arrangements**, such choice to be exercised at the time of entering into such arrangements.

- Further, the circular provides the process of initiating the dispute resolution process, fees and charges, roles and responsibilities of market infrastructure institutions.

The implementation of this circular for FPIs is expected to be around mid-September 2023.

(Source: SEBI circular SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/ 2023/131 dated 31 July 2023.)



## Market Watch – Press articles-select extracts



### India overtakes China to become the most attractive emerging market for investing

India has now overtaken China as the most attractive emerging market (EM) for investing in EM debt, as per 85 sovereign wealth funds and 57 central banks representing a total of \$21 trillion in assets.

(Source: The Indian Express, PTI, 10 July 2023.)

### Parliamentary panel asks Finance Ministry to expeditiously come out with common ITR form

The Parliamentary standing committee on finance, chaired by former minister of state for finance, Jayant Sinha, has asked the finance ministry to come out with a common income tax return at the earliest for the convenience of taxpayers.

(Source: The Economic Times, ET Bureau, 28 July 2023.)

### IPOs worth Rs 50K cr in next 6 months; proposals worth Rs 42,000 cr more await Sebi nod

The first half of the calendar year looked somewhat lukewarm in terms of companies hitting the market but the second half could see more activity. Data shows that initial public offerings (IPOs) worth over Rs 50,000 crore are in the pipeline, with 40 companies having valid approvals from markets regulator Securities and Exchange Board of India (Sebi). Approvals granted by the regulator are valid for a year.

(Source: Financial Express, Siddhant Mishra, 24 July 2023.)

# FPI statistics - (source NSDL)



Parameters	Current month	Earlier month	Changes
<b>Net Equity inflows during Jul 2023 (in USD million)</b>	5,827	5,894	
<b>Net Debt inflows during Jul 2023 (in USD million)</b>	187	1,117	
<b>Total FPIs registered as on 1 Aug 2023</b>	11,180	11,210	(30)
<b>AUC of FPIs at end of Jun 2023 (in USD million)</b>	695,423	661,968	33,455

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**30 years**  
and beyond

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