



Foreign Portfolio Investors permitted to operate in International Financial Services Centre

The Securities and Exchange Board of India (SEBI) has issued notification dated 13 April 2017, permitting the eligible entities incorporated and operating in International Financial Services Centre (IFSC) to trade in “Derivatives on Equity shares”.

Background

SEBI (IFSC) Guidelines, 2015 specifies the following types of securities in which dealing may be permitted by stock exchanges operating in IFSC:-

- (i) Equity shares of a company incorporated outside India;
- (ii) Depository receipt(s);
- (iii) Debt securities issued by eligible issuers;
- (iv) Currency and interest rate derivatives;
- (v) Index based derivatives;
- (vi) Such other securities as may be specified by the Board

In terms of SEBI Circular IMD/HO/FPIC/CIR/P/2017/003 dated January 04, 2017, SEBI registered Foreign Portfolio Investors (‘FPIs’), have been permitted to operate in IFSC, without undergoing any additional documentation and/or prior approval process.

Update- SEBI permits ‘Derivatives on equity shares of a company incorporated in India’ for dealing in IFSC

Based on the recommendations of the Risk Management Review Committee, SEBI vide Circular no SEBI/HO/MRD/DRMNP/CIR/P/2017/31 dated April 13, 2017 has decided to also specify “Derivatives on equity shares of a company incorporated in India” (hereinafter referred to as ‘Derivatives on equity shares’) as a permissible security under sub-clause (vi) of Clause 7 of SEBI (IFSC) Guidelines, 2015. Accordingly, the recognized stock exchanges operating in IFSC may permit dealing in ‘Derivatives on equity shares’, subject to prior approval of SEBI.

Source: <http://www.sebi.gov.in>

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