

**CIRCULAR**

SEBI/ HO/ FPI&C/ P/ CIR/ 2021/ 609

August 04, 2021

To

1. Foreign Portfolio Investors ("FPIs")
2. Custodians and Designated Depository Participants ("DDPs")
3. The Depositories (NSDL and CDSL)
4. All recognized Stock Exchanges and Clearing Corporations

Dear Sir/ Madam,

**Sub: Modification in Operational Guidelines for FPIs and DDPs pursuant to amendment in SEBI (Foreign Portfolio Investors) Regulations, 2019**

1. Section 9A of the Income Tax Act, 1961 (IT Act) was introduced by the Finance Act 2015 and subsequently amended vide Finance Act 2020 to facilitate setting up of fund management activity in India with respect to offshore funds.
2. In order to enable Resident Indian fund managers to benefit from the provisions of Section 9A, clause (c) of Regulation 4 of the SEBI (Foreign Portfolio Investors) Regulations, 2019, has been amended vide Gazette Notification No. SEBI.LAD-NRO/GN/2021/32 dated August 03, 2021 (enclosed).
3. For operationalizing the aforementioned amendment to the SEBI (Foreign Portfolio Investors) Regulations, 2019, the Explanation provided under Para 2 (ii) (b) of Part A of the Operational Guidelines for FPIs and DDPs, issued vide circular dated November 05, 2019, stands modified as below:

**“Explanation: The contribution of resident Indian individuals shall be made through the Liberalised Remittance Scheme (LRS) notified by Reserve Bank of India and shall be in global funds whose Indian exposure is less than 50%.”**

4. DDPs and Custodians are requested to bring the contents of this circular to the notice of their clients.
5. This circular is issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992.

6. A copy of this circular is available at the web page “Circulars” on our website [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Amit Tandon**  
**General Manager**  
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**Enclosed:** [Gazette Notification No. SEBI.LAD-NRO/GN/2021/32 dated August 03 ,2021](#)