

National Stock Exchange of India

DEPARTMENT: INVESTOR SERVICE CELL

Download Ref No: NSE/ISC/ 63659

Date: August 30,2024

Circular Ref.No: 46/2024

To All Market Participants,

Sub: Operational mechanism for dealing with securities written-off/deemed to be written off by the Foreign Portfolio Investors (FPIs)

The Exchange vide its circular dated July 23,2024 had disseminated circular No. SEBI/HO/AFD/AFD-PoD-2/P/CIR/2024/77 dated June 05, 2024 with respect to the framework for providing flexibility to Foreign Portfolio Investors in dealing with their securities post expiry of their registration.

Stock Exchanges were advised to formulate and operationalise a mechanism for implementation of this circular.

Accordingly, Exchanges have prepared an operational mechanism for dealing with securities written-off/ deemed to be written off by the FPIs. The same is attached as Annexure A.

Custodians are requested to take note of the contents of the circular and comply accordingly.

**For and on behalf of
National Stock Exchange of India Limited**

**Vrushali Kasbekar
Associate Vice President**

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Annexure – A

Operational mechanism for dealing with securities written-off/deemed to be written off by the Foreign Portfolio Investors (FPIs)

SEBI vide circular no SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/71 dated June 05, 2024, provides a framework for providing flexibility to Foreign Portfolio Investors (FPIs) in dealing with their securities post expiry of their registration.

As per the said circular, after expiry of the prescribed timelines, the unsold securities shall be deemed to have been compulsorily written off by the FPIs. Any written off securities shall be transferred by their respective custodians to a separate escrow account managed by that Exchange. The broker shall then initiate sale of such securities on instructions of the Exchange.

PROCESS

The Exchange shall, open an omnibus escrow demat account wherein the securities shall be transferred by the custodian.

The entire process flow from transfer of securities by the custodians to transfer of proceeds to IPEF of SEBI is as mentioned below:

1. Exchange shall open one or more designated demat, bank and trading account with Exchange empanelled broker.
2. After expiry of the prescribed liquidation timelines, the custodian shall transfer the securities to the escrow account. Securities exclusively listed on BSE Limited shall be transferred to BSE. All other securities including unlisted securities shall be transferred to the escrow account opened by NSE. Receipt of intimation from the custodians for transfer of securities shall be in the format given below:

Custodian Name (Custodian Registration Number)

Sr. No.	Name of the entity (FPI)	FPI registration no	Script Name	Type of security (Equity/Debt/Hybrid)	ISIN Number	Quantity	Market Value as on date

3. The concerned exchange shall procure demat account statement from NSDL/CDSL to verify the transfer of securities.
4. Concerned exchange will send confirmation to the custodian on receipt of securities.
5. Exchange shall give instructions to the broker to sell the securities in the designated demat account.
6. Broker shall submit the contract note for the transaction to the Exchange as per the prescribed timelines.
7. Broker shall confirm transfer of sale proceeds to bank account within prescribed timelines.

8. The sale proceeds shall be transferred to IPEF of SEBI in the first week of the subsequent month along with a report.
9. Broker shall continue the exercise of sale till the time liquidity of securities is available atleast for a period of 90 days.
10. A report shall be submitted to SEBI on a quarterly basis, within 15 days of expiry of the quarter as per the format prescribed by SEBI.