One stop shop for all asset classes
Equity | Debt | Currency | Commodity
Route to India

Foreign Portfolio Investment (FPI)

FPI Registration

- Common Application Form (CAF) submission through depository (duly filled & signed)
- Due diligence with DDP & KYC completion
- FPI registration under one of the 2 categories
- DDP sends PAN (Permanent Account Number) Generation Request to ITD

Post - Registration

- Agreement with DDP engaged by it to act as a Custodian before making any investments
- Opening of Bank account & Demat account
- Creation of Unique Client Code (UCC)/ Custodian Participation (CP) code - Investor Unique id for trading on stock exchanges

Tax Consultant

- Assist in PAN registration
- Assistance on tax related obligations

Appointment of Trading & Clearing Broker

- Compliance related to KYC registration and documentation
- Opening of broking account
- UCC setup / CP code setup

The above representation is on a broader level only. Please refer related guidelines for full information.

FPI Category I

- Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies
- Pension funds and university funds
- Appropriately regulated entities such as insurance or reinsurance entities, banks, asset management companies, investment managers, investment advisors, portfolio managers, broker dealers and swap dealers
- Entities from the Financial Action Task Force (FATF) member countries which are appropriately regulated funds/ unregulated funds whose investment manager is appropriately regulated and registered as a Category I foreign portfolio investor, provided fulfillment of few clauses.
- An entity (A) whose investment manager is from the FATF member country and such an investment manager is registered as a Category I foreign portfolio investor; or (B) which is at least seventy-five per cent owned, directly or indirectly by another entity, eligible under sub-clause 2,3,4 of above of this regulation and such an eligible entity is from a FATF member country

FPI Category II

- Appropriately regulated funds not eligible as Category I foreign portfolio investor
- Endowments and foundations
- Charitable organisations
- Corporate bodies
- Family offices
- Individuals
- Appropriately regulated entities investing on behalf of their client, as per conditions specified by the Board from time to time
- Unregulated funds in the form of limited partnership and trusts

Access to India for US Clients

- First Indian stock exchange to receive Part 30 exemption Order (“the Order”), granted by the Commodity Future Trading Commission (“CFTC”) under CFTC Regulation 30.10, on May 17, 2018.
- This permits NSE members who are not registered with the CFTC as future commission merchants (“FCMs”) to carry accounts as “exempt FCMs” to trade in future contracts listed on NSE for the U.S. customer upon compliance with certain requirements and conditions as set forth in the Order.
- Currently CFTC No-Action letter has been issued for NIFTY Index contracts.
- Access to NIFTY Futures, Narrow Based Derivatives (SSF and Index Futures) in the likes of NIFTY Bank etc. for U.S. customer.
- NSE has also obtained U.S. Security Exchange Commission (SEC) class relief for NSE index derivatives options contracts available for trading (NIFTY & NIFTY BANK).
## Framework for Investments

### Position Limits*

<table>
<thead>
<tr>
<th>Products</th>
<th>FPI Category I</th>
<th>FPI Category II (other than FPIs in sub-category individuals, family offices, corporates)</th>
<th>FPI Category II (individuals, family offices, and corporates)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>The purchase of equity shares of each company by a single FPI or an investor group shall be below 10% of the total issued capital of the company</td>
<td>Higher of INR 3 bn or 10% of the total OI in the market- on Index for Futures &amp; Options separately. In addition, hedge positions permitted</td>
<td>Higher of INR 1 bn or 5% of the total OI in the market- on Index for Futures &amp; Options separately</td>
</tr>
<tr>
<td>Index Derivatives</td>
<td>Higher of INR 5 bn or 15% of the total OI in the market- on Index for Futures &amp; Options separately. In addition, hedge positions permitted</td>
<td>Higher of INR 3 bn or 10% of the total OI in the market- on Index for Futures &amp; Options separately</td>
<td>Higher of INR 1 bn or 5% of the total OI in the market- on Index for Futures &amp; Options separately</td>
</tr>
<tr>
<td>Stock Derivatives</td>
<td>20% of MWPL</td>
<td>10% of MWPL</td>
<td>5% of MWPL</td>
</tr>
<tr>
<td>Currency Derivatives</td>
<td>Gross open position across all contracts - higher of 15% of the OI or USD 100 mn / EUR 50 mn / GBP 50mn / JPY 2000 mn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Rate Derivatives</td>
<td>Position limits for 8-11 year bucket- 10% of Open Interest or INR 12 bn whichever is higher</td>
<td>Position limits for 8-11 year bucket- 3% of Open Interest or INR 4 bn whichever is higher</td>
<td>Position limits for 8-11 year bucket- 3% of Open Interest or INR 4 bn whichever is higher</td>
</tr>
<tr>
<td>Commodity Derivatives</td>
<td>May participate in eligible ETCDs as ‘Clients’ – Position limits shall be at par with limits presently applicable for clients</td>
<td></td>
<td>20% of the client level position limit in a particular commodity derivatives contract, shall be applicable.</td>
</tr>
</tbody>
</table>

\[ OI = \text{Open Interest}; PL = \text{Position Limit}; MWPL = \text{Market-wide Position Limit}; \text{Gsec} = \text{Government Securities}; \text{Corp Bonds} = \text{Corporate Bonds} \]

*Latest FPI Regulation @ Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (Last amended on March 15, 2023)

*Latest Operating Guidelines @ SEBI Circular No.: IMD/FPI&C/CIR/P/2019/124

*Participation of FPI in commodity Derivatives – SEBI Circular No: SEBI/HO/MRD/MRD-RAC-1/P/CIR/2022/131

### Collaterals Permitted

- Cash
- Government Securities
- Corp Bonds
- Foreign AAA Sovereign securities

### Margin & Settlement Obligation

<table>
<thead>
<tr>
<th>Equity</th>
<th>FPIs margined on a T+1 basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FPIs who are Corporate bodies, Individuals or Family offices are margined on an upfront basis</td>
</tr>
<tr>
<td></td>
<td>FPIs are under obligation to settle all trades by delivery</td>
</tr>
</tbody>
</table>

| F&O, CDS, IRF & SLBM Commodity Derivatives | All categories of FPIs are margined on an upfront basis |
NSE’s Backbone

NSE Clearing Ltd - Robust Risk Management benefitting Investors

- NSE Clearing Ltd (NCL) is a recognized as a Qualified Central Counterparty (QCCP) and systemically important market infrastructure institution in securities market regulated by SEBI.
- NCL has maintained a credit rating of “AAA” from CRISIL since 2008.
- Consistent settlement cycles since inception.
- On-line, real-time, upfront, client level margins.
- Real-time monitoring of exposure.
- Margin alerts to members & automatic stop of trading facility on breaching limits.
- Availability of cross margin facility between Equity, Equity Derivatives & ETF’s.
- Acceptance of collaterals like Cash, Government Securities & Corporate Bonds from FPI’s.
- Test of robustness - Extreme market movements handled without any defaults.
- Segment specific Settlement Guarantee Fund.
- Well defined default waterfall mechanism.
- Committed to the adoption and implementation of the principles “Principles for Financial Market Infrastructure” (PFMIs).
  issued by the CPMI and IOSCO.
- Interoperability framework between clearing corporations for Equity, Futures & Options and Currency Derivatives.
- T+1 settlement cycle implemented for trades done in Equity Segment and expiry day physical settlement in Equity Derivatives Segment.
  Upon expiry of stock derivatives, settlement is netted in Equity and Equity Derivatives segment

<table>
<thead>
<tr>
<th>Guaranteed Settlement</th>
<th>Minimal counterparty risk</th>
<th>Greater market confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novation</td>
<td>Landmark Achievement in Indian financial market</td>
<td>Reduction in settlement instructions and transaction cost</td>
</tr>
<tr>
<td>Multilateral Netting</td>
<td>Efficient use of capital</td>
<td></td>
</tr>
</tbody>
</table>

Technology

- Technology developed in-house with associate companies and partners to design and build the platform.
- Load balancing capability to handle scalability.
- 24 * 5 Operations - 5 Data centres across 3 Cities.
- Nationwide reach via high resiliency high bandwidth IP backbone infrastructure.
- Processing about 10 billion messages in a trading day.
- NSE has been certified for ISO 27017:2015

Co-location Facility

- Exchange hosting servers to provide low latency connectivity.
- Backup restore facility (optional).
- Order Connectivity and market data connectivity provided on 10 Gbps network port.
- Facility can be physically accessed 24*7.

Multi-layered Service System

- Pivotal role in market advocacy.
- Specialised Team to serve our Institutional Members and Clients.
- A nation wide CRM Team to serve our members in general.
- Consistent joint efforts with members to reach, engage and develop clients.
- Nation wide Investor Awareness Programs for retail investors in large numbers.
- Training sessions for students to introduce the concept of saving & investing at an early age.
- Certification courses & tie ups with educational institutions to create a professional workforce for the industry.
NSE’s Product Offering

Equities offers Exchange Traded Funds

Equity: NSE offers trading in 2200 + securities with the total market capitalisation of approx. USD 3.8 Tn as on Oct 2023.

Exchange Traded Fund (ETF): Currently around 178 ETFs are traded on NSE with exposure to equity indices, debt and commodities.

**Equity Graph**

**Equity Derivatives**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Stock Derivatives</th>
<th>Index Futures</th>
<th>Index Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying</td>
<td>184 securities</td>
<td>NIFTY</td>
<td>NIFTY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BANKNIFTY</td>
<td>MIDCPNIFTY</td>
</tr>
<tr>
<td>Expiry</td>
<td>Thursdays</td>
<td>Wednesday for weekly</td>
<td>Tuesday</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Thursday for weekly for monthly</td>
</tr>
<tr>
<td>Trading Cycle</td>
<td>3 consecutive monthly contracts</td>
<td>4 weekly contracts, 3 consecutive monthly contracts, 3 Qtrly (Mar, Jun, Sep &amp; Dec) and 8 semi-annual contracts up to 5 years</td>
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</tr>
</tbody>
</table>

*Revision in expiry date of BANKNIFTY derivatives from existing Thursday to Friday effective July 7, 2023. Circular reference: NSE/FAOP/56967 | Date - June 06, 2023.*

**Several modes of trading – (Avg. CY 23)**

**Equity Derivatives**

Premium values considered for options volume
Currency & Interest Rate Derivatives

- RBI has permitted FII/FPIs to access Exchange traded Currency Derivatives w.e.f. June 27, 2014
- Futures & Options on cross currency pairs (EUR-USD, GBP - USD & USD - JPY) are also available for trading

### Parameter | Currency Futures | Currency Options | Interest Rate Derivatives
---|---|---|---
**Underlying** | USDINR, EURINR, GBPINR, JPYINR | USDINR, EURINR, GBPINR, JPYINR | Futures on GOI securities with maturities from 4 to 15 years and Options on GOI securities with maturity of 10 years
**Unit of trading** | USD 1000, EUR 1000, GBP 1000, YEN 10000 | USD 1000, EUR 1000, GBP 1000, YEN 10000 | 3 monthly & 3 quarterly contracts
**Trading Cycle** | 11 weekly, 12 monthly | 11 weekly, 3 monthly & 3 quarterly contracts | 3 monthly & 3 quarterly contracts
**Expiry Day** | Two working days prior to the last business day of the expiry month at 12:30 pm | Last Thursday of the month | For weekly options- Friday

Commodity Derivatives

- Market Hours: Monday to Friday 09:00 am to 11:30 pm/11:55 pm* (*based on US daylight saving time period)
- In Sept. 2022, SEBI has permitted FPIs to participate in cash settled non-agricultural commodity derivative contracts and indices comprising such non-agricultural commodities
- Delivery based and cash settled commodity futures contracts are available for trading on NSE’s commodity derivatives segment
- Available products – Futures on Brent Crude Oil, WTI Crude Oil, Natural Gas, Gold, Silver, Copper, Aluminum, Lead, Nickel, Zinc. We also have Options on Futures for Gold, Silver, WTI Crude Oil, Natural Gas, Copper and Zinc.

About NSE

National Stock Exchange of India (NSE) is the world’s largest derivatives exchange by trading volume (contracts) as per the statistics maintained by Futures Industry Association (FIA) for CY 2022. NSE is ranked 3rd in the world in the cash equities by number of trades as per the statistics maintained by the World Federation of Exchanges (WFE) for CY 2022. NSE was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. NSE has a fully integrated business model comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading, clearing members and listed companies with the rules and regulations of SEBI and the exchange. NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology.

Disclaimer

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