

# Foreign Portfolio Investors (FPIs) – Synoptic Overview

FPIs are foreign investors who invest in Indian markets.

## Who can register as FPI?

### In case of Residents

- A resident cannot be an applicant; can only be co-applicant subject to conditions
- Resident can also be co-applicant if it is an eligible fund manager/ investment fund under Income Tax Act subject to conditions prescribed.
- Residents may form AIFs (FMEs) in IFSC

### In case of Non-Residents

- Securities regulator in Applicant's jurisdiction shall be signatory of IOSCO MoU or bilateral MoU with SEBI
- Applicant & its investors holding > threshold under PMLA Rules not to be in Sanctions List of UNSC & not to be citizen of a country in the Public Statement of FATF.
- If bank, then the central bank of home jurisdiction to be member of BIS.

## Register with Designated Depository Participant (DDP)

DDP is a DP responsible for registering and monitoring the FPIs in Indian

## Categories of FPI

### Category I

- Pension & University Funds;
- Appropriately regulated (AR) entities like Insurance/reinsurance Cos. banks, AMCs, investment manager (IM), investment advisors, PMs, broker & swap dealers;
- Entities from FATF member countries/ country as specified by Govt., which are;
  - Unregu. Fund's IM is CAT I FPI
  - AR Funds
  - > 5 year old university endowment fund.
- Entity's IM is from FATF country & registered as CAT I FPI or is 75% owned by entities mentioned abv.
- Govt. & Govt. related investors;

### Category II

- AR funds not eligible as CAT I FPI;
- Endowments & foundations;
- Charitable organisations;
- Corporates;
- Family offices;
- Individuals;
- AR entities investing for clients;
- Unregulated funds -LLP & Trust.

## Governing Laws

- [SEBI \(FPI\) Regulations, 2019](#)
- [FEM \(Debt Instruments\) Regulations, 2019](#)
- [FEM \(Non-Debt Instrument\) Rules, 2019](#)
- [Master Circular on FPI, DDP & eligible foreign investors](#)

## Avenues for Investments

- Listed Shares;
- Debentures (listed and unlisted);
- Warrants;
- Units of MF & CIS;
- Derivatives & IDR;
- Units of REITs, InvITs & Cat. 3 AIF;
- [Debt securities as specified by RBI.](#)

## Limits for FPI Investments

### In case of Equity

Investment to be < 10% of total paid up capital of a Co.

### In case of Debt

#### Voluntary Retention Route(VRR)

- FPIs to commit 75% of their Investments for minimum 3 years.
- Investment limit under VRR scheme-250,000 crore.
- Can invest 100% in corporate bonds issuance.

#### Medium Term Framework(MTF)

- Investments are subject to prescribed limits set by RBI.
- Investment restricted to 50% of corporate bonds issuance.



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