

FPIs must report changes in control, structure in 7 days

By Sugata Ghosh, ET Bureau • Last Updated: Mar 17, 2023, 06:31 AM IST

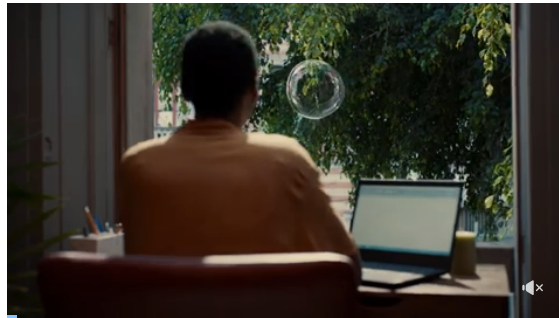
Synopsis

The government, in a notification issued on Wednesday, said that offshore funds will have to inform their custodians within seven working days of any 'direct or indirect change' in their control, ownership, and structure.



An FPI, registered with Sebi, has to renew its licence every three years by paying a little less than \$3,000.

ADVERTISING



Mumbai: Foreign portfolio investors ([FPIs](#)) [trading](#) on Indian [stock exchanges](#) will have to follow sterner disclosure rules.

The government, in a notification issued on Wednesday, said that [offshore funds](#) will have to inform their custodians within seven working days of any 'direct or indirect change' in their control, ownership, and [structure](#).

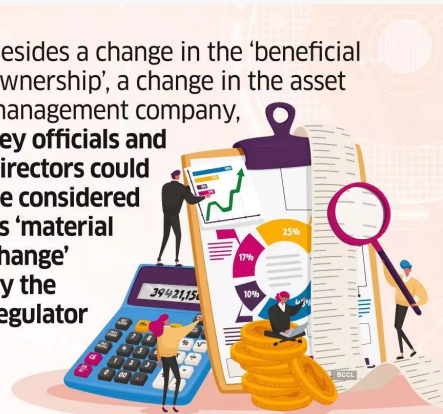
Custodians are [banks](#) and non-bank institutions which hold the securities and cash account of FPIs as well undertake the 'know your customer' procedures under the anti-money laundering rules.



Powered By **VDO.AI**

**Gold Was
Once Used to
Back up Currencies**

The custodians in turn will have to alert the Securities and Exchange Board of India (Sebi) within two days all such 'material changes' reported by their FPI clients.



Close Watch

Recently, the government changed the **anti-money laundering rules**

Changes in ownership, control, **investor group will have to reported**

Sebi will have to make changes in the **FPI master circular**

Besides a change in the 'beneficial ownership', a change in the asset management company, **key officials and directors could be considered as 'material change' by the regulator**

"It's evident the capital market regulator wants to keep a closer watch on FPIs. This would call for certain changes in the master circular of FPIs. Sebi has recently communicated the decision to tighten the beneficial ownership rule. The reporting timeline has now been clearly laid down," said Prakhar Dua who leads the financial services and regulatory practices at law firm Nishith Desai Associates.

Besides a change in the 'beneficial ownership', a change in the asset management company, key officials and directors could be considered as 'material change' by the regulator.

The ultimate beneficial owner (BO) is the last natural person owning or having a share of 10% to 15% in an FPI. The earlier threshold for determining BO was recently lowered from 25% to 10% for funds structured as companies, while it was brought down to 15% for FPIs formed as trusts. Till now, the 10% threshold was applicable only for funds which were based in 'high-risk' jurisdictions.

An FPI vehicle incorporated in a tax haven like Mauritius or Singapore is often held through multiple layers -- the Mauritius entity may be owned by a company in Luxembourg, which in turn is controlled by an US company. Since the custodian is supposed to 'look through' these multiple layers of ownership to identify the BO, any change in the holding pattern can cause an indirect change in the ownership.

An FPI, registered with Sebi, has to renew its licence every three years by paying a little less than \$3,000. Along with filing a common application form, a new FPI has to generate a permanent account number, and submit a set of documents like agreements with custodian and complete KYC formalities

which includes sharing BO details. At present, the custodian informs Sebi if there is a six-month delay by an FPI client in sharing key information.

According to the notification, Sebi would spell out from time to time the additional documents that a fund may have to share. About a month ago, Sebi told custodian banks to share the BO details of FPIs as on March 31, 2023, by September. Soon, after an amendment of the rules under the PMLA lowered the cut-off levels for BOs. The regulator also told custodians to disclose the names of senior management officials and asset managers of the fund.

The spate of changes in the BO rule comes in the wake of allegations by the US short-seller Hindenburg against Adani group firms. It is felt that that a lower BO limit (to 10%) would make it tougher for those who were splitting legal ownership to mask their identities and stay below the radar.



Print Edition

Friday, 17 Mar 2023

Experience Your Economic Times Newspaper,
The Digital Way

NEXT STORY

Taking Stock: TCS under Gopinathan sees 18% CAGR in 6 years



Suisse, though the Swiss lender's limited size and scope in the country means...

[Read Complete Print Edition »](#)

READ MORE NEWS ON

FPIs

Structure

Trading

Stock Exchanges

Offshore Funds

Banks

(What's moving **Sensex** and **Nifty**. Track **latest market news, stock tips** and **...more**)

[VIEW 1 COMMENTS](#) ON THIS STORY

Pick the best stocks for yourself

Powered by **REFINITIV**





Weekly Top Picks: Eight stocks with consistent score improvement and upside potential of up to 40%

9 mins read



4 stocks with 5 % to 8.87% dividend yields and continuous dividend payments for 7 years

7 mins read



Weekly Top Picks: Seven large & mid caps with consistent score improvement and upside potential of up to 42%

9 mins read

Subscribe to **ETPrime**

Synopsis

The company's market cap rose to around Rs 11.7 lakh crore from Rs 4.5 lakh crore, a CAGR of nearly 18%. The stock gained nearly three times during Gopinathan's tenure, beating the benchmark Sensex which grew over two times. On Thursday, TCS announced that Gopinathan had resigned from his post to pursue "other interests". He will be replaced by K Krithivasan.



In rupee terms, the revenue of TCS grew by 12% annually to Rs 2,16,877 crore while net profit rose by 9.5% to Rs 40,681 crore during the period.

During Rajesh [Gopinathan](#)'s six-year tenure as [CEO](#) which started in January 2017, the revenue of [Tata Consultancy Services \(TCS\)](#) increased to \$27,428 million in the trailing 12 months (TTM) from \$19,089 million in FY18 — a [compounded annual growth rate](#) (CAGR) of 7.5%.

Among the top four peers, it was slower than the 10.4% and 9.5% growth reported by [Infosys](#) and [HCL Technologies](#), respectively.



In rupee terms, the revenue of TCS grew by 12% annually to Rs 2,16,877 crore while net profit rose by 9.5% to Rs 40,681 crore during the period.

The company's market cap rose to around Rs 11.7 lakh crore from Rs 4.5 lakh crore, a CAGR of nearly 18%. The stock gained nearly three times during Gopinathan's tenure, beating the benchmark Sensex which grew over two times. On Thursday, TCS announced that Gopinathan had resigned from his post to pursue "other interests". He will be replaced by K Krithivasan.



Print Edition

Friday, 17 Mar, 2023

Experience Your Economic Times Newspaper, The Digital Way!

Front Page Pure Politics ET Markets Smart Investing More



RBI Keeps Close Watch on Credit Suisse Crisis

The Reserve Bank of India (RBI) is monitoring developments related to Credit Suisse, though the Swiss lender's limited size and scope in the country means...

[Read Complete Print Edition »](#)

READ MORE NEWS ON

- TCS
- Gopinathan
- CEO
- Compounded Annual Growth Rate
- Infosys
- HCL Technologies
- Tata Consultancy Services
- Hcl Technologies
- Infosys
- Tcs

(What's moving **Sensex** and **Nifty**. Track **latest market news, stock tips** and **...more**)

Understand Markets better with analysis

Powered by investyadnya.



Facing the heat: Reason behind Maruti Suzuki's market share loss

12 mins read



Let us talk gas: Finding value in natural gas sector

10 mins read



How Relaxo is marching ahead of peers in value footwear segment

11 mins read

[Subscribe to ETPrime](#)

ET THE ECONOMIC TIMES

Search News, Stock Quotes & NAV

BROWSE COMPANIES:

- A B C D E F G H I J K L M N O P Q R S T U V W
- X Y Z 1 2 3 4 5 6 7 8 9

Trending Now

[Divgi Torq Transfer Share Price](#) | [Adani Group](#) | [Bitcoin Price Today](#) | [Gold Price Today](#) | [Tata Technologies IPO](#) | [Global Surfaces IPO Subscription](#) | [Adani Group Stocks](#) | [Adani Ports Stock](#) | [Insurance Cover](#) | [IT Deals](#) | [RIL](#) | [Paytm share price](#) | [Stocks to Buy Today](#) | [Zee Q3 Results](#) | [Ambuja Cements Stocks](#) | [Nykaa Q3 Results](#) |

Popular Categories

[Stocks](#) | [IPOs/FPOs](#) | [Web Stories](#) | [Markets Data](#) | [Mind Over Money](#) | [Cryptocurrency](#) | [Commodities](#) | [Forex](#) | [Live Stream!](#) | [Technicals](#) | [Expert Views](#) | [Market](#) | [Bonds](#) | [Stock Game](#) | [Webinars](#) | [Sitemap](#) | [Definitions](#)

Hot On Web

[H3N2 Cases](#) | [Gold Price Today](#) | [FD Interest Rates](#) | [Jr Ntr](#) | [Virat Kohli](#) | [Sameer Khakhar Death News](#) | [Sovereign gold Bond Scheme](#) | [Tax Saving FY 2022-23](#) | [Covid-19](#) | [Pan Aadhaar Link Deadline](#) | [EPFO Circular](#) | [SIP Calculator](#) | [March Bank Holiday 2023](#) | [Bank Holidays 2023](#) | [What are balanced mutual funds](#) | [Global markets](#)

In Case You Missed It

[Adani Group](#) | [Gold Price Today](#) | [Bitcoin Price Today](#) | [Global Surfaces IPO Subscription](#) | [Adani Group Stocks](#) | [GDP Growth](#) | [Adani Group](#) | [Adani Ports Stock](#) | [Insurance Cover](#) | [IT Deals](#) | [Multibagger Stocks](#) | [RIL](#) | [IRCTC Q3 Results](#) | [Money Making Ideas](#) | [Stocks to buy](#) | [Zee Q3 Results](#) |

Top Calculators

[Standard Deviation Calculator](#) | [Income Tax Calculator](#) | [Age Calculator](#) | [Time Calculator](#) | [BMI Calculator](#) | [GPA Calculator](#) | [Statistics Calculator](#) | [Fraction Calculator](#) | [Diabetes Risk Calculator](#) | [Date Calculator](#) | [Log Calculator](#) |

Top Searched Companies

[Vodafone Idea Share Price](#) | [Infosys Share Price](#) | [Life Insurance Corporation Of India](#) | [Coal India Ltd Share Price](#) | [HCL Tech Share Price](#) | [Indian Oil Corp. Share Price](#) | [ICICI Bank Share Price](#) | [Wipro Share Price](#) | [TCS Share Price](#) | [L&T Share Price](#) |

Top Definitions

[Equity](#) | [Audit](#) | [Law Of Demand](#) | [Economics](#) | [Monopoly](#) |

Top Commodities

[Gold Rate](#) | [Menthaoil Rate](#) | [Silver Rate](#) | [Copper Rate](#) | [Aluminium Rate](#) | [Gold Rate In Hyderabad](#) | [Gold Rate In Chennai](#) | [Gold Rate In Mumbai](#) | [Gold Rate In](#)

Top Prime Articles

[Nippon India Fund Direct](#) | [Mens Underwear Sales Are Falling](#) | [After Adani Stocks Hindenburg ...](#) | [Is Nifty Next 50 A Good Bet Only...](#) | [Reliance JioCinema Is Streaming](#) | [Indian It Companies Rode The C...](#) | [No 5g Service Lack Of Fresh Fun...](#) | [Adani Group Stocks Will Average...](#) | [We Want To Solve The Wazirx Bi...](#) | [Falling Off The Mome](#)

Top Story Listing

[Why Is Crude Oil Price Falling](#) | [Bitcoin](#) | [Bank Strike](#) | [Infosys Layoffs](#) | [Rbi](#) |

Top Slideshow

[How Rajendra Badwe Is Making ...](#) | [Stock Ideas](#) | [Axis Bank](#) | [Icici Bank](#) | [Raw Vegetables](#) | [How Rajendra Badwe Is Making ...](#) | [Stock Ideas](#) | [Axis Bank](#) | [Icici Bank](#) | [Raw Vegetables](#)

Top Trending Topics

[Baba Vanga 2023 Prediction](#) | [Rape Of A Chinese Girl](#) | [Stranger Things Season 5 Relea...](#) | [Project Blue Beam](#) | [Adani](#) |

Top Videos

[Delhi Riots](#) | [Google Celebrates Bubble Tea ...](#) | [Pk Rosy Google Honours First F...](#) | [Caught On Camera 5 Year Old C...](#) | [Pathaan Box Office Collection S...](#) | [Decoding Epfos New Guidelines...](#) | [Valentines Day Google Celebrat...](#) | [Adani Enterprises Fpo Fully Sub...](#) | [Google Bard Vs Chatgpt Who W...](#) | [Fundamentals Of Ou](#)

Top Performing MF

[Nippon India Fixed Horizon Fun...](#) | [Uti Fixed Term Income Fund Ser...](#) | [HDFC Balanced Advantage Fun...](#) | [UTI Fixed Term Income Fund Seri...](#) |

Popular Articles

[Tata Multicap Fund Regular Plan](#) | [Nippon India Fixed Horizon Fun...](#) | [Nippon India Fixed Horizon Fun...](#) | [Axis Bluechip Fund](#) | [Uti Fixed Term Income Fund Ser...](#) | [Rs 10 Lakh Crore Gone 10 Factor...](#) | [India Likely To Miss 2030 Deadli...](#) | [A Second Half Stock Market Rall...](#) | [Epfo Allows These Eps Members...](#) | [Zeel Shares Slump 10](#)

Most Searched Articles

[Psu Banks Now Offer Inflation B...](#) | [Why Is Dr Doom Nouriel Roubin...](#) | [To Keep Vi Going Vendors Keep ...](#) | [Will Epfo Extend Last Date To A...](#) | [Vedanta May Have A](#) | [Epfo Issues Guidelines For High...](#) | [Medha Alstom Shortlisted Bidd...](#) | [Rs 38000 Crore Play Fiis Bet Big ...](#) | [India Facing Possible Enron Mo...](#) | [Adani Stock Rout Lic](#)

Trending Articles

ET Verticals

[Auto News](#) | [Retail News](#) | [Health News](#) | [Telecom News](#) | [Energy News](#) | [IT News](#) | [Real Estate News](#) | [Marketing & Advertising News](#) | [Technology News](#) | [CFO](#) | [IT Security News](#)

More From Our Network

[Pune Mirror](#) | [Bangalore Mirror](#) | [Ahmedabad Mirror](#) | [ItsMyAscent](#) | [Education Times](#) | [Brand Capital](#) | [Mumbai Mirror](#) | [Times Now](#) | [Indiatimes](#) | [महाराष्ट्र टाइम्स](#) | [Go Green](#) | [AdAge India](#) | [Eisamay](#) | [IGN India](#) | [IamGujarat](#) | [Times of India](#) | [Samayam Tamil](#) | [Samayam Telugu](#) | [Miss Kyra](#) | [Bombay Times](#) | [Filmipop](#) | [M](#) | [Newspaper Subscription](#) | [Times Prime](#) | [Colombia](#) | [NBT Gold Podcast](#) | [Ei Samay Gold Podcast](#) | [MX ShareKaro App](#) | [MX TakaTak App](#)

Other Useful Links

[About Us](#) | [Archive](#) | [Subscribe to ET Prime](#) | [Book your Newspaper Subscription](#) | [Create Your Own Ad](#) | [Advertise with Us](#) | [Terms of Use & Grievance Redressal](#) | [Contact Us](#) | [RSS](#) | [DNPA Code of Ethics](#) | [Longwalks App](#)

Follow Us On:



Download ET App:



subscribe to our newsletter

