

Foreign Nominee Holder Accounts and Creating Links with Foreign CSDs

AECSD Annual Training Seminar, June 2020



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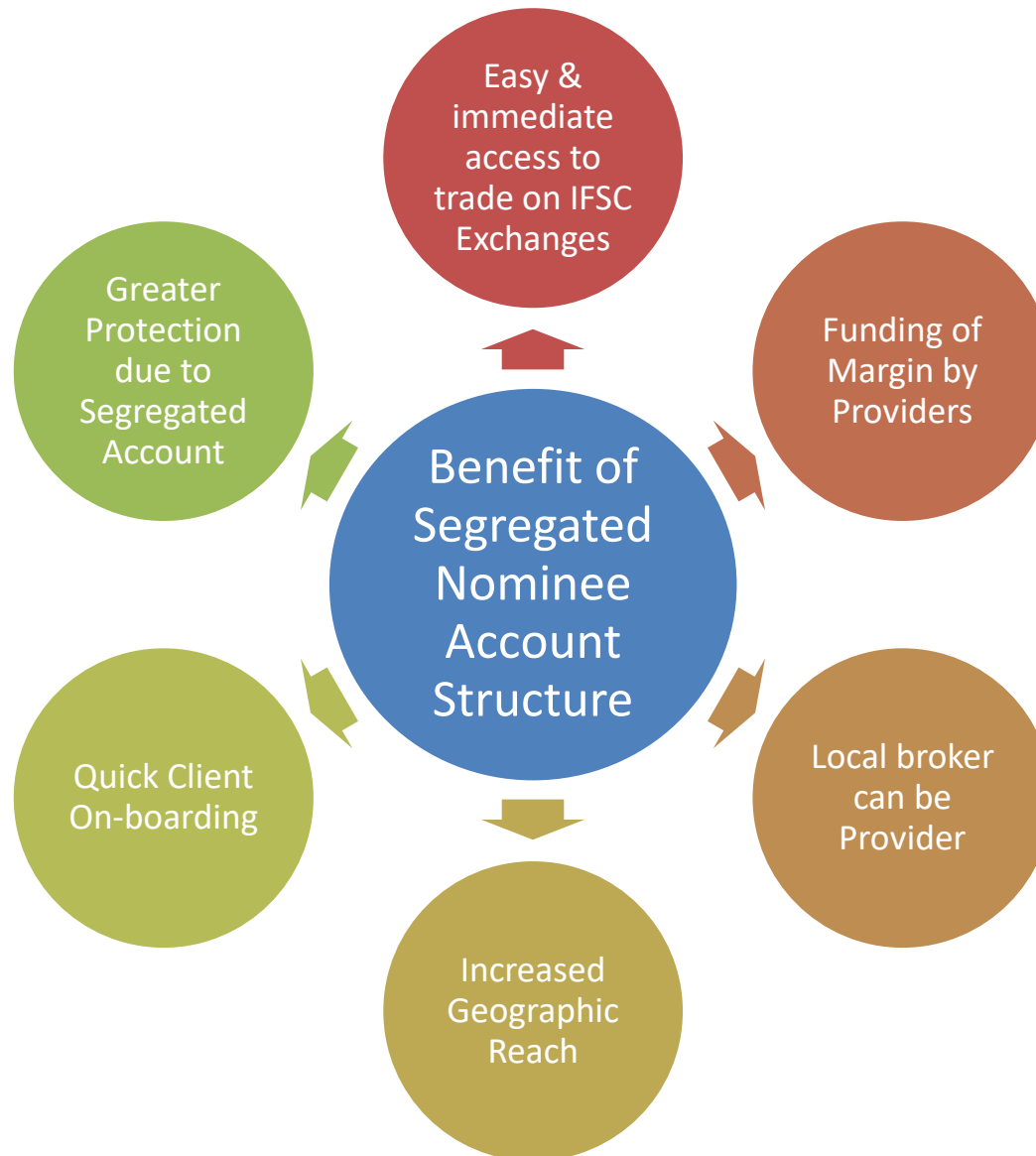
Account Structure in India

- Principal Account Structure : Beneficial Owner
- India has opted for segregated account structure as compared to omnibus structure
- Accounts of all investors are opened and maintained in CSD
- Information of holding and transaction of an investor are maintained at account level at CSD.
- All rights on the securities held in the account are vested to the person in whose name account is opened.
- **SEBI has allowed Segregated Nominee Account (SNA) Structure in International Financial Service Centre (IFSC).**

SNA Account

- SNA Structure permits the orders of foreign investors to be routed through eligible segregated nominee account providers (Providers)
- Entities eligible to register as Providers
 - SEBI registered brokers in the IFSC;
 - SEBI registered FPIs (Category I and II); and
 - Trading/ clearing members of international stock exchanges/ clearing corporations that are regulated by a member of the Financial Action Task Force.
- Compliance Requirement for the Provider
 - Register with IFSC Stock Exchange/CC
 - Meet eligibility criteria/ norms for Providers, including net worth requirement
 - Share end client information with Stock Exchanges

SNA Account



GIFT IFSC

GIFT (Gujarat International Finance Tec-City)-
IFSC (International Financial Services Centre)



GIFT IFSC - Opportunities

High-tech financial hubs to cater as international financial services centres with state-of-the-art-technology

Opportunity for exchanges to set up operations and offer services for a wide range of securities such as equities, commodities, equity derivatives, debt, currency & index based derivatives, etc.

Provide a platform for Indian companies to raise foreign currency capital

Provide a wide range of securities to Indian investors looking to invest in the exchanges that set up in the IFSC

Provide a wide range of securities to foreign investors looking to invest in the exchanges that get set up in the IFSC

GIFT IFSC - Regulation

Investors of GIFT -IFSC

- a person not resident in India
- a non-resident Indian
- a financial institution resident in India (eligible under FEMA)
- a person resident in India (eligible under FEMA)

Permissible Securities

- Equity shares of a company incorporated outside India
- Depository receipt(s)
- Debt securities issued by eligible issuers
- Currency and interest rate derivatives
- Index based derivatives
- Such other securities as may be specified by the Board.

GIFT IFSC – Current Status

- The IFSC provides an opportunity to Stock Brokers, Alternate investment funds, portfolio managers, advisors, mutual funds etc. to carry out international financial services
- Regulation: IFSC currently has three regulators, SEBI, RBI and IRDA. Towards evolution of the IFSC, it is proposed setting up of the single unified regulator
- Market Infrastructure:
 1. India International Exchange (India INX)
 2. NSE IFSC
 3. India International Clearing Corporation IFSC Limited (India ICC)
 4. NSE IFSC Clearing Corporation Limited
- Intermediaries
 - over 80 SEBI approved broking members (over 40 offering trade execution services)
 - seven clearing members (offering trade clearing, margin and collateral maintenance and related services)
 - over 12 banks, insurance and reinsurance companies and insurer brokers.

GIFT IFSC – Current Status



India INX	NSE IFSC Ltd
Index Futures: Sensex, Sensex 50	Index Futures: Nifty, Bank Nifty, Nifty IT
Foreign Stock Futures: 5	Foreign Stock Futures: 15
Indian Stock Futures: 108	Indian Stock Futures: 62
Currency Derivatives: EUR/USD, GBP/USD, JPY/USD, USD/INR	Currency Derivatives: EUR/USD, GBP/USD, JPY/USD, Switzerland Franc/USD, Australian \$/USD, USD/INR
Commodity Derivatives: Gold, Silver, Copper, Lead, Zinc, Aluminum, Nickel, Gold KG	Commodity Derivatives: Gold, Silver
<ul style="list-style-type: none">• Exchanges currently trade derivatives for 22 hours a day with two (2) daily settlements.• All trades are quoted and settled in USD currency.	

GIFT IFSC – NSDL



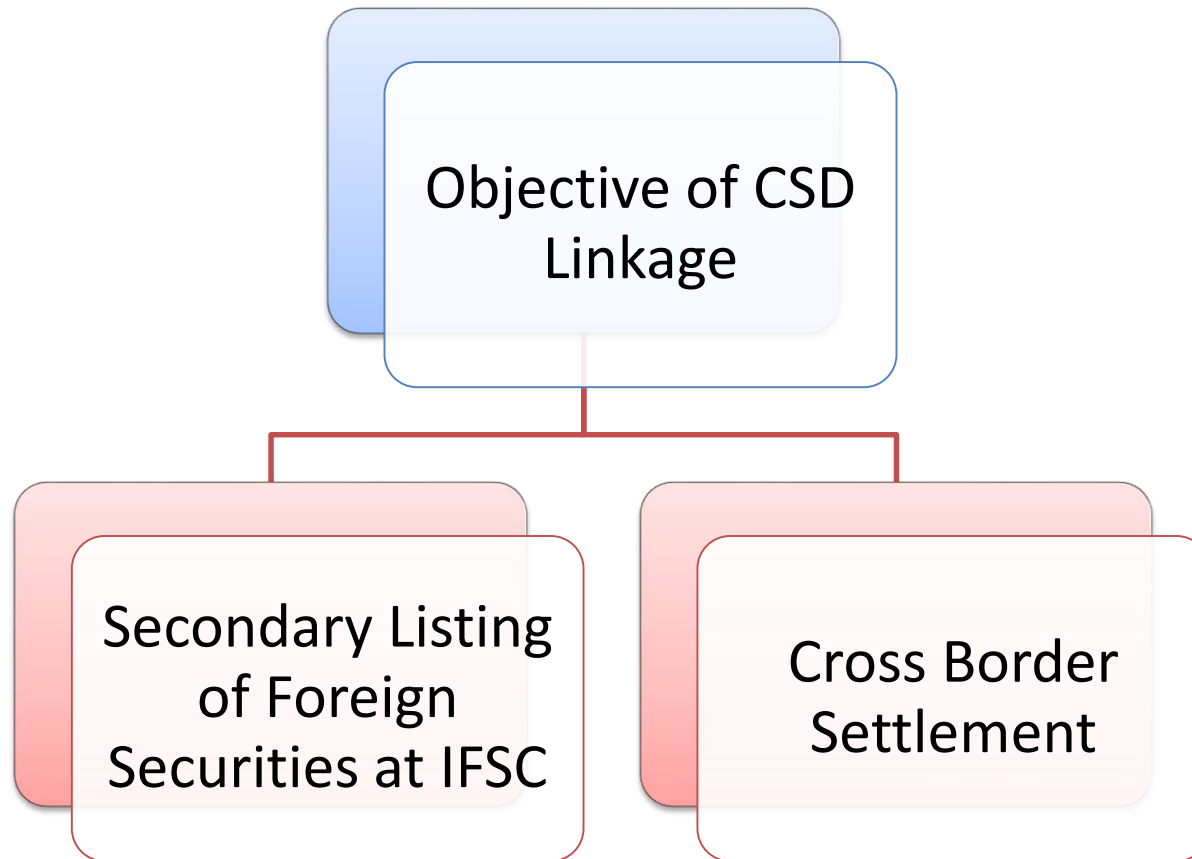
■ Depositories at GIFT IFSC

- Opportunity for depositories to set up operations and offer services for a wide range of securities such as equities, equity derivatives, debt, currency & index based derivatives, etc.
- Provide Depository services to Indian exchanges
- Provide Depository services to Foreign exchanges
- Provide Depository services to Indian and foreign companies that get listed on the exchanges in the IFSC

■ NSDL @ GIFT IFSC

- Currently in process of acquire regulatory approval to set up a International Depository Services

GIFT IFSC – CSD Linkage a Way Forward



Thank you