

# Capital Market Infrastructure



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# Market Infrastructure Institutions (MIIs)

- STOCK EXCHANGES, CLEARING CORPORATIONS and DEPOSITORIES are collectively referred to as Market Infrastructure Institutions (MIIs)
- MIIs are systemically important for the country's financial development and provide the infrastructure necessary for the securities market.
- Smooth and uninterrupted functioning of MIIs is essential for ensuring the continuity of the securities market.

# Major MIIs in India

## Major Stock Exchanges

- BSE Limited (BSE)
- National Stock Exchange of India Limited (NSE)
- Metropolitan Stock Exchange Limited (MSEI)
- Multi Commodity Exchange of India Ltd.
- National Commodity and Derivatives Exchange Ltd
- Indian Commodity Exchange Ltd.

## Clearing Corporations

- Indian Clearing Corporation Limited (ICCL)
- NSE Clearing Limited (NCL)
- Metropolitan Clearing Corporation of India Ltd. (MCCIL)
- MCX CC
- NCDEX CC
- MCCIL

## Depositories

- National Securities Depository Limited (NSDL)
- Central Depository Services (India) Limited (CDSL)

# **Risk Mitigation Measures :**

- **SYSTEM AUDIT** - Once in a year
  
- **CYBER AUDIT** - Twice in a year
  
- **FINANCIAL DISINCENTIVE** for MIIs, MD & CTO for downtime
  
- **BUSINESS CONTINUITY PLAN**
  - DR site for data integrity
  - Near site to ensure zero data loss
  - Declaration of disaster within 30 minutes
  - Restoration of operations within 45 min of disaster declaration
  - Quarterly DR drills
  - Unannounced live trading sessions from DR site

# Snapshot of Indian Market

➤ Cash Segment as on 31.12.2021

(**INR Crore** unless otherwise specified)

Exchange	BSE	NSE
Number of Listed companies	5,327	2,035
Market Capitalisation	2,66,00,212	2,55,37,038
Turnover	10,28,208	1,27,29,002
FPI contribution in Turnover (%)	11.8	11.7

# Snapshot of Indian Market

## ➤ Resource Mobilisation during FY 2021-22 (till 31.12.2021)

Type	Number	Amount (INR Crore)
IPOs (Main Board)	48	1,04,180
IPOs (SME)	48	667
Rights Issue	28	25,236
Preferential Issue	266	45,667
Corporate Bond market	1,040	4,45,191
REITs & InvITs	6	20,295

# Snapshot of Indian Market

## ➤ Foreign Portfolio Investments in FY 2021-22 (till 31.12.2021)

Gross Purchase (₹ crore)	Gross Sales (₹ crore)	Net Investment (₹ crore)	Net Investment (US \$ mn.)	Cumulative Net Investment (US \$ mn.)	Asset Under Custody (₹ crore)
18,41,999	18,47,577	-5,578	-567	2,80,726	52,72,593

## ➤ Mutual Funds in FY 2021-22 (till 31.12.2021)

Gross Mobilisation (₹ crore)	Redemption (₹ crore)	Net (₹ crore)	Assets Under Management (₹ crore)
67,79,506	65,29,679	2,49,827	37,72,696



## **Registration process for FPI :**

- Fill the Common Application Form (CAF), currently hosted by NSDL on its website.
- CAF is the only form for FPI Registration, PAN, opening of Demat and Bank account.
- Appoint Designated Depository Participant (DDP) and Custodian.
- Open a Trading Account with Stock Brokers registered with SEBI

# Relaxations in the SEBI (FPI) Regulations, 2019

- Broad Based criteria has been removed.
- FPIs have been categorized into only two categories
- Central Banks of non-BIS members also eligible for FPI registration
- Registration of FPIs with MIM structure simplified i.e. no need to submit documents for subsequent registration
- One time off-market transfer of securities permitted to a fund relocating to IFSC GIFT City
- Intermediary may rely on the KYC already done by the same group entity
- Simplified verification of PAN i.e. no need to submit physical copy of PAN.
- Data privacy of the FPIs with Consent-based mechanism for accessing document.
- Exemption from applicability of Central KYC Registry (CKYCR) mechanism.
- Aggregate limit for Investment by FPIs has been raised to the Sectoral cap applicable to the investee company

# Relaxations in the SEBI (FPI) Regulations, 2019

- Auction mechanism withdrawn for G-Secs; Limits available on tap
- In addition to investment by FPIs in unit of InvITs and REITs, they have now been permitted to invest in debt securities issued by InvITs and REITs
- The CAF for FPIs shall be hosted by both the depositories (currently only NSDL is hosting the same)
- The FPIs may be exempted from strict enforcement of the provisions of the FPI Regulations subject to certain conditions specified in the regulations.
- Eligibility criteria is relaxed for an applicant incorporated or established in an IFSC.
- Short Term investment in Debt has been increased to 30% of their total investment.
- Three-year residual maturity for investment in G-Secs and SDLs has been withdrawn

# **Overview of VRR route for FPIs**

- The investment limit prescribed under VRR are in addition to the existing limits prescribed for FPI investments in debt securities.
- The investment will not be subject to the regulatory restrictions applicable to debt securities like Residual Maturity conditions, Concentration Limits or single/ group investor wise limits.
- The Minimum Retention Period is three years from the date of allotment or such other period as decided by RBI for each allotment.
- Within the retention period, FPI can sell off its investment to another FPI, subject to terms and conditions.
- As on February 02, 2022, almost the entire permissible limit of INR 1.5 lakh Crore under VRR has been exhausted.

# FPIs from Japan

➤ Japan is the 9<sup>th</sup> largest investor in India under the FPI route

<b>Category of FPI</b>	<b>No. of FPIs from Japan</b>	<b>Total No. of FPIs registered with SEBI</b>	<b>AUC of Japanese FPIs as on 31.12.2021 (US\$ BN)</b>
Category-I	421	8,720	16.30
Category-II	16	1,636	0.17
<b>Total</b>	<b>437</b>	<b>10,356</b>	<b>16.47</b>

**Thank you**