



INDIA'S PREMIER CUSTODIAN

Snapshot of SEBI Foreign Portfolio Investors (FPI) Regulations, 2014

GC™ Global Custodian India Domestic Survey 2017

Stock Holding Corporation of India Limited

Market Outperformer

GC™ Global Custodian India Domestic Survey 2017

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✓ **Background**

Foreign investments in India are facilitated under various categories like FII, Sub-account, QFI and FDI. In the recent past, Government and Regulators have taken several steps in its endeavours to remove ambiguity and to simplify and ease the investment norms and provide more clarity thereto. Towards this, ambiguity that prevails on Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII), has been clarified by adopting the international practice and laying down a broad principle that, where an investor has a stake of 10 percent or less in a company, it will be treated as FII and, where an investor has a stake of more than 10 percent, it will be treated as FDI. Similarly, the recommendations made by the Committee constituted under the Chairmanship of Shri K. M. Chandrasekhar, former Cabinet Secretary, GoI, for Rationalization of Investment Routes and Monitoring of Foreign Portfolio Investments to harmonise the different routes for foreign portfolio investments i.e. FIIs, Sub Accounts and QFIs, uniform entry norms, adoption of Risk based KYC norms etc have been accepted. The Securities and Exchange Board of India (SEBI) notified new Foreign Portfolio Investors Regulations 2014, (herein referred as FPI regulations) to put in place an easier registration process and operating framework for overseas entities seeking to invest in Indian capital markets. The new regulation replaces the existing SEBI regulations for foreign institutional investors (FIIs) and the new class of investors, FPIs, would encompass all FIIs, their sub-accounts and qualified foreign investors (QFIs).

✓ **What is FPI?**

“Foreign portfolio investor” (FPI) means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of these regulations, which shall be deemed to be an intermediary in terms of the provisions of the Act.

Effective from June 1, 2014, no person shall buy, sell or otherwise deal in securities as FPI unless it has obtained a certificate from a designated depository participant (DDP).

✓ **Eligibility Criteria of FPI**

- Applicant is a person not resident in India
- Applicant is not a non-resident Indian
- Applicant is a resident of a country whose securities market regulator is a signatory to International Organisation of Securities Commissions Multilateral Memorandum of Understanding (specified in Appendix A of regulations) or a signatory to bilateral Memorandum of Understanding with SEBI.
- Applicant being a bank, is a resident of a country whose central bank is a member of Bank for International Settlements
- Applicant is not a resident in a country identified in the public statement of Financial Action Task Force as
 - a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which the counter measures apply or
 - a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies

- Applicant is legally permitted to invest in securities outside the country of its incorporation or establishment or place of business
- Applicants Memorandum of Association and Articles of Association or equivalent documents/ agreements authorise it to invest on its own behalf or on behalf of its clients
- Applicant has sufficient experience, good track record, is professionally competent, financially sound and has a generally good reputation of fairness and integrity

✓ FPI categorisation

FPIs have been divided into three categories as per their risk profile and the KYC (know your client) requirements and other registration procedures would be much simpler for FPIs compared to current practices.

- KYC for FPIs to be risk-based as per their risk categories.
- Category I FPIs, which would be the lowest risk entities, would include foreign governments and government related foreign investors.
- Category II FPIs would include appropriately regulated broad based funds, appropriately regulated entities, broad-based funds whose investment manager is appropriately regulated, university funds, university related endowments, pension funds etc.
- Category III FPIs would include all others not eligible under the first two categories.

FPI Categories and Perceived Risk Categorisation	Qualifying Entities
Category I (Lowest Risk)	Government and Government related foreign investors like: <ul style="list-style-type: none"> – Foreign Central Banks, – Governmental Agencies – Sovereign Wealth Funds – International or Multilateral Organizations or Agencies
Category II (Medium Risk)	<ul style="list-style-type: none"> • Appropriately regulated broad based funds <ul style="list-style-type: none"> – Mutual Funds – Investment Trusts – Insurance / Reinsurance Companies • Appropriately regulated persons <ul style="list-style-type: none"> – Banks – Asset management companies – Investment Managers/ advisors, Portfolio Managers • Broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated and is itself registered as Category II FPI.

	<ul style="list-style-type: none"> • University funds and pension funds. • University related endowments already registered with SEBI as FIIs or sub-accounts. <p>Clarifications :</p> <p>Broad Based fund shall mean:</p> <ul style="list-style-type: none"> – a fund established or incorporated outside India – having at least twenty investors – no single investor holding more than forty-nine percent of the shares/ units of the fund. – if an institutional investor holds more than 49% of the shares/ units in the fund, such institutional investor must itself be a broad based fund. In such cases, only investors of entities which have been set up for the sole purpose of pooling funds and making investments shall be considered for the purpose of determining underlying investors – all direct investors and underlying investors considered for ascertaining number of investors <p>“Appropriately Regulated” FPI shall be considered to be “appropriately regulated” if it is regulated or supervised by the securities market regulator or the banking regulator of the concerned foreign jurisdiction, in the same capacity in which it proposes to make investments in India.</p>
Category III (High Risk)	<ul style="list-style-type: none"> • All other eligible foreign investors investing in India under PIS route not eligible under Category I and II <ul style="list-style-type: none"> – Endowments – Charitable Societies , charitable Trusts, foundations – Corporate bodies – Trusts – Individuals and family offices.

✓ **Status of existing FIIs/ Sub-account/ QFIs- transition process**

- All existing FIIs and sub-accounts may continue to buy, sell or otherwise deal in securities under the FPI regime or otherwise deal in securities till the expiry of its existing registration or until he operates a certificate of registration as FPI, whichever is earlier.
- For an existing QFI the time prescribed is for a period of one year from date of commencement of these regulations or until he obtains the certificate of registration as FPI, whichever is earlier.

✓ FPI Registration

SEBI-registered custodian of securities will be deemed to be DDP subject to payment of fees as prescribed in the regulations. Regulator-approved qualified depository participant who are not meeting the DDP eligibility criteria may operate as DDP for a period of one year.

- FPIs would need to apply for registration through designated depository participants (DDPs), subject to compliance with KYC norms.
- DDP to dispose of the application for grant of certificate of registration as soon as possible but not later than 30 days after receipt of application by the designated depository participant
- FPIs to be granted a permanent registration which will be permanent unless suspended or cancelled by the board or surrendered by the FPI. This is as against the current practice of granting approvals for one year or five years to the overseas entities seeking to invest in Indian markets.
- The registration granted to FPIs by the DDPs on behalf of SEBI would be permanent unless suspended or cancelled by the regulator.
- FPIs need to obtain separate and distinct permanent account number (PAN) from the Income Tax department.

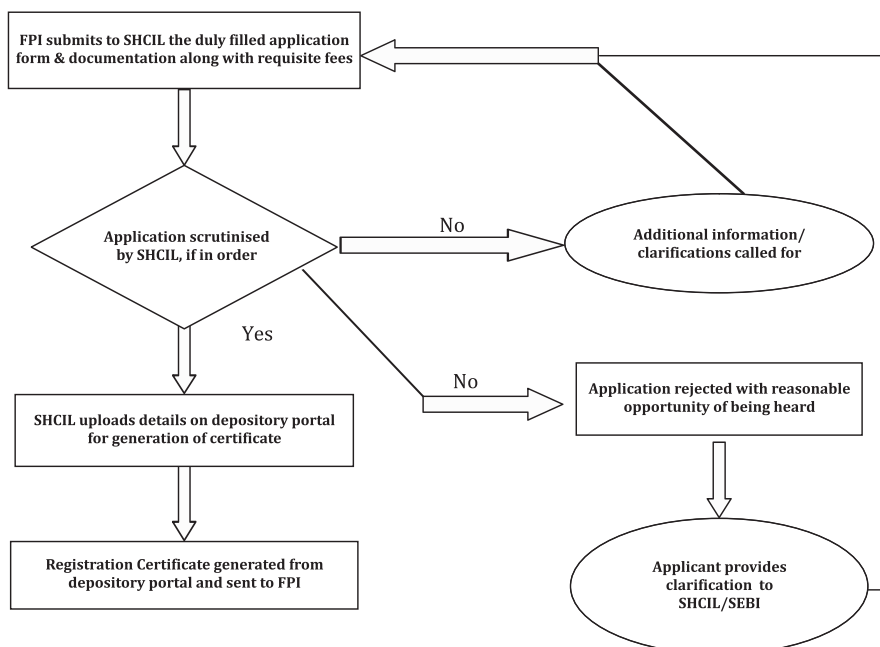
✓ Application to DDP's for grant of Registration

- To be made in Form A of the First Schedule
- To be accompanied by the fee specified in Part A of Second Schedule

✓ Indicative Registration Flowchart

The DDP is required to dispose of the application for grant of certificate of registration at the earliest but not later than thirty days after receipt of application or from the day the applicant has furnished information called for, whichever is later.

An indicative flow chart of the process involved in the FPI application and registration is as under:



✓ **Investment by FPIs**

- A FPI or a global custodian acting on behalf of a FPI shall enter into an agreement with a DDP engaged by it to act as a custodian of securities, before making any investment.
- FPIs will be allowed to invest in all those securities wherein FIIs are allowed to invest and the securities shall be held, delivered or cause to be delivered only in dematerialised form by the FPI.
- Category I and Category II FPIs will be allowed to issue, or otherwise deal in offshore derivative instruments (ODIs), directly or indirectly. However, FPI needs to be satisfied that such ODIs are issued only to persons who are regulated by an appropriate foreign regulatory authority after ensuring compliance with KYC norms.
- FPIs belonging to the Category III not be allowed to issue ODI/ PN.
- In respect of transactions in secondary market, FPI shall transact in the securities in India only on the basis of taking and giving of deliveries for securities purchased or sold except in case of transactions in derivatives on a recognised stock exchange or short selling transactions as may be permitted by the approved framework.
- Transaction in Government debt and such other securities falling under the purview of Reserve Bank of India (RBI) shall be in accordance with the guidelines issued by RBI

✓ Investment Avenues

Based on broad investments limits approved for various categories from time to time, prevailing FPIs are permitted to invest in the following securities in India:

- Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India
- Units of schemes floated by domestic mutual funds, whether listed or not
- Units of schemes floated by a collective investment scheme
- Derivatives traded on a recognized stock exchange
- Government Securities
- The coupons received on their Re-investments of the coupons received on the original investments in G-Sec. Such investments shall be kept outside the applicable limit (currently USD 30 billion) for investments by FPIs in Government securities
- Corporate Bonds with a minimum residual maturity of three years
- Commercial Papers issued by an Indian company
- Rupee denominated credit enhanced bonds
- Security receipts issued by asset reconstruction companies
- Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time
- Invest in non-convertible / redeemable preference shares or debentures issued by an Indian Company
- Listed and unlisted non-convertible debentures/ bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines
- Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as "Infrastructure Finance Companies" (IFCs) by the Reserve Bank of India
- Rupee denominated bonds or units issued by infrastructure debt funds issued overseas by Indian Corporates.
- Indian depository receipts
- Hedging of Currency risk on the portfolio as per applicable limits and regulations
- Units of Real Estate Investment Trust (REIT's), Infrastructure Investment Trust (Invits) and category III Alternate Investment Funds (AIF). An FPI shall not hold more than twenty five percent stake in investment in category III.
- NCDs / bonds, which are under default, either fully or partly, in the repayment of principal on maturity or principal instalment in the case of an amortising bond (as defined by RBI); NCDs /Bonds restructured based on negotiations with the issuing Indian company and having a minimum revised maturity period of three years.
- Investments in following Securitised debt instruments shall not be subject to the 3 year residual maturity requirement.
 - Any certificate or instrument issued by a special purpose vehicle (SPV) set up for securitisation of asset/s where Banks, Financial Institution's or Non-Banking Finance companies as originators;
 - Any certificate or instrument issued and listed in terms of the SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008.
- Such other instruments specified by the Board from time to time.

✓ **Issuance of Offshore derivative instruments**

- A FPI may issue, subscribe or otherwise deal in offshore derivative instruments (ODI) directly or indirectly if the following conditions are satisfied :
 - such ODI are issued only to persons who are regulated by an appropriate foreign regulatory authority
 - such ODI are issued after compliance with 'Know your client' norms
 - such ODIs issued to only those subscribers which do not have opaque structure(s).
- Unregulated broad based funds which are classified as Category II FPI by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal in ODI directly or indirectly
- No Category III FPI shall issue, subscribe to or otherwise deal in ODI directly or indirectly.
- FPI to always ensure that further issue or transfer of ODI is made only to persons who are regulated by appropriate foreign regulatory authority
- FPI to make full disclosures to SEBI at all times with all information on the terms of and parties to ODI as specified in the FPI Regulations
- ODI issuances made under the SEBI (FII) Regulations, 1995 shall be deemed to have been issued under the provisions of FPI Regulations.

SEBI has vide circular dated November 24, 2014, June 29, 2016 and July 07, 2017, further clarified as under:

- Two or more ODI subscribers having common Beneficial Owner (BO) shall be considered together as a single ODI subscriber.
- Where an investor has investments as FPI and also holds positions as an ODI subscriber, these investment restrictions shall apply on the aggregate of FPI investments and ODI positions held in the underlying Indian Company.
- FPIs which issue ODIs shall put in place necessary systems to ensure compliance.
- The ODI subscribers who have subscribed to ODIs under FII Regulations can continue to subscribe to ODIs under the FPI regime
- Existing ODIs, including unregulated funds whose investment manager is appropriately regulated can continue to hold the position till the expiry of such positions or till December 31, 2020.
- The ODI issuing FPI's shall not be allowed to issue ODIs with derivative as underlying, with the exception of those derivative positions that are taken by the ODI issuing FPI for hedging the equity shares held by it, on a one to one basis.
- In case of issuance of fresh ODIs with derivatives as underlying, a certificate has to be issued by the compliance officer (or equivalent) of the ODI issuing FPI, certifying that the derivatives position, on which the ODI is being issued, is only for hedging the equity shares held by it, on a one to one basis.
- Hedging of equity shares means taking a one-to-one position in only those derivatives which have the same underlying as the equity share.

✓ **Comparison of existing FII Regulations and proposed FPI Regulations**

Sr. No	Details of differences	FII	FPI
1	Registration	SEBI	DDP
2	Classification of permitted entities	Multiple classifications- FII/ Sub-account/ QFI	Single classification- All are FPI
3	Permission for ODIs	Only for FIIs	Category I & II FPIs
4	Eligibility criteria – Resident country securities market regulator being signatory to IOSCO	Sub-accounts exempt	Applies to all
5	Investment in unlisted shares	Allowed	Not Allowed

✓ **SEBI Fees payable by FPIs till validity of registration**

FPI Category	SEBI Fees Payable	Remarks
Category I	NIL	No SEBI fees for granting registration. Where many FPI have common beneficial owner(s), only one FPI shall be exempt from payment of fee under category I and other FPIs will pay fee applicable to Category II, except exemption referred below.
Category II	\$ 3,000	Payment for every block of three years
Category III	\$ 300	Payment for every block of three years
Conversion Fee (existing FIIs & sub-accounts)	\$1,000	Fees to obtain registration certificate to act as an FPI on or before expiry of registration
Exemption from payment of Registration Fee	NIL	Multilateral agency such as World Bank and other institutions, established outside India for providing aid, which have been granted privileges and immunities from payment of tax and duties by the central government
ODI Subscribers	\$1,000	Payment for every block of three years.

✓ Intermediaries

- **Designated Depository Participant i.e Stock Holding**

An applicant seeking registration as a FPI shall engage a DDP to avail of its services for obtaining a certificate of registration as FPI. The FPI shall keep the DDP informed at all times of any changes in its constitution, regulations, such other aspects and location where books of accounts, records and documents will be maintained.

- **Banking facilities**

A FPI shall appoint a branch of a bank authorised by the RBI for opening of foreign currency denominated account and special non-resident rupee account before making any investments in India.

- **Compliance Officer**

Every FPI shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines and instructions issued by the DDP or SEBI or the Central Government. The compliance officer shall immediately and independently report to SEBI and the DDP regarding any non-compliance observed by him.

- **Professional services** for accounting, taxation and certification matters

Accounting:- FPI shall keep or maintain books of accounts, records and documents as per required by the FPI Regulations and shall preserve those for a minimum period of five years.

Taxation and Certification matters :- Professional services for taxation, PAN number, tax advisory, returns filing etc as may be required by the client. Client can appoint his own professional firm or chose from a list of Global and Domestic Professional firms working with SHCIL and appoint them as a separate engagement.

- **Brokers** for securities transactions will be selected and appointed by the client.

✓ Services offered by Stock Holding as DDP and custodian

- Registration

- Processing of applications received from FPI
- Remittance of fees to SEBI
- Grant of registration certificate to FPI and on-boarding the client

- Custodian Services

- Transaction Processing for all types of securities:
 - Clearing and Settlement of Trades
 - Settlement Processing
 - Funds and Securities Settlement
 - Securities Lending services

- Asset Servicing for electronic and physical holdings in Equity/ Debt
- Comply with FPI Regulations for
 - Daily Reporting to depositories/ SEBI on transactions undertaken and holdings of FPI
 - Monitor investment of FPI as required by the FPI Regulations
- Collateral Management services
- Corporate Action tracking, Collections and reporting
- Valuation Services
- Proxy voting services
- Customised Reporting to FPI
- Co-ordinate with bankers for inward/ outward remittances and with professional firms for taxation, accounting and certification matters

Tie-Ups with Banks

As a part of our innovative and flexible solutions to your advantage, StockHolding has tied up with banks who will offer the banking solutions to you in a more transparent manner (for forex conversions) and increased cash management efficiencies to bring in more competitiveness in terms of total costs incurred by you. StockHolding currently has tie-ups with IDFC Bank Limited, State Bank of Mauritius and Barclays PLC etc to offer banking services to its foreign clients.

Notwithstanding the tie-ups, StockHolding as a part of its operational flexibility, can help you to leverage with your existing banking relationships (with your banker not offering custodial services in India) and arrive at enhanced cost efficiencies.

Tie-Ups with Certified Professional Accountants (CPA)

StockHolding has also tied up with global CPA's who will offer their professional services for all your needs for taxation, record keeping and other professional services. These tie-ups will facilitate the clients to continue their global relationships with a service provider of their choice and at competitive rates. StockHolding currently has tie-ups with Grant Thornton and an understanding with other global firms like PWC, Deloitte, KPMG, and Ernst & Young.

Diverse and Flexible Solutions

StockHolding is the only custodian to provide a **most diverse and most flexible** solution to you and to your advantage by offering flexibility which custodian banks cannot offer :

- of leveraging on existing banking / CPA relationships , permitting smooth settlements with SHCIL as a single touch point, thus aiding One Stop Solution
- Dealing in a currency of your choice
- Service offerings in a time zone as convenient to you
- Electronic messaging system/ Web Enabled Access / Ability to accept instructions on email and fax
- Flexibility in operations and customised reports to clients to meet their requirements
- Offers Stretched timelines to address contingent situations

Stock Holding offers you “Most competitive pricing with competitive timelines and innovative solutions and requisite operational flexibility for all your investment needs across all asset classes”

✓ **Indicative documentation for FPI registration**

Based on the SEBI (Foreign Portfolio Investors) Regulations, 2014, an indicative list of documentation required for registration of applicants for various Foreign Portfolio Investor categories is as under :

Document Type		Category – I	Category – II	Category - III
Entity Level	Constitutive Docs	Required	Required	Required
	Proof of Address	Required Power of attorney, mentioning the address, is acceptable as address proof	Required Power of Attorney, mentioning the address, is acceptable as address proof	Required - Address proof other than Power of Attorney should be submitted.
	PAN Card	Required	Required	Required
	Financials	Exempt	Exempt	Risk based - Financial data sufficient.
	SEBI Registration Certificate	Required	Required	Required
	Board Resolution	Exempt	Required	Required
	KYC Form	Required	Required	Required
Senior Management (Whole Time Directors/ Partners/ Trustees/ etc.)	List	Required	Required	Required
	Proof Of Identity	Exempt	Exempt	Entity declares on letterhead - full name, nationality and DOB OR Photo-identity proof
	Proof of Address	Exempt	Exempt	Declaration on letter head
	Photographs	Exempt	Exempt	Exempt

Authorized Signatories	List & Signatures	Required - List of Global Custodian 'GC') signatories can be given in case of POA to GC	Required - List of GC signatories can be given in case of POA to GC	Required
	Proof Of Identity	Not required	Not required	Required
	Proof of Address	Not required	Not required	Not required
Ultimate Beneficial Owner ('UBO')	List	Exempt	Required - Can declare "no UBO over 25%"	Required
	Proof Of Identity	Exempt	Exempt	Required
	Proof of Address	Exempt	Exempt	Exempt
	Photographs	Exempt	Exempt	Exempt

Copies of all the documents, wherever applicable, to be submitted by the applicant should be self attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents:

- Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
- In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy/ Consulate General in the country where the client resides are permitted to attest the documents.

In addition, all applicants will need to adhere to and comply with the applicable documentation requirements for availing of custodian services.

✓ **Relaxations in KYC Application Form**

The following relaxations have been provided while filling the KYC Application Form and providing supporting documents in respect of FPIs.

- In lieu of the Authorized signatories list with specimen signatures, If the client has authorized the Global Custodian- an entity regulated by an appropriate foreign regulatory authority or Local Custodian registered with SEBI as a signatory by way of a Power of Attorney ('PoA') to sign on its behalf, such PoA may be accepted.
- The Global Custodian or the Local Custodian may fill the KYC form, if authorized through the PoA instead of the client.
- The requirement of PAN to be taken for individual promoters holding control - either directly or indirectly, Partners/Trustees, whole time directors/two directors in charge of day today operations and persons authorized to deal in securities on behalf of company /firm /others is not applicable.
- Proof of Identity document duly attested by the entities authorized for the same as per SEBI or authorised signatories may be adequate in lieu of the passport copy.
- In lieu of the CIN number, the client's registration number in its respective country may be provided. If the foreign entity does not have CIN, the equivalent registration number of the entity may be mentioned. If it does not have any registration number, then SEBI Registration number may be mentioned.
- In case the directors, of the client do not have an equivalent of DIN in the client's respective jurisdiction, "NotApplicable" may be stated. Copy of the Passport may not be provided.
- In the absence of originals for verification, documents may be attested by competent entities or by authorised signatories.
- Custodian shall verify the SEBI registration certificate copy with the originals or with the details available on SEBI website and provide duly certified copy of such verified SEBI registration certificate to the intermediary.
- If place of incorporation is not available, Intermediary should take Registered office address/ principal place of business of entity.
- Date of commencement of business is not applicable.
- If FII or Sub Account does not have certificate of Incorporation or Memorandum and Articles of Association, then any reasonable equivalent legal document evidencing formation of entity may be allowed.
- Copy of the Board Resolution for investment in securities market is not applicable.
- Undertaking for compliance with the FPI Regulations 2014.

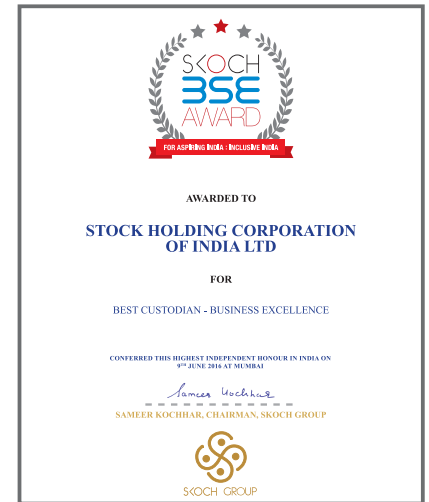
✓ Investing in India - 5 Step Process

Step	Activity	Remarks
1	Obtain Tax Registrations	<ul style="list-style-type: none"> • Appoint CPA of your Choice. Stock Holding can assist • Submit requisite forms and supporting documents
2	Register as Foreign Portfolio Investor (FPI)	<ul style="list-style-type: none"> • Appoint Stock Holding as your DDP/ Custodian • Submit Form "A" and KYC Form along with supporting documents to Stock Holding
3	Open Bank Accounts in India –	Stock Holding's unique proposition <ul style="list-style-type: none"> • A banker of your choice- Barclays, State Bank of Mauritius, IDFC Bank, Others • Submit requisite forms and supporting documents
4	Open Custody & Depository Accounts	Stock Holding opens Custody & Depository Accounts; Obtains UCC & CP Code from Exchanges
5	Open Trading Account with your Broker	<ul style="list-style-type: none"> • Appoint a Broker. Stock Holding can assist • Submit requisite forms and supporting documents for Registration
	Start Investing in India	<ul style="list-style-type: none"> • Remitting Funds from Overseas Bank Account to the Bank Account opened in India • Place Orders with Broker

Stockholding : Credentials and Awards

Stock Holding has been accorded the below mentioned recognitions:

- First Asian Company to be bestowed with the prestigious **Smithsonian Award** for 'Visionary use of IT'
- CSI Award National IT Award for '**Best IT Usage**'
- **NSDL award** for Largest Assets under Custody for four consecutive years
- The Best Custodian for 2016 from BSE-Skoch



Recognitions & Client Testimonial

Global Custodian India Domestic Survey 2017



“Stock Holding Corporation of India Limited has once again performed exceptionally well in the Global Custodian India Domestic Survey 2017. Rated in 2016 for the first time, the firm achieved **out performance accreditations at both a category and market level**. This year, its scores have risen across the board from an already high base, exceeding the market average comfortably in all service areas. In a market where client satisfaction is high, it is hard to pull away from the pack, but Stockholding has succeeded in doing so.” **Global Custodian, August 2017**

Overall Weighted Average of 6.71 verses India average of 6.27 (out of 7) across 10 parameters

Global Custodian India Domestic Survey 2016



“Stock Holding Corporation of India Limited have performed exceedingly well in the Global Custodian India Domestic Survey 2016. Their first year in taking part in this survey, we are pleased to present that Stock Holding have achieved two outperformance accreditations. They are a Category Outperformer and a Market Outperformer. As a **Category Outperformer** they have outperformed the survey average in at least one service area category. The company also achieved **Market Outperformance**. A prestigious award gained by having an overall score which exceeded the survey average across all banks, across all categories. Global Custodian commends your strong performance.” **Global Custodian, August 2016**

Client Testimonial

What our clients say....

Source: Global Custodian (Domestic Survey | India) 2016 and 2017

2017

Client comment is plentiful and largely complimentary. "Excellent settlement and cash management system, client relationship and reputation & asset safety; also prompt clarification when required," says one large investment manager.

2016

A number of clients praised the "quality of personnel" and high marks were given by one client for the "commitment, relationship management and core custody services." Indeed core settlement capabilities were singled out more often as a strong point of the stockholding offering, than for any other provider. Getting core services right and dealing quickly and efficiently when things do not go smoothly are the hallmarks of successful custodian the world over and Stockholding is no exception. Clients repose their trust in Stock Holding's local market expertise, high quality Client servicing, Technology driven solutions and a proven ability in handling diversity and complexity of client requirements which form the core of StockHolding's competency.

About Stock Holding Corporation of India Limited

Stock Holding Corporation of India Limited, popularly known as “**Stock Holding**” is India's leading Securities Services provider/ Custodian, headquartered at Mumbai, the financial Capital of India. Stock Holding, promoted by Government owned public financial institutions, is a dividend paying, zero debt Corporate entity. Stock Holding is the only entity that literally provides doorstep Services through its 189 offices across India and services aggregate assets of **approx US\$ 535 Billion** (approx. Rs 34 lac crore) of which **US\$ 235 Billion is Institutional Assets**. Stock Holding's diverse set of products have successfully addressed the aspirations of an equally diverse set of investors/ clients comprised of Domestic (Institutional, Insurance, Mutual Funds, Banks, Corporate, Pension Funds, Retail) and Cross border clients (Foreign Portfolio Investor or “FPI”, Foreign Direct Investments or “FDI”, Global Custodians, Foreign PE's).

Clients repose their trust in Stock Holding's local market expertise, high quality Client servicing, Technology driven solutions and a proven ability in handling a diversity and complexity of client requirements. Stock Holding is the **first and the largest custodian in India** engaged in providing custodial services to various clients for 3 decades, and accounts for **over 22%** of the total market share. Stock Holding processed over million transactions in the last year and is a technologically driven entity with the deepest pool of local market expertise with over 700 man years of experience in Custody.

Stock Holding provides custodial services to among others institutional investors, foreign institutional investors, foreign portfolio investors, mutual funds, banks, insurance companies and pension funds. Stock Holding also provides Professional Clearing Member services to institutional and retail trading members in the futures & options segment. In addition, Stock Holding offers its clients Constituent Subsidiary Ledger Account (CSGL Account) services for their transactions/ holdings in Government of India securities and securities issued by various State Governments.

Stock Holding is the only non-bank custodian to be permitted by Reserve Bank of India to offer this service. Stock Holding has also been accorded membership of NDS-OM, a real time order matching system for trades in Government of India Securities. **Stock Holding holds a “ No Action letter ” under Sec.17 f of US SEC Regulations enabling it to offer custody services to US based clients.**

In terms of the SEBI (Foreign Portfolio Investors) Regulations 2014 notified on January 7, 2014, Stock Holding being a custodian of securities registered with SEBI on the date of commencement of the regulations is permitted to act as a Designated Depository Participant (DDP). **Stock Holding is registered with SEBI as Designated Depository Participant (DDP)**. Stock Holding will grant Registration to Foreign Portfolio Investors (FPIs) on behalf of SEBI and will offer its custodial services in compliance with applicable guidelines.

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