



SEBI allows FPIs to write-off shares of all companies which they are unable to sell

September 23, 2020

Dear All,

As you are aware, under the operational guidelines for Foreign Portfolio Investors (**FPIs**) dated November 5, 2019 (Operational Guidelines are [available here](#)), where an FPI was not able to sell through permitted off-market transaction of unlisted, illiquid, suspended, and delisted shares, it was allowed to write-off such securities. This was permissible only for FPIs whose registration is not valid or who intends to surrender their registration.

SEBI has now permitted such FPIs to write-off shares of all companies which they are unable to sell. In this regard, the process detailed at Para 17 of Part C of the said Operational Guidelines will be required to be complied with, as provided below:

- Custodian to obtain authorization from FPI to write-off securities. The FPI should also provide an undertaking that it is giving away all its rights as the beneficial owner of the security(ies);
- Upon receipt of instruction from FPI, Custodian will extinguish the security from the safekeeping account (held in banks internal books/system) of the FPI - Securities written off should be reported to SEBI and RBI as sale trade with NIL sale proceeds;
- As securities in the electronic form in the demat account of the FPI cannot be extinguished, the Custodian shall freeze the depository account with reason being 'Write off securities as per client request' in the depository system and intimate such action to Depositories;
- Such FPI shall apply for surrender of its registration and the DDP of such FPI shall process the surrender after obtaining the approval from SEBI;
- Monetary corporate benefits if received by the Custodians shall be credited to the Investors Protection and Education Fund of SEBI not later than 30 days from the date of receipt of the same;
- Non-monetary corporate benefits if received shall accumulate in the demat account.

Aforementioned change has been provided vide SEBI Circular dated September 21, 2020 ([available here](#)).

We trust you will find this an interesting read. For any queries or comments on this update, please contact us at insights@elp-in.com

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Email: Insights@elp-in.com

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