



CIRCULAR

CIR/IMD/FII&C/7/2011

June 15, 2011

To

All Foreign Institutional Investors (FIIs)  
through their designated Custodians of Securities (Custodians)

Dear Sir/Madam,

**Sub: Reporting of Offshore Derivative Instruments(ODIs)/ Participatory Notes(PNs)  
activity**

1. Please refer to SEBI Circular No. CIR/IMD/FIIC/1/2011 dated January 17, 2011 and SEBI Circular No. CIR/IMD/FIIC/6/2011 dated May 12, 2011 on the captioned subject wherein the implementation date of the new reporting format was deferred in view of clarifications sought with regard to the said format.
2. The consultation process, in this regard, has been concluded on June 03, 2011 and the following clarifications are being provided herewith:-
  - a. If an ODI (e.g. on MSCI India Index) is hedged with multiple types of Indian securities and left partly unhedged, it may be split in separate rows with each row for each Indian security and a blank column for the unhedged portion. The outstanding value of ODIs shall be summation of all such rows.
  - b. The current methodology of reporting F&O positions will be continued. The outstanding value of ODIs shall continue to be represented in notional terms.
  - c. The ODI issuers shall link hedges to the extent that such a link can be made.
  - d. The FIIs shall work out the linkages for all outstanding ODI positions as on September 30, 2011. This report shall be uploaded to SEBI by the entities in March 2012 along with the upload of the first six months' lag transaction reports.
  - e. The column 'Location of end beneficial owner of the Offshore Derivative Instrument' in Annexure A shall state the country of the end beneficial owner.
  - f. It is to be clarified with reference to Para 5 of the SEBI circular dated January 17, 2011, as regards FII to FII ODI/PN activity, the reporting/ issuer FII shall provide the SEBI Registration No. of the subscriber FII in addition to the name of the FII.
3. As per circular dated May 12, 2011 the date of implementation of the new reporting format was made effective for month of July 2011 report to be submitted by August 07, 2011. During the consultation process, it was represented that system changes for incorporating the clarifications would require further time than that already provided in circular dated May 12, 2011.
4. In view of the above, it has been decided to grant further time for implementation of the reports and that the first monthly summary report shall be submitted for the month of September, 2011 before 7<sup>th</sup> October, 2011.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

5. The first such transaction-wise details in Annexures shall be submitted in March 2012 along with the outstanding positions as on September 30, 2011 and thereafter with such six months' lag.
6. Till such time the new reporting format is implemented, the FII shall continue to file the reports in the existing format.
7. The custodians are requested to bring the contents of this circular to the notice of their FII clients.
8. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Regulation 20 and 20A of the SEBI (Foreign Institutional Investors) Regulations, 1995 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. A copy of this circular is available at the web page "F.I.I." on our website [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

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