

### Additional FAQ related to Investmentor:-

#### **Q. 1 what are the documents required for opening an NRI Account?**

Ans. Following are the document required for opening NRE Trading and Demat account:

1. Self-certified copy of PIS permission letter issued by the Banker
2. Attested copy of PAN card,
3. Attested copy of overseas address proof – Copy of Driving Licence/Foreign Passport/Utility Bills/Bank Statement (not older than 2 months)/Notarized copy of rent agreement/Leave & Licence agreement/Sale Deed. NRI residing in Gulf countries and not having any of the above overseas address proof can give the Declaration of P.O. Box in your residing country,
4. Self-certified copy of Indian address proof, if any. Providing an Indian address in KYC is voluntary. You may provide for your own benefit.
5. Passport size photograph
6. In case of an Indian Passport: Attested copy of valid passport with copy of Valid Visa
7. In the case of Foreign Passport: Attested copy of valid passport, Copy of PIO/OCI card.
8. Proof of Bank account (a cancelled cheque leaf of your NRE savings bank account)

**Note 1:** Copy of PAN card, Passport, Power of Attorney and Foreign address proof is required to be attested. Attestation can be done by the Indian Embassy or any other competent authority like Consulate General or Notary Public or Overseas Banker or Indian Banker. The attesting authority should affix a “verified with original” stamp, name, designation, signature and date on the said documents.

**Note 2:** Attestation is not required when your KRA status and IPV status is Y ( Yes ) and no change is required from your previous KRA.

#### **Q-2. Are NRI allowed to open NRE or NRO or Both Account with InvestMentor?**

Ans. InvestMentor is Stock Broker as well as Depository Participant. InvestMentor will open your Trading as well as Demat Account.

Non-Resident Indian (NRI) Trading Account with repatriation benefit is called Non-Resident External (NRE) Trading Account and is required to buy and sell shares, securities, bonds, exchange-traded funds, mutual funds etc.

Non-Resident Indian (NRI) Trading Account without repatriation benefit is called Non-Resident ordinary (NRO)Trading Account and is required to buy and sell shares, securities, bonds, exchange-traded funds, mutual funds etc. and trade in Equity Futures and Options.

Non-Resident Indian (NRI) Demat ( Depository Beneficiary) Account with repatriation benefit is called Non-Resident External (NRE) Demat Account and is required to electronically hold ( in dematerialized format ) shares, securities, bonds, exchange-traded funds, mutual funds etc.

Non-Resident Indian (NRI) Demat ( Depository Beneficiary) Account without repatriation benefit is called Non-Resident ordinary (NRO) Demat Account and is required to electronically hold ( in dematerialized format ) shares, securities, bonds, exchange-traded funds, mutual funds etc.

**NRI can open NRE Trading and Demat Account or NRO Trading and Demat Account or both, NRE as well as NRO account.**

**NRE Account with Bank of NRI**

You will also need to open a NRE PIS Bank Account besides NRE Saving Bank Account with your Bank. InvestMentor can assist you in opening your Bank Account.

InvestMentor will map NRE PIS Bank Account with your NRE Trading Account and NRE Saving Bank Account with your NRE Demat Account.

The dividend will be credited to your NRE Savings Bank Account by the respective companies whose shares are held in your NRE Demat account on the record date for dividend.

You need to keep balance in your NRE PIS Bank Account (do not transfer to InvestMentor) for buying. Your PIS Bank will inform us of the balance of your PIS bank account and InvestMentor will provide you a buy limit based on the balance reported by your Bank. Once you buy, InvestMentor will submit one copy of your Buy Contract Note to your PIS Bank. Your PIS Banker will debit your PIS Bank Account and credit InvestMentor bank account. Similarly, when you sell the shares, InvestMentor will submit one copy of your Sell Contract Note to your PIS bank. Your PIS Banker will debit the InvestMentor bank account and credit your PIS bank account minus tax liability if any.

**NRO Account with Bank of NRI for Equity Delivery Trades:**

InvestMentor will map NRO Saving Bank Account with your NRO Trading Account. You can have many NRO Saving Bank Accounts with the same Bank or many Banks and all can be mapped to your Trading Account for transferring funds to InvestMentor. You can have NRO Savings bank Account in **any Bank of your choice** and there are no restrictions on the number of Bank-supported. You will operate your NRO Saving Bank Account for equity trades like Resident Indian. You can transfer funds to us any time, you can withdraw your funds from InvestMentor any time with just one exception, compliance of Section 195 of the Indian Income Tax Act, 1965 with regard to withholding tax (TDS).

You will also need to open an NRO Saving Bank Account. You are no longer required to open an NRO Invest Account (a similar account was earlier called NRO PIS Bank Account). InvestMentor can assist you in opening your Bank Account.

**No PIS Bank Account required.**

The dividend will be credited to your NRO Savings Bank Account (Primary Bank Account, in case of more than one Bank Account) by the respective companies whose shares are held in your NRO Demat account on the record date for dividend.

You need to transfer funds from your NRO Savings Bank Account before buying. Once you buy, InvestMentor will send you a contract note the same day and credit shares to your Demat Account on a securities payout day. Generally, you are expected to sell after shares credited to your Demat Account and not before. You can buy shares the next day against credit to be received in your trading account on funds payout day of previous day's sale minus withholding tax liability if any.

Similarly, when you sell the shares, InvestMentor will send you a contract note the same day and credit your Trading Account with us on funds payout day. You can buy shares the next day against credit to be received in your trading account on funds payout day of previous day's sale, minus withholding tax liability if any. RBI reporting is not required for NRO Account after February 2016 but compliance of Section 195 of the Indian Income Tax Act, 1965 with regard to withholding tax (TDS) is required.

#### **NRO Account for Equity Futures and Options (derivatives) Trades:**

You will need to open an NRO Saving Bank Account. InvestMentor can assist you in opening your Bank Account.

InvestMentor will map NRO Saving Bank Account with your NRO Trading Account. You can have many NRO Saving Bank Accounts with the same Bank or many Banks and all can be mapped to your Trading Account for transferring funds to InvestMentor. You can have NRO Savings bank Account in any Bank of your choice and there are no restrictions on the number of Bank-supported. You will operate your NRO Saving Bank Account for equity derivatives trades like Resident Indian.

**In the NRO you can either trade in F&O or you need to invest in equity both in one account is not possible and NRIs are required to get a Custodial Participant (CP) code to trade in F&O. We, at InvestMentor, tie-ups for custodial business (currently with ORBIS).**

#### **Q-3. Can I open NRO Non-PIS Trading and Demat Account?**

**Ans.** Your investment in India through the Stock Market is governed by the following regulation:

1. Foreign Exchange Management Act ( FEMA ) supervised by RBI
2. Income Tax Act, 1961 supervised by Income Tax Department, Govt. of India
3. SEBI regulation for Exchanges, Stock Broker and Depository

You can invest on Repatriable Basis (NRE) or Non-Repatriable Basis (NRO) or both.

**When you open NRE PIS Bank Account: Your Bank provided you with the following THREE services besides usual banking Services:**

1. Applying to RBI and taking PIS (Portfolio Investment Scheme) permission. This is a one-time activity. This is a requirement under FEMA.
2. Reporting all your transactions routed through PIS Bank Account to RBI on a regular basis. This is a requirement under FEMA.
3. Calculating, Deducting and Depositing you tax liability arising out of shares sold through PIS Trading Account and proceeds credited to PIS Bank Account. This is required due to Section 195 of the Indian Income Act, 1961.

FEMA was amended in Feb 2016, and NRI investing through Non-Repatriable Basis ( NRO ) route are not required to take PIS permission and hence no requirement of reporting transactions to RBI.

In a nutshell, Service Number 1 and 2 mentioned hereinabove are no longer required for NRO Account. However, Service Number 3 is still applicable.

Banks are willing to provide Service Number 3 as mentioned hereinabove.

## FAQs FOR NRI - TRADING ACCOUNT

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**Q1 Who is a non-resident Indian (NRI)?**

Ans Non-Resident Indian (NRI) means a “person resident outside India” who is a citizen of India or is a person of Indian origin”[as per FEMA regulations]

**Q2 Can NRI invests in shares in India through a stock exchange?**

Ans Yes, NRI can purchase shares or convertible debenture of an Indian Company through stock exchanges, under the portfolio investment scheme on repatriation and /or non-repatriation basis.

**Q3 Can NRI/PIO invests in other securities?**

Ans Yes, NRI/PIO can invest in other securities namely

1. Dated Government securities (other than bearer securities) or treasury bills.
2. Units of domestic mutual funds.
3. Bonds issued by a public sector undertaking (PSU) in India.
4. Shares in Public Sector Enterprises being disinvested by the Government of India.

**Q4 Are NRIs allowed to invest in Exchange Traded Funds (ETFs)?**

Ans Yes, NRIs are allowed to Invest in Exchange Traded Funds (ETFs). NRIs can invest in ETFs both on repatriation as well as non-repatriation basis.

**Q5 How can NRIs invest in shares in India?**

Ans As per Reserve Bank of India (RBI) guidelines, NRI who wishes to invest in shares in India through a stock exchange need to approach the designated branch of any authorized dealer (bank) authorized by reserve bank to administer the PIS (Portfolio Investment Scheme) to open a NRE (Non Resident External) /NRO (Non Resident Ordinary) account under the scheme for routing Investments.

**Q6 What is a designated bank branch?**

Ans Reserve bank of India has authorized few branches of each authorized dealer bank to conduct the business under portfolio investment scheme on behalf of NRIs. NRI can select only one authorized dealer bank for the purpose of investments under portfolio investment scheme and route the transactions through the branch designated by the authorized dealer bank.

**Q7 What is a Portfolio Investment Scheme (PIS)?**

Ans

Portfolio Investment Scheme (PIS) is a scheme of reserve bank of India under which -

Non Resident Indian (NRIs) can purchase/sell shares/convertible debentures of Indian companies on Stock Exchanges under Portfolio Investment Scheme. For this purpose, the NRI/PIO has to apply to a designated branch of a bank, which deals in Portfolio Investment. All sale/purchase transactions are to be routed through the designated branch.

**Q8 Who is a person of Indian Origin?**

Ans

For the purposes of investments in shares/securities in India, person of Indian origin means a citizen of any country other than Pakistan or Bangladesh, if

- a) he at any time, held an Indian passport; or
- b) he or either of his parents for any of his grandparents was a citizen of India by virtue of the constitution of India or Citizenship Act, 1955 (57 of 1995); or
- c) the person is a spouse of an Indian citizen or a person referred to in clause (a) or (b)

**Q9 Who is an overseas citizen of India (OCI)?**

Ans

Under OCI Scheme operational from 02<sup>nd</sup> Dec 2005 government of India decided to grant overseas citizenship of India (OCI) commonly known as “**dual citizenship**”. A foreign national, who was eligible to become a citizen of India on 26.01.1950 or was a citizen of India on or at any time after 26.01.1950 or belonged to a territory that became part of India after 15.08.1947 and his/her children and grandchildren, provided his/her country of citizenship allows dual citizenship in some form or other under the local laws, is eligible for registration as an Overseas Citizen of India (OCI). Minor children of such person are also eligible for OCI. However, if the applicant had ever been a citizen of Pakistan or Bangladesh, he/she will not be eligible for OCI.

**Q10 Can PIO (Person of Indian Origin) as well as OCI (Overseas Citizen of India) also invest in shares in India?**

Ans Yes, PIOs and OCIs do have a parity with NRIs in respect of all facilities available to the NRIs in the economic, financial and educational fields except in matters relating to the acquisition of agricultural/ plantation properties.

**Q11 What is an Overseas Corporate Body (OCB)?**

Ans 'Overseas Corporate Body' means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty percent by Non-Resident Indians and includes overseas trust in which not less than sixty percent beneficial interest is held by NonResident Indians directly or indirectly but irrevocably.

**Q12 Can Overseas Corporate Body (OCBs) also invest in shares in India?**

Ans OCBs have been prohibited from making investments under Portfolio Investment Scheme. OCBs have been de-recognized as a class of investor entity w.e.f. September, 16, 2003. Further, the OCBs which have already made investments under the PIS are allowed to continue holding such shares /convertible debentures till such time these are sold on the stock exchange.

**Q13 What are the documents required to be collected from Investor to open a NRI/PIO/OCI trading account?**

Ans List of documents to be taken while registering NRI/PIO/OCI Clients as may be applicable

- Document ensuring status of entity  
In case of Indian passport - Valid passport, Place of birth as India, Valid Visa –  
Work/Student/employment/resident permit etc.  
In case of foreign passport: Valid passport and any of the following
- Place of Birth as India in foreign passport
- Copy of PIO / OCI Card as applicable in case of PIO/OCI
- PIS Permission Letter from the respective designated bank
- PAN Card
- Overseas Address Driving License/ Foreign passport /Utility Bills/  
Bank statement (not more than 2 months old)/  
Notarized copy of rent agreement/ leave &  
license agreement/ Sale deed.
- Photograph of Investor.

- Proof of respective bank accounts & depository accounts.

**Q14 What are other client registration formalities to be taken care while registering NRI/PIO/OCI Clients?**

Ans In case of NRI/PIO/OCI client registration documents are required to be executed by client himself and not by Power of Attorney Holder. In case of In-person verification of such clients, the members may obtain from such clients KYC documents attested by any one of the following entities – Indian Embassy/Consulate general in the country where the client resides, Notary Public, Court, Magistrate, Judge or Local banker.

**Q15 Is it mandatory for a client to provide local (Indian) address?**

Ans At the time of client registration, client needs to provide its foreign address along with documentary proof of the same. If client so desire it can keep its local address as correspondence address. In such scenario additionally they are required to provide documentary evidence in support of local address also.

**Q16 Can two separate trading accounts namely (NRE & NRO) can be opened by NRI?**

Ans Yes, clients can have two separate trading accounts based on NRE & NRO.

**Q17 What are the additional requirement with respect to contract notes?**

Ans Contract notes in original for both purchase and sale transactions needs to be submitted with in the time specified by the designated bank to enable designated banks to report the same to Reserve Bank of India.

**Q18 What precautions trading member needs to take while dealing with NRI Clients?**

Ans Trading member need to ensure that

- Securities are not in RBI ban list before executing the order.
- Clear funds are available for purchases.
- Securities are available before executing any sell order.



- Depending upon whether the purchases are made on repatriation / non-repatriation basis pay-out of the securities needs to be transferred to respective de-mat account.
- Purchase/Sale transactions in cash segment should be settled by delivery only.

**Q19 Is there any ceiling on the Investments under the Portfolio Investment Scheme?**

Ans

NRIs are allowed to invest in shares of listed Indian companies in recognized Stock Exchanges under the PIS.

- a. NRIs can invest through designated ADs, on repatriation and non-repatriation basis under PIS route up to 5 per cent of the paid-up capital / paid-up value of each series of debentures of listed Indian companies.
- b. The aggregate paid-up value of shares / convertible debentures purchased by all NRIs cannot exceed 10 per cent of the paid-up capital of the company / paid-up value of each series of debentures of the company.
- c. The aggregate ceiling of 10 per cent can be raised to 24 per cent, if the General Body of the Indian company passes a special resolution to that effect.

**Q20 How payments could be made by NRIs for shares purchased on stock exchange?**

Ans Payment for purchase of shares and/or debentures on repatriation basis has to be made by way of inward remittance of foreign exchange through normal banking channels or out of funds held in NRE/FCNR(B) account maintained in India. If the shares are purchased on non-repatriation basis, the NRIs can also utilize their funds in NRO account in addition to the above.

**Q21 How NRIs/PIO can remit Sale proceeds?**

Ans. In case of NRI/PIO, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE /FCNR(B)/NRO accounts of the NRI/PIO, whereas sale proceeds of non repatriable investment can be credited only to NRO accounts

**Q22 Can an NRI transfer shares purchased under PIS to others under private arrangement?**

Ans Shares purchased under PIS on stock exchange shall be sold on stock exchange only. Such Shares cannot be transferred by way of sale under private arrangement or by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a charitable trust duly registered under the laws in India) to a person resident in India or outside India without prior approval of the Reserve Bank.

**Q23 Can an NRI purchase securities by subscribing to public issue? What are the permissions/approvals required? How can those shares be sold?**

Ans Yes. The issuing company may issue shares to NRI on the basis of specific or general permission from Gol/RBI. Therefore, individual NRI need not obtain any permission. While seeking the credit of sale proceeds to NRE/NRO account, the designated bank should be provided with the details regarding date of allotment and cost of acquisition to calculate the taxes, if any.

**Q24 Can NRI do Intra-day transactions in cash segment?**

Ans No, NRI Investor has to take delivery of shares purchased and give delivery of shares sold. Short Selling is not permitted.

**Q25 Can NRI trade in futures & options segment of the Exchange?**

Ans Yes, NRIs are allowed to invest in futures & options segment of the exchange out of Rupee funds held in India on non repatriation basis, subject to the limits prescribed by SEBI.

**Q26 Can NRI trade in Currency derivative segment of the Exchange?**

Ans No, Only "a person resident in India" as defined in section 2(v) of FEMA Act 1999 are allowed to participate in currency derivative segment of the Exchange.

**Q27 Can trading account be opened for person's resident outside India who had been allotted shares under ESOP scheme?**

Ans Listed Indian companies are allowed to issue shares under the Employees Stock Option Scheme (ESOPs), to its employees or employees of its joint venture or wholly owned subsidiary abroad who are resident outside India, other than to the citizens of Pakistan. Trading account can be opened for person's resident outside India only for the sole objective of selling of shares acquired under ESOP Scheme.

**Q28 Can rights/bonus shares be issued to NRI?**

Ans FEMA provisions allow Indian companies to issue Rights / Bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap as may be applicable

**Q29 What needs to be done by NRIs for trading in Futures & Options segment of the Exchange?**

Ans An NRI, who wishes to trade on the F&O segment of the exchange, is required to approach the exchange through a clearing member, through whom the NRI would like to clear his trades for allotment of custodial participant (CP) code. Clearing corporation would assign a CP code to each NRI, based on the application received from the clearing member of the NRI. Trading members should ensure that at the time of order entry CP Code of the NRI is placed in the CP Code field of the trading system. The NRI client shall have only one clearing member at any given point of time

**Q30 What are the limits applicable to NRI in Exchange Traded Derivative Contracts?**

Ans Position limits would be applicable on the combined position in all derivative contracts on an underlying stock at an Exchange. Position limits for NRIs shall be same as the client level position limits specified by SEBI from time to time.

**For Index based contracts** - Disclosure requirement for any persons or persons acting in concert who together own 15% or more of the open interest of all derivative contracts on a particular underlying Index.

**For Stock option and single stock futures contracts** –

The gross open position across all the derivative contracts for a security for each specific client shall not exceed higher of:

- 1% of the free float market capitalization (in terms of number of shares)

OR

- 5% of the open interest in all derivative contracts in the same underlying stock (in terms of number of shares)

Client level position limits security-wise, are made available to members on NSE's website ([www.nseindia.com](http://www.nseindia.com)).

**Q31 How Investment positions of NRIs are monitored?**

Ans Reserve Bank monitors the investment position of NRIs/FIIs in listed Indian companies, reported by designated banks, on a daily basis. When the total holdings of NRIs/FIIs under the Scheme reaches the limit of 2 percent below the sectoral cap, Reserve Bank will issue a notice (**caution list**) to all designated branches of designated banks cautioning that any further purchases of shares of the particular Indian company will require prior approval of the Reserve Bank.

Once the shareholding by NRIs/FIIs reaches the overall ceiling / sectoral cap /statutory limit, the Reserve Bank places the company in the **Ban List**. Once a company is placed in the Ban List, **no NRI can purchase the shares of the company under the Portfolio Investment Scheme. List of caution/banned RBI scrip is available at [http://www.rbi.org.in/scripts/BS\\_FiiUSer.aspx](http://www.rbi.org.in/scripts/BS_FiiUSer.aspx)**

**Q32 In case a person who is resident in India becomes a non-resident, will he/she be required to change the status of his/her holding from Resident to Non-Resident?**

Ans As per section 6(5) of FEMA, NRI can continue to hold the securities which he/she had purchased as a resident Indian, even after he/she has become a non resident Indian, on a non-repatriable basis.

**Q33 In case a non-resident Indian becomes a resident in India, will he/she be required to change the status of his/her holding from NonResident to Resident?**

Ans. Yes. It is the responsibility of the NRI to inform the change of status to the designated authorized dealer branch, through which the investor had made the investments in Portfolio Investment Scheme and the DP with whom he/she has opened the demat account. Subsequently, a new demat account in the resident status will have to be opened, securities should be transferred from the NRI demat account to resident account and then close the NRI demat account.

**Q34 In case a non-resident Indian becomes a resident in India or vice versa, will he/she be required to open a new trading account?**

Ans Yes, Trading member needs to open a new trading account which needs to be uploaded with the new category code (01 – Resident Individual) & (11 – NRI) as may be applicable.

### **References**

- RBI Master Circular dated RBI/2010-11/13 dated July 01, 2010.
- FAQ hosted on RBI website [www.rbi.org.in](http://www.rbi.org.in)
- NSE Circular dated Nov 27,2003 , NSE/INVG/2003/4593
- NSE Circular dated Dec 21,2004 , NSE/MEM/5676
- NSE Circular dated Jul 04,2008 , NSE/INSP/10938

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