

## India Foreign Ownership Limit Update – Informative Notice

14 April 2020

In October 2019, the Ministry of Finance announced that with effective from 1 April 2020 the aggregate Foreign Portfolio Investors (FPI) limit for Indian companies will be equivalent to the sectoral limit. A company may choose to decrease its respective FPI limit to a lower threshold with the approval of its Board of Directors and its General Body before 31 March 2020. Subsequently, the National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) have published the new Foreign Investment Limits for Indian companies.

In order to reflect the above-mentioned update in the Foreign Ownership Limit (FOL) in Indian constituents, FTSE Russell proposes to implement the changes in the investability weighting of Indian constituents in conjunction with the June 2020 quarterly review, effective from the open on Monday 22 June 2020.

The following summarises the proposed changes in FTSE Russell indexes in conjunction with the June 2020 quarterly review:

- The FOL for Indian companies will be updated to their respective sectoral limit based on the 'Automatic Route', unless otherwise approved for the 'Government Route' as indicated by the information published by NSDL and CDSL, or at a limit approved by the company's Board of Directors and its General Body;
- Indian index constituents, with a headroom adjustment, which are impacted by this update, will have their respective FOL increased in two 50% tranches, subject to the headroom remaining at 20% or above, in accordance with [Foreign Ownership Restriction and Minimum Headroom Requirement](#) policy.

The below table illustrates the projected weight of India in the headline FTSE global indexes as a result of the proposed FOL updates for Indian constituents. The table reflects the final tranche implementation of China A Shares and Saudi Arabia to the FTSE Global Equity Index Series in conjunction with the June 2020 quarterly review:

Country	FTSE Global All Cap		FTSE All World		FTSE Emerging All Cap		FTSE Emerging	
	Current %	Projected %	Current %	Projected %	Current %	Projected %	Current %	Projected %
China	4.62%	4.83%	4.86%	5.06%	43.11%	43.16%	44.75%	44.73%
India	0.97%	1.18%	0.97%	1.17%	9.00%	10.56%	8.95%	10.38%
Saudi Arabia	0.30%	0.36%	0.31%	0.38%	2.77%	3.25%	2.85%	3.35%

Data as of 3rd April 2020

A list of Indian index constituents plus their new projected investability weight, effective in conjunction with the June 2020 quarterly review, will be provided to subscribed index users.

FTSE Russell would welcome feedback from index users on the above proposal by Friday 1 May 2020. FTSE Russell will confirm treatment by Friday 8 May 2020.

Please submit your feedback via email to: [info@ftserussell.com](mailto:info@ftserussell.com)

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