

Circular No.: NSDL/POLICY/2017/0022

Date: April 17, 2017

Subject: Blocking of *financial accounts under Rule 114H (8) of the Income Tax Rules, 1962 under alternative procedure for FATCA.*

Attention of Participants is invited to Circular No. NSDL/POLICY/2016/0080 dated October 3, 2016 regarding guidance note on reporting requirement under Foreign Account Tax Compliance Act (FATCA).

In this regard, SEBI vide its email dated April 17, 2017 has informed about the Press Release issued by Ministry of Finance, Government of India on April 11, 2017 regarding the alternative procedure for FATCA.

It is clarified vide the press release that 'The Inter-Governmental Agreement (IGA) with USA for implementation of FATCA entered into force on 31st August 2015. Under the alternative procedure provided in Rule 114H(8) of the Income Tax Rules, 1962, the financial institutions need to obtain self-certification and carry out due diligence in respect of all individual and entity accounts opened from 1st July 2014 to 31st August 2015. Such self-certification and documentation was required to be obtained by the financial institutions by 31st August 2016, otherwise they were required to close the accounts and report the same if found to be a "reportable account" as per the prescribed due diligence procedure for pre-existing account.

In view of the difficulties highlighted by stakeholders in following the provision for "closure" of financial accounts, it was informed vide Press Release dated 31st August 2016 that the financial institutions may not close the accounts by 31st August 2016 in respect of which self-certifications have not been obtained under the alternative procedure and a revised time line shall be notified in due course. The financial institutions were also advised to continue to work on completing the required due diligence, including obtaining self-certifications. Queries are being received from the financial institutions regarding the revised time lines for completion of due diligence. The financial institutions are advised that all efforts should be made by the financial institutions to obtain the self-certification. The account holders may be informed that, in case self-certifications are not provided till 30 April 2017, the accounts would be blocked, which would mean that the financial institution would prohibit the account holder from effecting any transaction with respect to such accounts. The transactions by the account holder in such blocked accounts may, thereafter, be permitted once the self-certification is obtained and due diligence completed.

Participants are advised to take note of the above and ensure compliance.

For and on behalf of
National Securities Depository Limited

Ashish Kini
Senior Manager

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Charge Structure	April 30 th every year.	By email at dpfees@nsdl.co.in	1. Circular No. NSDL/POLICY/2006/0064 dated December 26, 2006. 2. Circular No. NSDL/POLICY/2007/0003 dated January 8, 2007.
Internal/ Concurrent Audit Report (October - March)	May 15 th every year	Through e-PASS	Circular No. NSDL/POLICY/2017/0013 dated March 17, 2017
Risk based supervision of Participants	April 20, 2017	Through e-PASS	Circular No. NSDL/POLICY/2017/0020 dated March 31, 2017