

Non-resident Indian (NRI)?

An NRI is defined under FEMA, 1999 as a person residing outside of India who is either a citizen of India or is a Person of Indian Origin (PIO).

Person of Indian Origin (PIO):

A citizen of a foreign country (other than a citizen of Bangladesh or Pakistan) is a PIO if

- (a) he/ she at any time held an Indian passport; OR
- (b) he/ she or either of his/ her parents or any of his/ her grandparents was a citizen of India;
- (c) spouse (not being a citizen of Bangladesh or Pakistan) of an Indian citizen or (a) or (b) above

Overseas Citizen of India (OCI):

Under OCI Scheme operational from 02nd 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). However, if the applicant had ever been a citizen of Pakistan or Bangladesh, he/she will not be eligible for OCI.

NRE account: Non-Resident External (NRE) account is an external saving bank account opened for NRIs. This is a bank account where both the principal and the interest earned can be repatriated. You can transfer dollars from your foreign bank account which gets converted to rupees when it hits your NRE account. Funds kept in the NRE account can be converted back into dollars and can be transferred back to your foreign account along with the interest earned.

NRO account: An NRO bank account is an ordinary saving bank account opened for NRIs. It is a bank account where principal and interest only up to \$1million per year can be repatriated.

How can an NRI invest in stocks/securities in India?

According to the RBI guidelines, an NRI who wishes to trade through a stock exchange needs to approach the designated branch of an authorized bank authorized by reserve bank and come through the PIS (Portfolio Investment Scheme)

What is a Portfolio Investment Scheme (PIS)?

Portfolio Investment Scheme: 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 the PIS scheme.

The bank where you opened the NRE/NRO account will take care of this. Ensure to follow the process and submit the requisite documents.

How can I open an account with Zerodha?

You can now open a trading and demat account with Zerodha. Along with all the other documents, you have to also give a copy of the PIS letter that the bank would have given you.

One can open both NRE and NRO bank account simultaneously with a bank. In this case, you have to specify which one of these to be mapped to your trading account. You can map only one of these accounts (NRE/NRO) to your trading account.

By mapping your NRE account, you can only trade in the Equity segment whereas through an NRO account, you could trade in both Equity & Derivative segment. If you wish to map both these accounts for the sake of Equity trading, you'll have to obtain 2 client IDs from your brokerage firm.

Documents required to open a trading & demat account:

- Copy of PIS permission letter/NRO-Investment account letter
- Copy of FEMA declaration for Zerodha Broking limited and FEMA declaration for Zerodha Securities
- Copy of PAN card
- Overseas address proof – Copy of Driving License/Foreign Passport/Utility Bills/Bank Statement (not more than 2 months)/Notarized copy of rent agreement/Leave & License agreement/ Sale Deed
- Indian address proof, if any
- Passport size photograph
- In case of an Indian Passport: Copy of valid passport with place of birth as India, Copy of Valid Visa
- In case of Foreign Passport: Copy of Valid passport, Copy of PIO/OCI card.
- Proof of Bank account (a cancelled cheque leaf of your NRE or NRO SB account)
- Declaration of P.O. Box in your residing country
- FATCA Declaration Form

Note: Copy of PAN card, Passport, Power of Attorney and Foreign address proof to be notarized by Indian

Embassy or any other competent authority like Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI resides. The attesting authority should affix a “verified with original” stamp, name, designation, signature and date on the said documents

Trading Process

- ❖ Allocate funds from your NRE/NRO bank account to your PIS.
- ❖ The bank now informs the brokerage firm on how much funds you have allocated. This is then updated on your trading account.

- ❖ When you make a stock purchase, the brokerage firm sends the buy contract note at the end of the day to the bank. The bank in turn debits your PIS account to that extent and credits the brokerage firm.
- ❖ Similarly, when you sell some stocks from your demat, the brokerage firm sends a sell contract note at the end of the day to the bank and also credits your PIS bank account with the proceeds from the sale.
- ❖ Note that two separate contract notes are sent for all your buy transactions and sell transactions at the end of every day. The net amount credited/debited to your PIS will be including all charges that appear on the contract note.

Taxation

- Financial year ending in India: March 31st
- Last date for filing IT returns: July 31st
- LTCG is NIL on profits up to Rs 1lac and is charged at 10% on any profits above 1lac. Refer [this](#) link for more details.
- Short term capital gains: 15% on any gain made on stocks sold before 1 year.
- Trading income from F&O: Considered as business income, and taxed according to the Income tax (IT) slabs in India.

Important things to keep in mind

- Stock holding of an NRI can't exceed 10% in any Indian listed company.
- NRI can trade only delivery based. No intraday trading on equity/stocks allowed.
- NRI can trade only equity and equity F&O. No currency or commodity trading allowed.

Trading in Futures and Options

Yes, you can trade in F&O segment of the exchange out of the rupee funds held in India on a non-repatriable basis (NRO account). We at Zerodha have tied up with IL&FS for custodial business. Once you have the CP code, all the funds for trading F&O will sit with the custodian, similar to how all your funds for trading stocks sit with your bank. A typical starting portfolio size for a custodial account is Rs 50-75 lakhs. You can trade intraday in equity F&O using the CP code.

FPI accounts

Please write to nridesk@zerodha.com and we'll have you connected with the concerned people to obtain a Custodian Participant (CP) Code.

Circulars:

https://www.nseindia.com/content/members/faq_NRI_TA.pdf
https://www.nseindia.com/int_invest/content/opening_account.htm
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FM361E7862E2EE31F4CF8A997AD32A0EE11B2.PDF>

FAQs

1. Which banks do you support? Can I open an account with ICICI bank?

We've tied up with Axis, Yes and HDFC banks. We'll soon start offering services through other banks. No, it's not possible to link an ICICI bank account.

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

Yes, PIOs and OCIs do have a parity with NRIs in respect of all facilities available to the NRIs.

3. Do I need to open a demat account with Zerodha?

Yes. You would open a Trading & Demat account with Zerodha. We wouldn't be able to be able to link your existing demat account since

4. Are there any restrictions for USA based NRIs?

Not with Zerodha. It's restricted by banks who also provide brokerage services. With Mutual Funds there are certain restrictions. This is because of the Foreign Account Tax Compliance Act (FATCA/CRS) that makes it compulsory for all financial institutions in the world to report to the US Government comprehensive details of all transactions involving US persons which includes NRI.

5. Are all your tools and platforms available for NRIs?

The trading platforms work the same for NRI's. Some of the services like Coin (Mutual Fund) platform isn't yet available. We'll be offering MF services soon.

6. Can NRIs to apply for IPO?

Any NRI can apply for an IPO. You can apply for an IPO through your bank's net banking. You cannot apply through Zerodha. Check [here](#)

*** Depends on the bank, please check with the banks if you can apply for IPO's online through your Netbanking portal.**

7. Can the USA based NRIs purchase mutual funds through your platform?

Currently we're unable to offer MF's for US/Canada based investors due to the compliance and regulations in USA.

8. What is the processing time for opening an NRI trading account?

If we receive all the documents and they are in order, it would take us 3-5 working days to create the account and send you the login credentials.

9. What is the account opening charges?

The account opening charges are: Rs 300; Rs.200(Trading) + 100 (Demat) The AMC charges for the demat account are Rs 300/year

10. What are the brokerage charges?

The Brokerage charges are 0.1% or Rs 200(whichever is lower) for Equity delivery and flat Rs 100/trade for F&O. A list of all other charges can be found [here](#)

11. What are DP charges?

DP charges are levied at Rs 13.5 + GST (Rs 8 for Zerodha and Rs 5.5 for CDSL) applicable only when you are selling shares from your demat account.

12. Can an NRI purchase ETFs?

Yes, an NRI can purchase ETF's. Settlement doesn't happen through some banks for ETF's, it would be better to check with your respective bank before purchasing ETF's.

13. Who can attest documents?

Consulate General / Notary Public / Any Court / Magistrate / Judge / Local Banker in the country where the NRI resides

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

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

15. Can an NRI open an account via Aadhaar?

NRIs cannot verify themselves through Aadhaar. This is only for resident accounts.

16. Is PIS required to trade in F&O?

You can use an NRO-SB to trade in F&O: To trade in F&O, a PIS account isn't required since the funds are settled through IL&FS.

17. Can I link my NRO-SB account to the trading account and trade like a resident account?

No, it's not possible to link your NRO-SB account to the resident trading account.

There has been a recent change in the RBI regulations that said a PIS letter isn't required to open an NRO Trading & demat account. The PIS for NRO has been rebranded as >> NRO Investment account and the reporting that is done to RBI now doesn't happen through the designated bank.

This doesn't change anything for brokers, the daily reporting of the trades must happen from the broker's end to the respective banks where you hold the NRO account.

The banks still make the settlement for these trades. Also, deduct the TDS as was done by the bank under PIS and any services provided by the bank under PIS still continues.

18. I want to transfer my shares/holdings from Share khan to Zerodha?

About transferring your shares, can you first please confirm if you have an NRO/NRE account or a resident account with Share khan

If you hold an NRE/NRO account with them, you can transfer your shares to NRE/NRO respectively but if you have a resident account, you can only transfer it to an NRO account. Moreover, if you hold an NRI account with Share khan, will you be using the same PIS letter for Zerodha?

Note: It will be possible if you hold the NRE/NRO PIS account with any of the banks we support (AXIS, YES

& HDFC). You will also need to provide us with a Statement of holdings (SOH) from your DP and/or an NOC when transferring your shares to transfer your shares.

19. Can I transfer my securities from a resident account to an NRI demat?

You can transfer them to your family (resident account)/own NRO account.

Recent changes in depository regulations have now made it possible for one to convert an existing demat from residential status to NRI status without the need of closing the demat account.

Here's the procedure listed out to convert your existing resident account to a non-resident account. P.S: There have been no changes made by the Exchanges, in this regards you cannot continue to retain the resident trading account. The resident trading account will have to be closed and a new nonresident trading account will have to be opened.

Documents required to convert the existing resident demat account to NRI Account:

- Account Modification Form – To update the Bank details and Overseas address in the CDSL.
- Copy of FEMA declaration
- FATCA Declaration Form
- Trading Closure Form for closing the resident trading account.
- New Trading Application Form.
- Notarized copies of self- attested PAN card, Indian Address Proof, Foreign address proof.
- Copy of passport: In case of an Indian Passport: Notarized Copy of valid passport *with place of birth as India, Copy of Valid Visa; In case of Foreign Passport: Notarized Copy of Valid passport*, Copy of PIO/OCI card.
- Proof of Bank account (a cancelled cheque leaf of your NRO savings bank account). (Either Axis, Yes or HDFC Bank
- Copy of PIS account / NRO-Investment account letter to map to the trading account (Axis, Yes or HDFC Bank)

20. What are DP Charges?

DP charges include Depository charges and Depository Participant (DP) charges. The Depositories are NSDL & CDSL and Depository participants are members of Depositories with whom you open your demat account (Eg: IL&FS). DP charges are applicable whenever you sell any shares from your demat account.

21. Holdings value shows wrong in Kite, after transferring shares from another demat/buying IPO, why?

When shares are transferred into your Zerodha demat account from another demat account or when you are successfully allotted shares in an IPO, we will not be able to capture at what price those shares were bought as it will not reflect in our trade book.

You will have to add this Buy price manually for your average price to be updated correctly.

To update the Buy price manually, we provide an "Add/edit discrepant quantities" option in Console, in the holdings page.

22. What is the treatment on short term capital gain on the nonresident account? Is there any TDS applicable?

Yes, there is. It's taxed at 15%. This is calculated by the bank while crediting the sales proceeds to your PIS account.

23. Can you send me a sample PIS letter so that I can arrange for the same?

This is sent by the bank where you wish to open the PIS account. Please check with your branch who will help you.

Some important points:

- An NRI cannot open multiple demat accounts. If you have an account already, you will have to close it before initiating the account opening process with us.
- Mutual funds are currently not available for NRI clients.
- For your securities, it is managed by CDSL (Depository) and the Depository Participant (DP) is Zerodha securities. So, we manage the demat account.
- There isn't any financial risk involved when you hold your stocks with us, now or in the future. We have a very transparent and have a user-friendly platform to help you trade without any worries. Check [this](#)

24. How do I see my funds updated on my trading account even after I have transferred funds to my PIS account?

Yes bank:

If client not mapped to broker Zerodha - Please reach out to your Relationship Manager at Yes Bank and ask them to map your account with the broker Zerodha; Broker Code: ZEDA01 and they'll map it to us.

Axis bank:

To map your PIS account with the broker Zerodha you need to submit an [LOA](#). Kindly also send us a scanned copy of the same. We will forward to axis bank to map Zerodha as the broker.

HDFC bank:

You will have to send us the below attached annexure to us:

- 1) [E-Net](#): E-Net form for ensuring quick reflection of your NRE PIS account balance on Zerodha for trading Account. We'd receive an automated update of your PIS account balance.
- 2) [Debit Authorization](#): This is to update the registered broker in the authorized bank records.
- 3) [Sweep-in Declaration](#): Authorizing the bank to debit the NRE/NRO-SB account in case there are shortage of funds in the PIS account.

You will have to download and send these 3 annexures along with your application form to the below address and we will send this to the bank by attaching a broker letter.

Zerodha NRI desk

#153/154, 4th Cross,
JP Nagar 4th Phase,
(opp. Clarence School),

Bangalore - 560 078

These above forms are a requirement at HDFC's end to map the PIS account to the broker and assist in smooth functioning of the accounts. Please reach out to the bank for more clarification.

Important Points:

1. **Settlement Cycle:** The Settlement for the trades happens from Banks end who will Debit/Credit the net amount of the trade from the clients PIS account.

For Buy - The Bank will debit the client's PIS account on **T+1**;

For Sell- The Bank will debit the Broker's account on **T+2** and credit the client on T+2 eod or T+3 morning.

2. **Real Time updates of Funds:** There would not be any real-time update of funds. If you have transferred funds today to the PIS account, this wouldn't reflect since we receive an eod balance file and the balances are not updated on a real-time basis.
3. **Margins:** The PIS account margins will show up only during the market hours, after which it'll show the ledger balance on Q > Backoffice.

For more help, email nridesk@zerodha.com