

# RBI asks custodians not to settle all FPI trades in HDFC Bank

By [Rajesh Mascarenhas](#), ET Bureau | Feb 19, 2017, 12.36 AM IST

1 Comments MUMBAI:



FPIs pumped Rs 8,043.14 crore into Indian stocks on Friday. Brokers said majority of it flowed into HDFC Bank shares.

The RBI has asked all custodians not to settle trades in HDFC Bank BSE 1.95 % done after 1.40 pm on Friday in which foreigners were buyers.

Foreign portfolio investors (FPIs) had rushed to buy HDFC Bank shares on Friday after the central bank, on Thursday evening, lifted curbs on fresh purchases by foreign investors in the private lender, with their stake dropping below the prescribed limit.

But within a few hours on Friday morning, the buying limit was breached and by noon RBI clamped down on buying by FPIs in HDFC Bank. On Friday night, custodians issued a circular to their foreign clients saying, as per

RBI'S directions, they would confirm all purchase trades by FPIs and NRIs in HDFC Bank executed prior to issue of notice by the stock exchanges.

An email query to RBI on the matter did not elicit any response till the time of going to print. ET has reviewed a copy of a communiqué sent by a foreign custodian to banks.

BSE uploaded the notification at 1.39:18 pm on Friday while NSE's notification was uploaded at 1.38:40 pm on Friday, according to the message by the foreign custodian to clients.

"Accordingly, we will confirm all FPI purchase trades executed prior to the mentioned time on February 17 for settlement," it said. A top official at a foreign bank said FPI holding in the bank would have crossed 75% on Friday as against the 72% limit.



Three or one? What would you pick?

Bajaj Allianz



A lump sum amount of money is not needed

Mutual Funds Sahi Hai

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66% or Rs 9,959 crore worth of shares were traded on delivery basis.

RBI barred foreigners from buying HDFC Bank shares as rules do not permit foreign holding of more than 74% in the bank. The central bank has fixed cut-off point for foreign investment at two percentage points lower than the actual limit.

As on December 31, foreign holding in the private bank was 72.25%. However, conversion of ESOPs — 23.77 lakh shares on December 23 and 37.27 lakh shares on November 29 — brought down the FII limit to below 72%, following which RBI opened the FPI window on Thursday.