

Info Capsule

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THE INSTITUTE OF
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भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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1. Report of the working group on the SEBI (Foreign Portfolio Investors) Regulations, 2014

SEBI (Foreign Portfolio Investors) Regulations, 2014 (“FPI Regulations”) were notified in the year 2014 vide notification dated January 07, 2014. A need was felt to review the FPI Regulations to incorporate the provisions of the circulars/ FAQs and Operational Guidelines issued thereunder to the extent possible and to simplify the language and complexities in the said regulations. SEBI has constituted a working group under the Chairmanship of Shri H R Khan (Retd. Deputy Governor of Reserve Bank of India)

The working group has submitted its report on the SEBI (FPI) Regulations, 2014 and a few of the key recommendations proposed by the working group are as follows:

- (i) Fast track on-boarding process for select Category II FPIs
- (ii) Simplified registration for Multiple Investment Manager (MIM) structures
- (iii) Pension fund to be considered for Category IFPI registration
- (iv) Review of broad based condition for appropriately regulated entities
- (v) Deemed broadbased status for insurance/ re-insurance entities
- (vi) Entities majorly owned by investors eligible for Category I FPI registration shall be deemed as Category I FPI
- (vii) Certain entities owned by Category II eligible investors shall be eligible for Category II FPI registration
- (viii) Simplified registration requirement for Category III FPIs
- (ix) Removal of ‘opaque structure’ definition
- (x) Separate registration for sub-funds of a fund with segregated portfolio
- (xi) KYC Reliance on same group regulated entity of custodian for non-PAN documents.
- (xii) Liberalized investment cap
- (xiii) Review of prohibited sector for foreign investment for FPIs
- (xiv) Review of restriction on Sovereign Wealth Funds for investment in corporate debt securities
- (xv) Liberalization for regulated Category III FPIs
- (xvi) Permitting FPIs for off-market transactions
- (xvii) Harmonization between investment restrictions in FPI regulations and FEMA 20(R).
- (xviii) Reclassification of investment from FPI to FDI
- (xix) Alignment between FPI and AIF routes
- (xx) Strengthening of ODI framework
- (xxi) Entities established in the IFSC be deemed to have met the jurisdiction criteria for FPIs

Public comments are invited on the report latest by June 14, 2019 to be sent by email fpi-review@sebi.gov.in or through post.

The details are available at: https://www.sebi.gov.in/reports/reports/may-2019/report-of-working-group-on-fpi-regulations-seeking-public-comments_43107.html

2. Framework for the process of accreditation of investors for the purpose of Innovators Growth Platform (Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/67 dated May 22, 2019)

Accredited Investors(AIs)for the limited purpose of Innovators Growth Platform (“IGP”), are investors whose holding in the Issuer Company, is eligible for the computation of atleast 25% of the pre-issue capital in accordance with Regulation 283(1) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”).

Accordingly, SEBI has come out with the framework for the process of accreditation of investors.

The details are available at: https://www.sebi.gov.in/legal/circulars/may-2019/framework-for-the-process-of-accreditation-of-investors-for-the-purpose-of-innovators-growth-platform_43056.html