



Securities and Exchange Board of India (“SEBI”) seeks public comments on the ‘Report of the working group on the SEBI (Foreign Portfolio Investors) Regulations, 2014’ submitted by the working group under the Chairmanship of Shri Harun R. Khan, Deputy Governor (retd.), Reserve Bank of India.

1. BACKGROUND

- 1.1 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.
- 1.2 SEBI has constituted a working group under the Chairmanship of Shri. Harun R. Khan (Retd. Deputy Governor of Reserve Bank of India) assisted by Custodians law firms, Chartered Accountants firms and SEBI officers.
- 1.3 The working group held wide consultations with various stakeholders on different dates and has arrived at certain suggestions/ recommendations. The working group has submitted its report on the SEBI (FPI) Regulations, 2014 and the same is placed at [Annexure-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 I FPI registration
 - (iv) Review of broad based condition for appropriately regulated entities
 - (v) Deemed broad based 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.

2. PUBLIC COMMENTS

Considering the importance of the recommendations, public comments are solicited on the same. SEBI will examine the recommendations of the working group after receiving the public comments on the same. Specific comments/ suggestions as per the format given below would be highly appreciated.

<u>Name:</u>			
Sr. No.	Relevant Section and sub-heading	Comments and suggested changes, if any	Rationale

The comments may either be forwarded by email to fpi-review@sebi.gov.in or may be sent by post to the following address latest by June 14, 2019.

Achal Singh
General Manager
Division of Foreign Portfolio Investors & Custodians
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, "G" Block,
Bandra Kurla Complex,
Bandra (East), Mumbai -400 051

Issued on: May 24, 2019