



Ministry of Finance

Cabinet approves alternative mechanism for creation and launch of a New Exchange Traded Fund

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has authorized the Alternative Mechanism on the following:

- i. To take decision for divestment through Exchange Traded Fund (ETF) out of all the listed CPSEs including CPSEs listed subsequently subject to GoI retaining 51% in these CPSEs;
- ii. To take decision on the divestment in respect of Public Sector Banks, other listed Public Sector Financial Institutions and Public Sector Insurance Companies (when listed) through ETF or other methods subject to GoI retaining 52%; and
- iii. To take decision on matters related to divestment through ETF like constitution of ETF portfolio; the price/net asset value at which share of listed companies forming the ETF basket will be placed by the Govt. for divestment at the disposal of the ETF provider (AMC); the incentive structure for investors - upfront discount, loyalty bonus etc.; and any other aspect of pricing and the mode of disinvestment as required to be taken by the Government.

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