

20 June 2023

Attn:

Mr Arpit Anand/ Ms Chitra M.  
Foreign Portfolio Investors Department  
Securities and Exchange Board of India  
SEBI Bhavan, C4-A, G-Block, Bandra Kurla Complex  
Bandra (East), Mumbai - 400051

By email: [afdconsultation@sebi.gov.in](mailto:afdconsultation@sebi.gov.in), [arpit\\_anand@sebi.gov.in](mailto:arpit_anand@sebi.gov.in), [chitram@sebi.gov.in](mailto:chitram@sebi.gov.in)

Dear Sir/ Ma'am,

**RE: ASIFMA Submission on SEBI Consultation Paper on framework for mandating additional disclosures from Foreign Portfolio Investors (FPIs)**

The Asia Securities Industry & Financial Markets Association (ASIFMA)<sup>1</sup> has been regularly engaged with the Securities and Exchange Board of India (SEBI) on various regulatory and policy related matters impacting its members and has made detailed representations/ submissions on regulatory matters relevant to the financial services industry.

We are writing to you today pursuant to the comments invited by SEBI on the captioned consultation paper released by it outlining a framework for mandating additional disclosures from certain FPIs to guard against possible:

- Violation of Minimum Public Shareholding (MPS) rules, and
- Misuse of the FPI route to circumvent the requirements of Press Note 3.

This response was drafted by the team at Ernst & Young, LLP India, based on the feedback supported by both the members of ASIFMA as well as the ASIFMA's Asset Management Group (AAMG) members, many of whom are investing in the India markets as FPIs.

The framework is being proposed for greater investor protection, and for fostering greater trust and transparency in the Indian securities market ecosystem.

Our representations in this regard are provided in the **Annexure**.

---

<sup>1</sup> ASIFMA is an independent, regional trade association with over 165 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive and efficient Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

SEBI's (FPI) Regulations, 2019 along with the Operational Guidelines for FPIs, Designated Depository Participants (DDPs) and Eligible Foreign Investors (EFIs), superseding the SEBI (FPI) Regulations, 2014 have played a significant role in making market entry easier for FPIs by prescribing clear risk-based categorization for FPIs as well as providing clarity on documentation required from both FPIs as well as DDPs. The proposals in the consultation paper should ensure continuity of the said policy objective. In this context, we request you to consider our submission/suggestions which we believe will assist in reducing the compliance and administrative burden on FPIs as well as DDPs and also assist in eliminating any subjectivity or uncertainty with respect to the disclosure requirements.

We hope that you find our feedback useful and that it will be positively considered and reflected in the final framework.

Should you have any questions, please do not hesitate to contact Laurence Van der Loo at [lvanderloo@asifma.org](mailto:lvanderloo@asifma.org). In the meantime, we remain at your disposal if you wish to discuss any further details.

Best regards,



Laurence Van der Loo  
Executive Director  
Technology & Operations  
**ASIFMA**

Eugenie Shen  
Managing Director  
Head of ASIFMA Asset Management Group  
**ASIFMA Asset Management Group**

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
1.	5.2	<p><i>“FPIs may be further categorized as High, Moderate and Low Risk based on the below mentioned criteria:</i></p> <p><i>a. Low Risk FPIs: Government and Government related entities such as central banks, sovereign wealth funds, etc. since the ownership, economic and control interest in such entities is known due to predominant ownership by the Government of the respective country.</i></p> <p><i>b. Moderate Risk FPIs: Pension Funds or Public Retail Funds as defined under Regulation 22(4) with widespread and dispersed investors in such funds. Categorization of such FPIs as moderate risk shall be subject to the ability of DDPs to independently validate and confirm the status of such FPIs as Pension Funds and Public Retail Funds with a wide and diverse investor base.</i></p>	<p><b>A. <u>Risk categorisation</u></b></p> <ul style="list-style-type: none"> <li>• Currently, as outlined in the Operational Guidelines for FPIs, DDPs and EFIs, for the purposes of doing a Know Your client (KYC), FPIs are categorised as high-risk and non-high risk based on the jurisdiction from which they are investing.</li> <li>• Further, the existing risk categorization takes into account multiple Anti Money Laundering factors in line with SEBI and Financial Action Task Force (FATF) principles for determining low, medium and high risk FPIs.</li> <li>• We understand that while the above categorisation shall continue to prevail, SEBI proposes to introduce new categorisation (low, moderate and high) for the purposes of gathering additional disclosures from FPIs pursuant to this framework.</li> <li>• Accordingly, to avoid any confusion and for ease of reference, it would be prudent to change the classification of FPIs for the purposes of making</li> </ul>	<p><b>A. <u>Risk categorisation</u></b></p> <ul style="list-style-type: none"> <li>• Changing the risk categorisation from low, moderate and high to reportable and non-reportable FPIs will aid in segregation of the two requirements – existing KYC based on, <i>inter-alia</i>, jurisdiction of investment and the proposed additional disclosure requirements.</li> <li>• This will also aid in ensuring a high profile FPI should not be categorized as high risk merely because they are investing over INR 25,000 crore in India.</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
		<i>c. High Risk FPIs: All other FPIs that are not low or medium risk."</i>	<p>additional disclosures to the following</p> <ul style="list-style-type: none"> <li>- Reportable FPIs</li> <li>- Non-reportable FPIs</li> </ul>	
			<p><b>B. <u>Expanding the category of low risk FPIs/ moderate risk FPIs/ non-reportable FPIs</u></b></p> <p><u>Low risk FPIs/ non-reportable FPIs</u></p> <ul style="list-style-type: none"> <li>• In addition to the current definition of low risk FPIs/ non-reportable FPIs, the following should also be included: <ul style="list-style-type: none"> <li>- International or multilateral organizations or agencies</li> <li>- Entities controlled or at least 75% directly or indirectly owned by such Government and Government related investor(s).</li> </ul> </li> </ul> <p><u>Moderate risk FPIs/ non-reportable FPIs</u></p> <ul style="list-style-type: none"> <li>• Currently, moderate risk FPIs, who are exempted from additional disclosure requirements are restricted to Pension Funds and Public Retail Funds as defined in Regulation 22(4) of the SEBI (FPI) Regulations, 2019.</li> </ul>	<p><b>B. <u>Expanding the category of low risk FPIs/ moderate risk FPIs/ non-reportable FPIs</u></b></p> <p><u>Low risk FPIs/ non-reportable FPIs</u></p> <ul style="list-style-type: none"> <li>• Since the ownership, economic and control interest in such entities is known due to predominant ownership by the Government of the respective country or by multilateral organizations, such entities should be treated as low risk FPIs/ non-reportable FPIs.</li> </ul> <p><u>Moderate risk FPIs/ non-reportable FPIs</u></p> <ul style="list-style-type: none"> <li>• Insurance/ reinsurance entities, banks, AMCs, investment managers, investment advisors, portfolio managers, broker dealers and swap dealers are large-regulated entities and hence, should be categorised as moderate risk/ non-reportable FPIs</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			<ul style="list-style-type: none"> <li>• We humbly submit that the following FPIs which are categorized as appropriately regulated entities or are pooling vehicles, or entities investing proprietary capital should be included as part of moderate risk FPIs/ non reportable FPIs:               <ul style="list-style-type: none"> <li>- Insurance/ reinsurance entities</li> <li>- Banks and AMCs</li> <li>- Investment-managers, investment-advisors, portfolio managers</li> <li>- Broker dealers and swap dealers</li> <li>- Proprietary trading firms</li> <li>- Open-ended Funds</li> <li>- Collective investment trusts<sup>2</sup> having pension plans of various organisations as clients.</li> <li>- Common trust funds eg, those regulated by the Office of the Comptroller of the Currency (OCC).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Also, open-ended funds that have a large investor base (either institutional or retail) are unlikely to have investors/ end-clients who would use such entities for circumventing the MPS rules or the requirements of Press Note 3.</li> <li>• Further, collective investment trusts having pension plans of various organisations as clients should be considered on par with pension funds and hence should be classified as moderate risk/ non-reportable FPIs.</li> </ul>
			<b>C. <u>Objectively assessing whether Pension Funds and Public Retail Funds have a wide and diverse investor base</u></b>	<b>C. <u>Objectively assessing whether Pension Funds and Public Retail Funds have a wide and diverse investor base</u></b>

<sup>2</sup> Collective trust funds or Collective Investment Trusts (CITs) are a legal trust administered by a bank or trust company that combines assets for multiple investors who meet specific requirements set forth in the fund's declaration of trust. Typically, a collective trust pools assets from corporate and governmental profit sharing, pension and stock bonus plans, and charitable and other tax-exempt trusts.

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			<ul style="list-style-type: none"> <li>• The proposed framework requires that the DDPs independently validate and confirm that pension funds and public retail funds have a wide and diverse investor base such that they can be classified as a moderate risk FPI/ non reportable FPI.</li> <li>• To enable DDPs undertake the above verification, we recommend that DDPs be permitted to obtain an undertaking from the FPIs confirming its status as a Pension Fund or a Public Retail Fund as defined under Regulation 22(4) of the SEBI (FPI) Regulations, 2019.</li> <li>• Alternatively, SEBI may provide an objective criterion to enable the DDPs to confirm the above requirement.</li> <li>• Further, we recommend that the following retail funds also be considered as a Public Retail Fund: <ul style="list-style-type: none"> <li>- Securities and Exchange Commission (SEC) regulated mutual funds and Exchange traded funds</li> <li>- Australian Securities and Investments Commission (ASIC)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• To enable DDPs verify that pension funds and public retail funds have a wide and diverse investor base, SEBI should allow DDPs to obtain a declaration from the FPIs. Alternatively, an objective criteria should be prescribed basis which the same can be ascertained.</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			<p>regulated managed investment schemes;</p> <ul style="list-style-type: none"> <li>- Regulated Undertakings for the Collective Investment in Transferable Securities (UCITS) from European jurisdictions</li> <li>- Securities Investment Trusts from Japan</li> <li>- Investment trusts listed on recognised exchanges</li> </ul> <ul style="list-style-type: none"> <li>• It would also be useful if SEBI provides clarity on the regularity with which the said threshold is to be verified. Undertaking a verification on a daily basis would not be feasible and hence, we request that the regularity with which the same needs to be done be spread out to quarterly, yearly, etc.</li> </ul>	
2.	5.1	<p><i>“To mitigate the risk of circumvention of regulations such as MPS, and to prevent potential misuse of the FPI route to circumvent Press Note 3 stipulations, it is proposed that enhanced transparency measures for fully identifying all holders of ownership,</i></p>	<p><b>D. <u>Provision of granular data</u></b></p> <ul style="list-style-type: none"> <li>• The consultation paper proposes that where additional disclosure requirements apply, granular data of all entities with any ownership, economic interest, or control rights on a full look – through basis, up to the level of all natural persons and/ or Public Retail Funds or large public listed</li> </ul>	<p><b>D. <u>Provision of granular data</u></b></p> <ul style="list-style-type: none"> <li>• To enable DDPs and FPIs collate the necessary granular data, complete clarity should be provided on the type of information/ details required.</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
		<i>economic, and control rights may be mandated for certain objectively identified high-risk FPIs that fulfil certain criteria. Specifically, such identification should be done on a look-through basis down to the level of natural persons, public retail funds, or large listed corporates, without applying any materiality thresholds, and notwithstanding any equivalent PMLA rules or secrecy laws that may be applicable in other jurisdictions of their domicile (including tax havens, if any)."</i>	<p>entities, need to be provided.</p> <ul style="list-style-type: none"> <li>• We request SEBI to confirm the details which a FPI is required to provide eg name, address, nationality, etc.</li> <li>• We also recommend that the said reporting be done only for investors/ entities which meet a prescribed materiality threshold eg 0.01% ownership/ interest/ control of the FPI.</li> <li>• We further recommend that FPIs be provided a timeframe of 2 months for providing granular details where the same are required to be furnished.</li> </ul>	
3.	5.4	<i>"For now, it is proposed that high-risk FPIs (as defined above), holding more than 50% of their equity Asset Under Management ('AUM') in a single corporate group would be required to comply with the requirements for additional disclosures Such FPIs shall be required to provide granular data</i>	<p><b>E. <u>Single corporate group</u></b></p> <ul style="list-style-type: none"> <li>• We request SEBI to provide clarification on how a single corporate group is to be identified.</li> <li>• SEBI could provide "group" tag to companies along with their International Securities Identification Numbers (ISINs) that will be considered as part of a single corporate group such that FPIs can monitor positions at underlying ISIN</li> </ul>	<p><b>E. <u>Single corporate group</u></b></p> <ul style="list-style-type: none"> <li>• Providing a list of entities which will form part of a single corporate group shall assist FPIs and DDPs in monitoring the group concentration threshold.</li> </ul>



Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
		<i>of all entities with any ownership, economic interest, or control rights on a full look – through basis, up to the level of all natural persons and/ or Public Retail Funds or large public listed entities..”</i>	<p>level for the group concentration threshold.</p> <p><b>F. <u>50% AUM criteria</u></b></p> <p><u>Calculation mechanism</u></p> <ul style="list-style-type: none"> <li>SEBI has proposed that FPIs holding more than 50% of their equity AUM in a single corporate group would need to comply with additional reporting requirements.</li> <li>We submit that as the Depositories being National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) maintain data in respect of Assets Under Custody (AUC) by FPIs, the threshold of 50% should be made applicable on AUC instead of AUM. Further, the said data should be made available by the Depositories to FPIs and DDPs to enable them to determine compliance with the 50% equity AUC threshold.</li> <li>We also recommend that SEBI clarify that for the purpose of determining the 50% equity AUC threshold, holding of</li> </ul>	<p><b>F. <u>50% AUM criteria</u></b></p> <p><u>Calculation mechanism</u></p> <ul style="list-style-type: none"> <li>As the Depositories already maintain data in respect of AUC of FPIs, it is feasible to monitor AUC in lieu of AUM.</li> <li>To enable FPIs and DDPs ascertain whether the threshold of 50% equity AUC is breached, clarity should be provided as to the manner of computing the same. Also, to facilitate ease of doing business, the requirement should not be monitored daily but on a monthly or quarterly basis.</li> <li>A carve out for FPIs issuing ODI would be a welcome move since all trading activities are ODI driven and details on ODI holders are already included in the monthly reporting. As per the existing regulations, ODI issuing entities are already required to provide disclosures on beneficial owners up to the level of natural persons who ultimately own or control an FPI.</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			<p>equity shares in the demat account of an FPI should be considered.</p> <ul style="list-style-type: none"> <li>• Further, while computing, it is submitted that an exclusion be provided for ODI hedged positions held by FPIs as the same is solely for ODI hedging purposes.</li> <li>• We also request that the said threshold should not be examined daily but on a periodical basis eg monthly, quarterly, etc. Additional safeguards may be built-in to ensure that the breach is not on a consistent basis.</li> </ul> <p><u>Long-only FPIs</u></p> <ul style="list-style-type: none"> <li>• In case of long only FPIs or FPIs who do not trade dynamically in the Indian capital markets, there could be situations where the threshold of holding more than 50% of their equity AUC may be breached due to no action on their part but on account of fluctuations in the price of the equity shares of the Indian investee company.</li> <li>• We hereby submit that in such cases, the FPI should not be required to comply</li> </ul>	<p><u>Long-only FPIs</u></p> <ul style="list-style-type: none"> <li>• Long-only FPIs who breach the 50% threshold due to no action on their part but on account of fluctuations in the price of the equity shares of the Indian investee company, should not be required to comply with additional disclosure requirements or bring down its exposure.</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			<p>with additional disclosure requirements or bring down its exposure provided the FPI does not make incremental investments in the single corporate group.</p> <p><u>Materiality threshold</u></p> <ul style="list-style-type: none"> <li>• Even where the FPI breaches the threshold of holding more than 50% of its equity AUC in a single corporate group, we request that additional disclosure requirements should not be made applicable where the FPI investment in a single corporate group is upto a certain materiality threshold. The following may be considered: <ul style="list-style-type: none"> <li>- Holding more than 50% of their India AUC in a single corporate group</li> <li>AND</li> <li>- India AUC &gt; INR 100 crores.</li> <li>AND</li> <li>- % of holdings of FPI in a single corporate group &gt; 5% of market capitalization of a single corporate group.</li> </ul> </li> </ul>	<p><u>Materiality threshold</u></p> <ul style="list-style-type: none"> <li>• To facilitate ease of doing business, SEBI may provide a materiality threshold where additional disclosure requirements should not apply.</li> <li>• The reportable threshold in established markets in APAC is generally 5%, crossing which a shareholder will be considered a substantial/large holder (e.g. HK, Japan, Australia).</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
4.	5.5/ 5.12	<i>“It is observed that some of the prima facie high-risk FPIs that crossed the 50% investment threshold in a single group, may have an India-oriented AUM that is relatively small vis-a-vis their global AUM across all their investments at a scheme level. Subject to the ability of DDPs to independently validate the same, such FPIs with a single India/ India-related corporate group exposure below 25% of their overall AUM at a scheme level may be reclassified as moderate risk rather than high-risk.”</i>	<p><b>G. <u>Verification by DDPs</u></b></p> <ul style="list-style-type: none"> <li>The consultation paper proposes to exclude FPIs from additional disclosure requirements where their single India/ India related corporate group exposure is less than 25% of their overall AUM. The said exemption is subject to the ability of the DDP to validate the same.</li> <li>It would be prudent if SEBI provides the manner in which DDPs can verify the global AUM of FPIs given that the said information is not readily available with the DDPs (eg basis a declaration being made available by FPIs, etc).</li> <li>It would also be useful if SEBI provides an indication on the regularity with which the said threshold is to be verified. As indicated above, we request that the said threshold should not be examined daily but on a periodical basis eg monthly, quarterly, etc.</li> <li>Clarification should also be provided on what assets should be considered part of the global AUM and we suggest it should include</li> </ul>	<p><b>G. <u>Verification by DDPs</u></b></p> <ul style="list-style-type: none"> <li>Providing clarity on the manner in which DDPs can verify the India exposure vis-à-vis global exposure of a FPI will aid the DDPs in identifying FPIs who are high-risk/ reportable.</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			equity /holdings, debt holdings, derivatives, etc.	
5.	5.6	<i>“In addition, to aid portfolio formation, new FPIs that have just begun investments will be allowed to cross the 50% group concentration threshold up to a period of 6 months without the need for additional disclosures becoming effective. Beyond 6 months, however, any crossing of the 50% concentration threshold by such FPIs will trigger the requirement for additional disclosures”</i>	<p><b>H. <u>New FPIs</u></b></p> <ul style="list-style-type: none"> <li>• Clarification is required for determining who should be considered as new FPIs, upon implementation of the framework and on an on-going basis.</li> <li>• FPIs who have made its first investment 6 months prior to the date when the framework is implemented may be considered as new FPIs.</li> <li>• Similarly, FPIs who make its first investment, once the framework is implemented, may be considered as new FPIs.</li> </ul>	<p><b>H. <u>New FPIs</u></b></p> <ul style="list-style-type: none"> <li>• To provide certainty to new FPIs regarding when additional disclosure requirements are applicable, clarity should be provided as to who should be considered as new FPIs.</li> </ul>
6.	5.11	<i>“Separately, it is proposed that existing high-risk FPIs with an overall holding in Indian equity markets of over Rs. 25,000 Cr. shall also be required to comply with additional granular disclosure requirements within 6 months”</i>	<p><b>I. <u>Overall holding in Indian equity markets of over INR 25,000 crores</u></b></p> <ul style="list-style-type: none"> <li>• We request the SEBI to provide clarity on the manner in which the holding in Indian equity markets is to be computed i.e. holding of equity shares in the demat account of an FPI should be considered.</li> </ul>	<p><b>I. <u>Overall holding in Indian equity markets of over INR 25,000 crores</u></b></p> <ul style="list-style-type: none"> <li>• To enable FPIs and DDPs ascertain whether the threshold of INR 25,000 crore holding in Indian equity markets breached, clarity should be provided as to the manner of computing the same. Also, to facilitate ease of doing business, the requirement should not be monitored</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			<ul style="list-style-type: none"> <li>Also, given that the Depositories being NSDL and CDSL maintain data in respect of AUC by FPIs, the said data should be made available to FPIs and DDPs to enable them to determine compliance with the INR 25,000 crore threshold.</li> <li>We also request that the said threshold should not be examined daily but on a periodical basis eg monthly, quarterly, etc. Additional safeguards may be built-in to ensure that the breach is not on a consistent basis.</li> <li>Further, while computing, it is submitted that an exclusion be provided for ODI hedged positions held by FPIs as the same is solely for ODI hedging purposes.</li> </ul>	daily but on a monthly or quarterly basis.
7.	5.16	<i>“At the time of registration, high-risk FPIs shall be asked to submit an undertaking confirming that they have suitable mechanisms/ agreements in place with their investors (on a full look through basis), which shall include waiving off</i>	<b>J. <u>Submission of an undertaking by High-risk FPIs at the time of registration</u></b> <ul style="list-style-type: none"> <li>We recommend that SEBI need not mandate high-risk FPIs to provide a declaration as outlined in para 5.16 as the FPIs do not have a right to waive the</li> </ul>	<b>J. <u>Submission of an undertaking by High-risk FPIs at the time of registration</u></b> <ul style="list-style-type: none"> <li>Given that there is already an implication provided where granular details are not made available by FPIs, there should not be an additional requirement for FPIs to provide a</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
		<i>their privacy rights in their respective home jurisdictions in favor of SEBI, to allow for submission of additional granular disclosures to SEBI/DDP if any of the concentration or size threshold conditions were to be crossed.”</i>	<p>privacy rights of their investors.</p> <ul style="list-style-type: none"> <li>The reason for the same being that where FPIs do not provide granular data of all entities with any ownership, economic interest, or control rights on a full look – through basis, up to the level of all natural persons and/ or Public Retail Funds or large public listed entities, when additional disclosure requirements are triggered, the FPI registration shall become invalid and the FPI will need to wind down within 6 months.</li> <li>Also, personal data rules and local regulations around the world place restrictions on unrestricted use and disclosure of personal data. It is not possible practically or legally to get a “waiver” for all privacy rights.</li> </ul>	<p>declaration as outlined in para 5.16.</p> <ul style="list-style-type: none"> <li>Further, FPIs are already required to provide an undertaking while applying for registration through the Common Application Form (CAF) stating that they shall provide any additional information or documents or declarations and undertakings as may be required to ensure compliance with the Prevention of Money Laundering Act, 2002 and rules and regulations prescribed thereunder, FATF standards and circulars issued from time to time by SEBI, RBI or any other regulators.</li> </ul>
8.	5.17	<i>“While the primary responsibility of monitoring the status vis-à-vis concentration and size thresholds shall rest with the FPI, the responsibility of monitoring the same,</i>	<p><b>K. Facilitating ease of monitoring</b></p> <ul style="list-style-type: none"> <li>The consultation paper proposes that the responsibility of monitoring the concentration and size threshold limits, informing the FPI regarding exceeding</li> </ul>	<p><b>K. Facilitating ease of monitoring</b></p> <ul style="list-style-type: none"> <li>The requirement of monitoring the thresholds should be with the Depositories given that they are currently required to monitor whether a FPI</li> </ul>

Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
		<i>informing the FPI regarding exceeding the threshold, if any, rectification of the same and taking further actions would rest with the DDP of the FPI.”</i>	<p>the threshold, if any, rectification of the same and taking further actions would rest with the DDP of the FPI.</p> <ul style="list-style-type: none"> <li>• We request that since the Depositories are currently required to monitor whether a FPI crosses the 10% threshold in the equity capital of a company, the responsibility of monitoring whether a FPI has (i) holding of more than 50% of its equity AUC in a single corporate group or (ii) overall holding in Indian equity market of more than INR 250 billion, should be with the Depositories and not the DDPs.</li> <li>• Where the thresholds are breached, the Depositories should make the said data available to the DDPs to enable the DDPs take further action eg informing the FPI, collect information regarding additional disclosures, etc</li> </ul>	crosses the 10% threshold in the equity capital of a company.
9.		<i>Implementation timeline</i>	L. <u>Providing sufficient time to DDPs to enable them upgrade their systems for implementing the framework</u>	L. <u>Providing sufficient time to DDPs to enable them upgrade their systems for implementing the framework</u>



Name of the organisation: Asia Securities Industry & Financial Markets Association (ASIFMA)				
Sr. No	Para. no.	Relevant extract from consultation paper	Comments /Suggestions	Rationale
			<ul style="list-style-type: none"> <li>• Presently the framework is at proposal stage and shall be subject to changes based on the recommendations received by SEBI pursuant to public consultation.</li> <li>• Given that the framework provides for several new parameters for DDPs to track and monitor, we recommend that once the final framework is notified, the same should be implemented after a period of 2 months to enable DDPs modify their internal systems to make necessary systemic updates.</li> </ul>	<ul style="list-style-type: none"> <li>• In order to comply with the additional monitoring conditions, DDPs, would require time to update their systems in accordance with the requirements provided in the final framework to be notified by SEBI.</li> </ul>