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6 November 2023

Securities and Exchange Board of India

Email: fpi-suggestion@sebi.gov.in

Dear Sir or Madam,

Suggestions towards simplifying, easing and reducing cost of compliance with respect to SEBI (Foreign Portfolio Investors) Regulations, 2019

On behalf of the Asset Management Group ("**AAMG**") of Asia Securities Industry & Financial Markets Association ("**ASIFMA**")[1], which currently has 41 asset manager members and many of which are foreign portfolio investors (**FPIs**), we would like to submit our recommendations on simplifying, easing and reducing cost of compliance with respect to SEBI (Foreign Portfolio Investors) Regulations, 2019 as well as the related circulars.

Our members welcome SEBI's effort in reviewing the FPI Regulations, 2019 (the "**FPI Regulations**") and its related circulars to enhance the ease of compliance and reduction in cost of it. It has been observed that there has been a large volume of regulatory changes from SEBI since the beginning of this year, which has made it challenging for FPIs to track and stay on top of them since many of them do not have a presence in India. We would like to suggest that SEBI consult publicly on proposed regulations and changes before finalizing them and more consideration to be given regarding the impact of its implementation for FPIs to avoid any unintended consequences. In addition, we believe that sufficient time for regulatory implementation (e.g., 6 months to a year) should be given after both the regulation and implementation details thereof are announced for FPIs to properly prepare.

We understand that SEBI is adopting a new approach where industry forums are being set up to come up with the implementation details for the SEBI regulations and circulars. We welcome this initiative for the industry to propose the best way to implement SEBI's requirements. For the FPI Regulations and any other requirements that impact FPIs, we request that SEBI ensure that FPIs are included in these industry forums and not just rely on the onshore depository institutions to represent them.

[1] ASIFMA is an independent, regional trade association with over 155 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, professional and consulting 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 and competitive 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 practice and standards to benefit the region.

We would like to take this opportunity to raise again one of the key challenges that our asset manager members have with identifying the beneficial owner (**BO**) of public retail funds that they manage (which can run into the hundreds) especially when the BO threshold has been lowered from 25% to 10% and the report of changes to BO information must be made within 7 working days.

As previously submitted to SEBI, the shares/units of public retail funds are typically sold and distributed through numerous intermediaries and distribution partners across multiple jurisdictions. These distributors are usually regulated and required to conduct their own KYC and AML checks on the investors of the funds that they distribute. Managers of these funds often do not have visibility (certainly not real time nor even on a daily or more frequent basis) over the identity of the investors of these funds as the investors are clients/customers of these distributors. Fund distributors are generally not required by law or contractual agreement to share details of their clients/customers with the fund manager and may even be prohibited from doing so under personal data privacy laws in their jurisdiction. It will take fund managers time and effort to try to obtain such BO information from their distributors, which will certainly take more than the 7 working days provided for the reporting of material changes to BO of the funds.

Moreover, the investors of public retail funds are likely to change frequently (due to subscriptions and redemptions) and their holdings in any public retail fund may even change on a daily basis due to changes in the Net Asset Value (NAV) of the fund as well as the number and frequency of subscriptions and redemptions occurring in any given day. Hence, we wonder how the reporting of such changes on a daily or weekly basis would be helpful or useful to SEBI.

Therefore, we would like to see SEBI adopt a risk-based approach for low-risk FPIs that are regulated public retail funds so that these funds can be exempted like local public retail funds or listed funds under some SEBI regulations or from applying the reduced 10% BO threshold (i.e., reverting to the previous 25% threshold which is commonly used in many jurisdictions for AML purposes), and/or the reporting period of changes to BO of these funds can be extended to three to six months.
Our suggestions on the specific provisions of the FPI Regulations are set out in the Annex to this letter. We would very much like to be included in the industry forum(s) that will be working on the implementation details of the FPI Regulations and other FPI-related requirements.

If you have any questions with our suggestions or would like to discuss further with us, please contact me at eshen@asifma.org or +852 25316570.

Yours sincerely,

Eugenie Shen
Managing Director, Head of Asset Management Group
Asia Securities Industry & Financial Markets Association

Annex: ASIFMA AMG Suggestions on SEBI (Foreign Portfolio Investors) Regulations, 2019

Sl. No.	Name of Regulation	Regulation No. (paragraph)	Suggestion	Rationale
1	The SEBI (Foreign Portfolio Investors) Regulations, 2019	Regulation 3(2)	Suggested amendment below in red. "An application for the grant of certificate as a foreign portfolio investor shall be made to a designated depository participant in the Form [and manner] specified by the Government or the Board from time to time and shall be supported by the fee specified in Part A of the Second Schedule 3 and [physical or electronic submission of] any documents in the manner specified by the Board from time to time."	Acceptance of electronic (signed and scanned) FPI applications and supporting documents will improve the ease and speed of doing business. Additionally, these documents typically contain highly sensitive information, and email is a more secure transfer method than post. Implementing this change will put India's foreign investor application process in the same position as all other developed markets.
2	The SEBI (Foreign Portfolio Investors) Regulations, 2019	Regulation 3(2)	Streamline and reduce documentation needed for FPI registration, account opening and registration renewal.	Currently, the application form is too complex and too long, and too many documents are needed. Some information is requested repeatedly in various forms/documentations. Further simplifying and streamlining the forms and documentation needed for registration and renewal will enhance the ease of onboarding of FPIs and them doing business.
3	The SEBI (Foreign Portfolio Investors) Regulations, 2019	Regulation 7(2)	Suggested amendment below in red. "The designated depository participant shall [clearly set out their requirements to the applicant and] endeavour to dispose of the application for grant of certificate of registration as soon as possible but not later than thirty days after receipt of application by the designated depository participant, or	Clarity and transparency of requirements at the outset of the application process will help reduce the time taken for investors to access the market. The application process often takes much longer than 30 days, as the DDP can marginally change their requirements at each review stage, thereby treating this as a reset of the "30-day timer". For example, in some instances the

			after the information called for under regulation 6 has been furnished; whichever is later."	application process has taken in excess of 6 months.
4	The SEBI (Foreign Portfolio Investors) Regulations , 2019	Regulation 7(5)	Suggested additional sentence to be added: "In the event of a non-voluntary FPI expiry, if the DDP is in receipt of registration fees prior to validity date but the due diligence including KYC review is not complete by the validity date due to the fault of the FPI, further purchases will be blocked until the intimation of continuance is given by DDP. Should such intimation of continuance not be granted, FPIs will be permitted to wind down their holdings in an ordinary manner."	This affirms Part A, Section 4(iv) of SEBI Master Circular for FPIs, DDPs and Eligible Foreign Investors, issued on 19 December 2022. "*If DDP is in receipt of registration fees prior to validity date but the due diligence including KYC review is not complete by the validity date due to non-submission of information by the FPI, no further purchases may be permitted till the intimation of continuance is given by DDP.*" The guarantee of a reasonable wind-down period and dispensations on non-voluntary FPI expiries will boost foreign investor confidence in the Indian securities market.
5	The SEBI (Foreign Portfolio Investors) Regulations , 2019	Regulation 22 (1)(c)	Suggest increasing the period for reporting a material change from 7 working days to 30 days for email notification to DDP and 6 months to provide documentation.	Reporting within 7 days increases the ongoing operational burden for FPIs, which would increase FPI's resource requirements and associated costs to invest in India as compared to any other Global Market (regardless of allocation of investment to India compared to other Global Markets). Regulators with short reporting timelines such as US SEC which requires reporting of material changes within 10 calendar days have a well-established online reporting system with user IDs and passwords issued to their regulated entities. It is a straight through process with no intermediary reviewer layers in between or execution of hardcopy forms. In comparison, for SEBI FPI reporting typically requires a lot of paperwork which needs to first go through global custodian, then the local India custodian and then the DDP. Instead of being an

				online form, the FPI paperwork is required to be in hardcopy and to be executed by authorized signatories and then mailed by postage. Considering the degree of manual paperwork with need to go through various layers of reviewing parties, there needs to be sufficient time to be provided until such a time the reporting process is streamlined.
6	The SEBI (Foreign Portfolio Investors) Regulations, 2019	Regulation 22 (1)(c)	1. DDPs should develop Standard Operating Procedures (SOPs) with input from/in partnership with FPIs and use consistent and brief Email templates to assist FPIs with reporting. 2. Guidance should be given to DDPs that email from any authorised signatory or compliance officer of the FPI reporting of changes is sufficient, with no need for formal paperwork. 3. Material change in ownership should be defined as changes resulting in a new owner of voting shares above 50%.	1. DDPs are inconsistent in how they accept reporting of material changes. There are certain DDPs that refuse to give guidance on the threshold of ownership changes that need to be reported and veer towards the side of over-cautiousness to the extent that the FPI Regulations require incremental changes in holding e.g., BO holding increasing from 12% to 15% is viewed as a material change reportable within 7 days. When requested for guidance, the FPI is told to assess their own risk appetite. On the other hand, another DDP has advised that changes between 10% to 50% held by BO need not be reported. Inconsistent approaches by DDPs will lead to further confusion among FPIs. We appeal to SEBI to require DDPs to develop SOPs, with input from FPIs, to form clear and consistent guidance for the FPIs. In addition, email templates (which one DDP uses) have proven helpful. Further, emails are timestamped and can be used as evidence of timely, or untimely, reporting. Our members have also observed delays in the time a material change is reported to a DDP until the time that the DDP reports the change to SEBI, which can result

				in the DDP being marked late on a timely communicated material change. 2. Additional paperwork increases the ongoing operational burden for FPIs, which only serves to widen an FPI's resource requirements and associated costs to invest in India as compared to any other Global Market. 3. Ownership changes can occur with enough frequency to create a burden in monitoring and reporting for FPIs. It appears a key concern of SEBI is to identify instances where certain foreign investors obtain enough of an ownership stake in an FPI to appear to be able to exert control on investment decisions. A measure of 50% ownership in voting shares appears to be sufficient to meet SEBI's needs, as well as to not overly burden FPIs with monitoring for and reporting such changes.
7	The SEBI (Foreign Portfolio Investors) Regulations , 2019	Regulation 22 (1)(c)	Suggest amendments below in red. "[Non-public retail fund FPIs should] as soon as possible but not later than seven working days, inform the Board and designated depository participant in writing [through either physical or electronic submission], if there is any material change in the information including any direct or indirect change in its structure or ownership or control ~~or investor group~~ previously furnished by him to the Board or designated depository participant. [Public retail fund FPIs should, as soon as possible but not later than seven working days, inform the	Removal of investor group as a requirement for all FPI types – per current rules governing the formation of investor groups, there are many instances whereby an FPI will be unaware of other FPIs within their group (such as if several separately managed funds are grouped due to a common shareholder, whereby it would be unpractical/illegal for separate investment managers to share trading information). Therefore, the onus to notify the Board of changes should be on the depositaries. Public retail funds should be treated differently from other FPIs regarding monitoring changes to ownership. These funds are designed to accommodate a

			Board and designated depository participant in writing through either physical or electronic submission, if there is any material change in the information including any direct or indirect change in its (i) FPI sub-category and (ii) occupation details and (iii) control previously furnished by him to the Board or designated depository participant;]"	broad, unconcentrated shareholder base and to have a diverse investment portfolio. In these vehicles, the underlying shareholders cannot control investment or management decisions; therefore, focusing monitoring and disclosure requirements on changes to the controlling entities/person(s) is more valuable. Public retail funds are mostly daily traded; not requiring frequent updates to ownership details will significantly improve the ease of doing business for FPIs and will substantially reduce administration burdens on DDPs. FPIs classified as higher risk will still be required to disclose granular beneficial ownership details per recent circular - SEBI/ HO/ AFD/ AFD –PoD –2/ CIR/ P/ 2023/148 on *Mandating additional disclosures by FPIs that fulfil certain objective criteria*. Therefore, regulatory attention can be focused on truly high-risk scenarios.
8	The SEBI (Foreign Portfolio Investors) Regulations , 2019	Regulation 22(1)(i)	Suggested amendment below in red. "Undertake necessary KYC on its shareholders/investors in accordance with the rules applicable to it in the jurisdiction where it is organised, and FATF recommendations where applicable;"	This suggestion strengthens alignment with the intentions of FATF and international regulatory models, which is particularly important if other recommendations to apply a pragmatic, risk-based approach to beneficial ownership reporting on public retail funds are implemented. Under the UK, EU and other developed markets' interpretation of FATF guidance, funds are not usually required to identify or report beneficial ownership details if assessed as lower risk. The UK and European Union's risk-based approach allows for "simplified due diligence" measures for investment vehicles publicly listed on an equivalent

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				exchange or where the controlling fund manager/administrator is a regulated entity, and there are no other high-risk factors. The “simplified” approach to KYC allows entities to rely on the KYC conducted by another, fully regulated entity or person, provided they have taken adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to KYC requirements will be made available from the third-party upon request from an appropriate authority without delay.
9	The SEBI (Foreign Portfolio Investors) Regulations , 2019	Regulation 22(3)	1. SOPs need to be developed for DDPs, in partnership with FPIs, when monitoring and reporting Clubbing changes. 2. Reporting FPI should be more clearly defined. a. If two unrelated FPIs have a common fund client that owns more than 50%, but the fund client does not have its own FPI license, DDPs should only inform FPIs that they will be clubbed with other FPIs, but the DDP should not share with these FPIs the identity of other unrelated funds in which the fund client invests, nor should the FPIs be asked to sign off on this clubbing. b. In the case of an FPI (“fund client”) having their own license(s) and also being identified by the Depositories as having more than 50%	1. DDPs do not approach Clubbing the same way. This results in differing experiences and challenges for FPIs that use multiple DDPs. 2. Reporting FPI is defined by DDPs as the first DDP to notice, but this does not always result in the choosing of the most appropriate party to disclose. a. FPIs in which fund clients invest, not only do not know or control the investments of that fund client via that fund client’s FPI licenses but also do not know or control other unrelated FPIs in which that fund client may invest. Further, unrelated FPIs do not share information with each other on their fund clients nor their investment strategies. Such unnatural sharing of data creates regulatory and business risk. As the fund client may also not have full and timely knowledge of their FPI license in all instances, it would be more reasonable for DDPs, which

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			investment in another FPI(s), the DDP should be the entity deemed the Reporting Entity and should fill in appropriate Annexures. 3. No changes to be requested to clubbing based on "common control".	have more access to the relevant information, to be responsible for notifying the Board of changes to groupings. b. Unrelated FPIs do not share information with each other on their fund clients nor their investment strategies. Such unnatural sharing of data creates regulatory and business risk. These unrelated FPIs also cannot control the investments made by, nor the shareholder base of, unrelated FPIs. FPIs will continue to disclose owners exceeding PMLA thresholds, including those over 50%, and if limits are hit, merely notifying FPIs that action must be taken is sufficient to address SEBI's needs without overburdening, or creating new risk for, FPIs. We suggest SEBI to have a process on how FPIs can de-club from each other. In certain instances, when an FPI indicates that they are no longer in the same FPI group with another FPI, the FPI (say FPI #1) is told that the other FPI (say FPI #2) has not submitted a notification and so these FPIs (FPI #1 and FPI #2) still need to be clubbed together until FPI#2 custodian initiates the de-clubbing. There should be a system in place when a request for de-clubbing is initiated, e.g., a notice to be sent to the other FPI's DDP/ custodian. Also, certain FPI groups still contain entities that are no longer on the FPI register which is incomprehensible. 3. FPIs clubbed based on "common control" have the transparency to monitor against issuer limits, as well

				as the power to take actions to avoid or remedy any violations of these limits.
10	The SEBI (Foreign Portfolio Investors) Regulations , 2019	Regulation 22(4)(b)	Suggested amendment below in red. "The foreign portfolio investors are ~~public retail~~ funds where the majority is owned by [one or more] appropriately regulated public retail fund on look through basis;"	In certain jurisdictions, there are investment fund structures that do not satisfy the current "public retail funds" definition because they are not designed to be publicly sold to the retail market. However, these types of structures are commonly established by fund managers with the intention of attracting multiple institutional fund investors and are an attractive choice where a manager's target client base does not require or merit a full public retail fund structure. For example: 1. The Canadian pooled fund structure: this is a common fund type that is offered under a Prospectus Exemption in Canada because the fund investors will be exclusively within the Canadian definition of accredited investors (which covers a variety of sophisticated, institutional investors such as banks, insurance companies, pension funds, charities). 2. In the U.S., the Collective Investment Trust (CIT) structure: a pooled fund vehicle designed specifically for pension funds which is growing in popularity as an alternative to the US mutual fund for pension fund investors. 3. In the U.S., the Group Trust: another pooled fund structure designed specifically for investment by pension funds. In the "clubbing by common control" exemption in Paragraph 3(a) of the SEBI circular Clarification on clubbing of investment limits of FPIs, we would encourage an extension to accommodate

				investment funds other than "public retail funds": • A modification of 4(b) to focus on a look-through to underlying investor type is one possible option. • Other investor types could potentially be added to the "majority ownership" category for the look-through test.
11	The SEBI (Foreign Portfolio Investors) Regulations, 2019	Regulation 22(3)	Suggested amendment below in red. "Multiple entities registered as foreign portfolio investors (with the exception of non-investing FPIs) and directly or indirectly, having common ownership of more than fifty per cent or common control shall be treated as part of the same investor group and the investment limits of all such entities shall be clubbed at the investment limit as applicable to a single foreign portfolio investor"…	FPI grouping exists as a mechanism to monitor foreign investment limits to track and prevent breaches. The inclusion of non-investing FPIs, which will never hold Indian securities, in this requirement creates unnecessary operational administrative burden, providing no benefit to either the DDPs or SEBI.
12	The SEBI (Foreign Portfolio Investors) Regulations, 2019	Regulation 22(4)(c)(ii)	Suggested amendment below in red. "(ii) insurance companies where segregated portfolio with one-to-one correlation with a single investor is not maintained [amend in order to disapply the one-to-one correlation condition] "	The condition attached currently to the insurance company definition is difficult for a look-through scenario, as the investment fund manager will not necessarily have visibility to the number of investors for each segregated portfolio of the insurance company to judge whether or not there is one to one correlation. It would therefore be ideal for it to be removed for the look-though scenario. If it were to remain in any form, clarifications would be needed to address matters such as (a) a segregated portfolio designed for multiple insurance clients which for a time period happens to have only one; and (b) the scenario where a pension scheme is the insurance client and may need its own segregated portfolio.
13	The SEBI (Foreign	Regulation 22(5)	Suggest amendments below in red.	The current wording should be removed as it duplicates paragraph 22 (1)(c).

	Portfolio Investors) Regulations , 2019		~~"In case of any direct or indirect change in structure or common ownership or control of the foreign portfolio investor or investor group, it shall, as soon as possible but not later than seven working days, bring the same to the notice of its designated depository participant.~~ [The depositories shall put in place appropriate systems, procedures and mechanisms to monitor the investment limit/ holdings of FPIs belonging to the same investor group. They should as soon as possible but not later than seven working days, inform the Board in writing, if there is any material change in the information previously provided.]	The new suggested wording covering investor grouping affirms Part C, Section 1 of SEBI MASTER CIRCULAR SEBI/HO/AFD-2/CIR/P/2022/175. With current rules governing the formation of investor groups, there are many instances whereby an FPI will be unaware of other FPIs within their group (such as if several separately managed funds are grouped due to a common shareholder, whereby it would be unpractical/illegal for separate investment managers to share trading information). Due to having more access to the relevant information, it is therefore more reasonable for DDPs to be responsible for notifying the Board of changes to groupings.
14	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors	Part A Section 14 (i) Change in material information	Suggest additional sentence to be added: [Notwithstanding the requirement to inform the DDP of material changes in information, in relation to beneficial ownership, specifically the requirement to 'look-through', FPIs should monitor changes as far as they are able to do so.]	Given that FPI public retail funds are distributed through multiple distributors and sub-distributors globally, a 7-working day reporting period for material changes indirectly imposes daily monitoring which will be very challenging if not impossible to meet. Therefore, we would like to suggest that the change in BO for such funds be allowed to be assessed on a monthly or quarterly basis as opposed to an implicit expectation of daily monitoring of any BO changes. We would also suggest that while notification of a material change to the DDP (such as a change in BO/SMO details) can be made within 7 working days of the FPI becoming aware of any such change (following the end of the allowed assessment period) but that the provision of details of such change in specified or standard format (which is

				preferred) could follow within one month thereof.
15	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors	Part B – Section 4 (ii)	Extend the exemption for Category I FPI from providing BO details so that offshore derivative instruments (ODI) clients that are Category I FPIs do not need to provide BO details to the ODI issuing FPI for the ODI onboarding process.	Regulation 21(1)(c) of the SEBI FPI Regulations, 2019 states that ODI issuing FPI can only issue ODIs after complying with the KYC norms for the ODI client as specified by SEBI. For cases where the ODI client is a Category I FPI, SEBI already has access to the FPI's BO details, so such information need not be provided to the ODI issuing FPI again.
16	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors	Part B – Section 4 (iv) in relation to look-through.	Exempt public retail funds from look-through beyond their distribution partners or intermediaries in the distribution chain to the customer or clients or the intermediaries.	Public retail funds typically are widely distributed, and in some cases, the distribution chain may include multiple intermediaries between the fund and the BO. These intermediaries hold accounts on behalf of their customers and the fund relies on the intermediaries to perform KYC on their customers. Therefore, the information regarding the underlying investors or shareholders of the fund available to the fund manager is often limited. These intermediaries are often already subject to similar KYC, AML, and customer verification requirements as the fund. As a result, and in line with the FATF Risk-based Approach Guidance for Securities (2018), funds are often able to rely on these pre-existing AML/KYC obligations at the intermediary level to avoid duplicating the collection, recording, and verification of the identity of the intermediaries' client data. In many cases, regulators have adopted a risk-based approach in relation to fund vehicles that are publicly listed on an exchange or where the controlling fund manager/administrator is a regulated entity and there are no other high-risk

				factors. For example, in the United States, exemption has been provided to such funds. Current UK guidance also provides that it would not expect the underlying beneficial ownership of low-risk retail funds or their distributors' Senior Management data to be collated or shared for the purposes of beneficial ownership registers.
17	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors	Part B – Section 4 (vi) in relation to exemption to listed companies.	Suggest amendments below in red. ~~No foreign company shall be entitled to exemption under Rule 9(3)(f) of PMLA Rules.~~ [Exemption under Rule 9(3)(f) also applies to foreign companies listed in Financial Action Task Force member countries.] Alternatively, we suggest the below: Exemption under Rule 9(3)(f) also applies to foreign companies listed on a stock exchange and subject to disclosure requirements which impose requirements to ensure adequate transparency of beneficial ownership.	PMLA Rules 9(3)(f) already allows for exemption for an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities. Furthermore, FATF recommendations state that where the customer or the owner of the controlling interest is a company listed on a stock exchange and subject to disclosure requirements (either by stock exchange rules or through law or enforceable means) which impose requirements to ensure adequate transparency of beneficial ownership, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.
18	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible	Part B – Section 8 Guidelines for KYC	Extend use of digital signatures for documents requested/submitted to DDPs.	Currently DDPs require wet-ink signature and hard copy documentations, creating an additional administrative burden on FPIs. As SEBI also accepts use of digital signatures for onboarding of FPIs, DDPs should follow the same approach. This will further align with the practices in many developed markets globally.

	Foreign Investors			
19	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors	Part B Section 9(a) and (b)	With respect to requirements relating to the provision of Proof of Identity and Proof of Address for SMOs in relation to both FPI and ODI requirements, our members believe that where SMOs are employees of investment managers regulated in one or more jurisdictions (if SEBI prefers, FATF jurisdictions), such investment manager entities should be able to provide letters of verification of the identities of individuals (as well as address of place of work) in lieu of the current requirements to provide photographic state identification documents and proofs of residential addresses. This applies in relation to both direct FPI investing as well as ODI investing.	Such accommodations would continue to facilitate SEBIs intentions to ensure FPIs are able to identify individuals who could be deemed to have "control" of certain funds or investment vehicles as part of their KYC processes, as well as allow investment management firms to comply with any personal data privacy requirements applicable to them. Given increasing sensitivity relating to the sharing of data with non-governmental third parties, individuals acting as SMOs residing outside India may be reluctant to provide proof of identity and proof of address in the manner required, which then reduces the ability of any funds or portfolios managed by such individuals to participate in investments in Indian securities.
20	Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors	Part D Section 2	SEBI adopt generally lighter KYC requirements with respect to ODIs. A streamlined approach to ODI KYC (e.g., by applying to erstwhile thresholds to ultimate beneficial ownership and related disclosure in addition to a relaxation of documentary KYC requirements relating to beneficial owners).	A streamlined approach to ODI KYC (e.g., by applying to erstwhile thresholds to ultimate beneficial ownership and related disclosure, relaxation of documentary requirements) would go some way towards easing access to investments in Indian securities, though with limited impact to obfuscated control which SEBI may be concerned about. It is appreciated that SEBI does not want to create a "back door" to masked offshore investing through ODIs, it is the case that equity swaps, bond total return swaps, index-linked notes and similar instruments merely track economic exposure to underlying securities and do not confer the type of control and voting rights which direct investors in securities have.
21	Mandating additional disclosures by Foreign	Paragraph 8 & 17	1. Extend deadline for new breaches of the thresholds from 1 November 2023 until 1 January 2024	1. New breaches of the 50% threshold of FPIs' holding in a single India corporate group must be brought down in ten trading days. However, as of 2 November 2023, some FPIs

	Portfolio Investors (FPIs) that fulfil certain objective criteria. (Circular No. : SEBI/ HO/ AFD/ AFD – PoD – 2/ CIR/ P/ 2023/ 148)		2. Move timeframe to realign new breaches for ten working days after notification from DDPs. 3. The SOP should be further streamlined. Currently, the SOP and accompanying Annexures exceed 100 pages. Further, as each DDP must verify the exempted products, we will still expect a large amount of work for FPIs as they try to prove exemption. 4. Size of the investment should be considered, and small investments should be deemed exempt. 5. Passive breaches should be exempted.	have not yet been informed or received verification from their DDPs on which accounts are deemed exempted. Given the SOP was not made available until several days in advance to the 1 November deadline and as we speak, the Corporate Groupings on the exchanges' websites and the SOP continue to be revised, we expect some breaches may not be flagged until very close to the ten-trading day realignment deadline, which gives FPIs very little time to prove exemption and dispute determination. 2. FPIs are awaiting DDPs' notification and confirmation on if an account is exempted, which DDPs have to conduct research that may take over a day. DDPs would then have fewer days to remedy. As DDPs are still trying to catch up, at least on a temporary basis, the ten working day realignment timeframe should start only after an FPI has been notified by the DDP. 3. The SOP is not a clear cut as it should have been and still leaves way too much to each DDPs interpretation. FPIs are concerned of possible differences in interpretation by different DDPs and a large amount of work to be done by the FPIs as they try to prove exemption. While it is said that FPIs are relied on to assess the exemption status, the SOP and accompanying annexures, which is over 100 pages, is still not clear and FPIs still need to rely on the DDPs on which account is exempted. This issue is exacerbated for Investment Managers that manage Separately Managed Accounts or Sub-Advised funds as they do not have the information necessary to know whether these accounts are exempt; Investment Managers will need to rely on their clients and clients on the

				DDPs, the latter which still can't answer questions on exemption. 4. The approach should take into account the size of the investment. Funds with USD 1 or 2 million in a Single Corporate Group are unlikely of concern to SEBI, especially for their investment in stocks with USD 60 billion market cap (you'd need 6,000 FPI licenses to even hit 10% of the issue) but they are being brought into scope and realignment of portfolios may be required, which increases costs for FPIs. 5. FPIs may breach thresholds through no action of their own ("passive breaches"), for example, merely due to market value moves among securities in an Indian equity portfolio. FPIs would then have to realign the portfolio due to these passive breaches, increasing costs, incur potential taxes, etc. Therefore, we suggest such passive breaches be exempted.
22	Transactions in Corporate Bonds through Request for Quote (RFQ) platform by FPIs (Circular No.: SEBI/HO/AFD/AFD-POD-2/P/CIR/2023/138)	Paragraph 2	Remove the requirement of at least 10% of FPIs' secondary market transactions in corporate bonds to be done through RFQ platforms of the exchanges and keep the use of the RFQ platform optional for FPIs. If SEBI would still like to retain the 10%, we suggest SEBI apply the 10% requirement on the previous quarter's trades rather than same quarter trades. By doing so, this would enable automation of tracking as the denominator (in the form of last quarter's trades) would be fixed. For an asset manager which manages many FPI accounts, ability to automate the tracking will be much welcomed.	This requirement impacts FPI's best execution obligation for their clients in a single block trade for multiple FPIs as each FPI as part of a larger order would receive a different price, and therefore, it will be not possible to execute single block trade for multiple FPIs. In addition, the use of multiple logins and passwords is not scalable and increases operational risk. This is particularly problematic when a FPI is assigned login credentials which are shared amongst multiple asset managers.

23	Circulars RBI/2017-18/199 A.P. (DIR Series) Circular No.31, and RBI/2019-20/150 A.P. (DIR Series) Circular No.18.	Short-term investment limit for FPIs in G-Secs	Remove the limit for an FPI's short-term investment (i.e., investments with residual maturity up to one year) in Government Bonds ("G-Secs") to be capped at 30% of the FPI's total investment.	With India to be added to JP Morgan's Emerging Markets Bond Index starting in June 2024, FPIs' interest in India G-Secs may increase. However, the need to monitor for residual maturities G-Secs and conduct urgent sales at non-ideal prices to comply with the short-term investment limits, is a unique and unwelcome characteristic of the India market and may dissuade such interest.