



Clarification regarding grandfathering of Offshore Derivative Instruments Issuers

Securities and Exchange Board of India (SEBI) vide its circular¹ has issued clarification in respect of grandfathering of Offshore Derivative Instruments (ODI) Issuers stating that:

- The ODI subscribers who have subscribed to ODIs under Foreign Institutional Investors (FII) Regulations can continue to subscribe to ODIs under the Foreign Portfolio Investors (FPI) regime, subject to the following conditions:
 - Compliance with Regulation 22 of SEBI FPI Regulations, 2014;
 - Meeting the eligibility criteria as laid down in SEBI circular CIR/IMD/FIIC/20/2014 dated November 24, 2014; and
 - Meeting other norms notified by SEBI from time to time.

Those ODI subscribers which do not meet the aforementioned norms, including unregulated funds whose investment manager is appropriately regulated, can continue to hold the position till the date of expiry of such positions or till 31 December 2020, whichever is earlier. Such subscribers cannot take fresh positions or renew the old positions.

- Fresh ODIs can be issued to those entities which comply with SEBI circular CIR/IMD/FIIC/20/2014 dated November 24, 2014 along with other conditions that may be notified by SEBI from time to time read along with Regulation 22 of SEBI FPI Regulations, 2014.

By virtue of the above clarifications, SEBI has modified the response to Question 70 and Question 71 of the FAQs on the above subject.

The above circular shall be effective from 1 August 2016.

Relevant SEBI circular and earlier Question 70 and Question 71 of the FAQs are attached herewith.

Source: <http://www.sebi.gov.in>

¹ Circular No. CIR/IMD/FPI&C/61/2016 dated 29 June 2016

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