

## **Regulatory Alert: FPIs/AMCs/RTAs/AIFs/CSCRF/REs**

### **August 2024 – Vol - I**

#### **1. Amendment to Circular for mandating additional disclosures by FPIs**

SEBI has partially modified the master circular regarding Foreign Portfolio Investors, Designated Depository Participants, and Eligible Foreign Investors. The modifications include additional requirements for University Funds and University-related Endowments that are registered or eligible to register as Category I FPIs. For more details, [click here](#).

#### **2. Institutional mechanism by Asset Management Companies**

SEBI has put in place an institutional mechanism to identify and deter potential market abuse, including front-running and fraudulent securities transactions. This mechanism includes enhanced surveillance systems, internal control procedures, and escalation processes. For more details, [click here](#).

#### **3. Valuation of Additional Tier- 1 Bonds**

Pertaining to the valuation methodology of AT-1 Bonds and to align with the recommendations of NFRA, SEBI has decided that the valuation of AT-1 Bonds by Mutual Funds will be based on Yield to Call. For more details, [click here](#).

#### **4. Guidelines for borrowing by Category I and Category II AIFs and maximum permissible limit for extension of tenure by LVFs**

SEBI has amended the norms for borrowing by Category I and Category II AIFs. For example, these AIFs may borrow funds to meet shortfalls in drawdown amount, subject to additional conditions. One such condition is that if an AIF intends to borrow for this purpose, it must disclose this in the scheme's Private Placement Memorandum (PPM). Furthermore, SEBI has revised the maximum permissible limit for tenure extensions by Large Value Funds for Accredited Investors (LVFs), allowing extensions of up to five years, subject to SEBI's specified conditions. For more details, [click here](#).

#### **5. Modalities for migration of Venture Capital Funds**

SEBI has introduced a process for Venture Capital Funds (VCFs) registered under the 1996 regulations to migrate to Alternative Investment Fund regulations 2012. This allows VCFs to manage unliquidated investments after the scheme's tenure. For more details, [click here](#).

#### **6. Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)**

SEBI has formulated a Cybersecurity and Cyber Resilience Framework for its Regulated Entities to strengthen the cybersecurity measures in Indian securities market, and to ensure adequate cyber resiliency against cybersecurity incidents/ attacks. It aims to provide standards and guidelines for strengthening cyber resilience and maintaining robust cybersecurity of SEBI Regulated Entities. For more details, [click here](#).

***The above Regulatory alerts may be relevant for the individuals with the following NISM Certifications:***

- NISM-Series-II-A: Registrar and Transfer Agent (Corporate) Certification Examination
- NISM-Series-II-B: Registrars to an Issue and Share Transfer Agents – Mutual Fund Certification Examination
- NISM-Series-V-A: Mutual Fund Distributors Certification Examination
- NISM-Series-V-B: Mutual Fund Foundation Certification Examination
- NISM-Series-VI: Depository Operations Certification Examination
- NISM-Series-VII: Securities Operations and Risk Management Certification Examination
- NISM Series-IX: Merchant Banking Certification Examination
- NISM-Series X-A: Investment Advisers (Level 1)
- NISM-Series-X-B: Investment Advisers (Level 2)
- NISM Series XIX-A: Alternative Investment Funds (Category I and II) Distributors
- NISM Series XIX-B: Alternative Investment Funds (Category III) Distributors
- NISM Series XIX-C: Alternative Investment Fund Managers
- NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination
- NISM-Series-XXI-B: Portfolio Managers Certification Examination