

Corpsec Hotline

July 28, 2006

LIBERALIZATION OF INVESTMENT BY MUTUAL FUNDS IN OVERSEAS SECURITIES

The Reserve Bank of India ("RBI") vide A.P. (DIR Series) Circular No. 3 dated July 26, 2006 ("Circular") has liberalized certain conditions with respect to the investments that can be made by the mutual funds registered with the Securities and Exchange Board of India ("SEBI") in overseas securities.

Present situation:

Presently, mutual funds, registered with SEBI are permitted to invest in American Depository Receipts, Global Depository Receipts of Indian companies, rated debt instruments, and also in the equity of overseas companies listed on a recognized stock exchange overseas and having a shareholding of at least 10 percent in a listed Indian company.

Changes:

The following are the changes that have been brought into effect by the RBI vide the Circular:

- The requirement of 10 percent reciprocal shareholding in the listed Indian companies by such overseas companies has been dispensed with.
- The aggregate ceiling for overseas investment by mutual funds, registered with SEBI, is increased from USD 1 billion to USD 2 billion with immediate effect.
- It has been decided to allow a limited number of qualified Indian mutual funds to invest cumulatively up to USD 1 billion in overseas Exchange Traded Funds as may be permitted by the SEBI.

Implication and effect

The changes with respect to the investments that the Mutual Funds can now make overseas will enable the Mutual Funds to expand their investments in overseas securities.

- Kartik Ganapathy & Anupam Prasad

You can direct your queries or comments to the authors

Source: A.P. (DIR Series) Circular No. 3 dated July 26, 2006

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Fintech

May 05, 2025

Medical Device Industry in India

April 28, 2025

Clinical Trials and Biomedical Research in India

April 22, 2025

Research Articles

2025 Watchlist: Life Sciences Sector India

April 04, 2025

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**SIAC 2025 Rules: Key changes &
Implications**

February 18, 2025
