

FPIS warn of \$75-bn outflow over Sebi's KYC rules

— By Agencies | Sep 04, 2018 12:29 am

Mumbai : The Asset Manager's Roundtable of India, a forum for foreign portfolio investors, on Monday warned of outflows of \$75 billion from Indian capital markets if the market regulator fails to rollback its latest circular on beneficial ownership of FPI funds.

The Securities and Exchange Board of India, in April, asked all non-resident Indians and persons of Indian origin to disclose the beneficial owner of funds invested by foreign investors in Indian capital markets by Sep 30. The regulator extended this deadline to Dec 31 earlier this month. The forum believes that the nomenclature of the circular effectively bans non-resident Indians to operate as foreign portfolio investors. The forum met Sebi Chairman Ajay Tyagi to express their concern regarding the restrictive definition of beneficial owner of FPI funds.

"Investment managed by non-resident Indian will be disqualified from investing into India and will have to be withdrawn and liquidated within a short timeframe," the forum said. The letter signed by global foreign portfolio investors such as Morgan Stanley, Helios Capital, Kotak AMC, AMANSA Capital and seven others said that it's critical that appropriate consultation took place between asset managers and Sebi prior to any clarification on the circular. The forum has sought representation on the working group headed by former RBI deputy governor HR Khan to address the issues raised by FPIS.

In the meantime, it has requested Sebi to scrap the circular with immediate effect. The forum's legal representative Nishith Desai Associates said that it has no issues regarding disclosure sought by the regulator, but the definition of beneficial owner as described in the circular.

Sensex falls 333 points

MUMBAI: The BSE benchmark Sensex posted its fourth straight session fall on Monday, losing 333 points in a late sell-off after a set of fund managers raised fresh concerns over tighter rules on foreign funds. Nagging worries over continuous rupee depreciation, rising crude oil prices and global trade war tensions also hurt investor sentiments. The 30-share index saw this onslaught towards the fag end of the session due to a widespread selling in FMCG, realty, power and banks stocks. Adding to the woes, the country's manufacturing sector activity eased for the second consecutive month in August. Investors are closely watching developments on global trade war front after the US President Donald Trump last week said he would go for imposing new tariffs on China.