

**Consultation paper on streamlining regulatory framework for
registration of Foreign Venture Capital Investors (FVCIs)**

1. Objective

To seek comments and inputs from stakeholders and members of public on streamlining the regulatory framework for registration of Foreign Venture Capital Investors ('FVCIs') under Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 ('FVCI Regulations').

2. Background

- 2.1. FVCI Regulations were notified in the year 2000 to regulate investment activities of an investor incorporated and established outside India, who invests primarily in unlisted securities of Venture Capital Undertakings and Venture Capital Funds (VCFs) registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996. Subsequent to introduction of regulatory framework for Alternative Investment Funds ('AIFs'), FVCIs have been allowed to invest in Category I AIFs also.
- 2.2. As on March 31, 2023, a total of 269 FVCIs are registered with SEBI. As per the investment data reported by FVCIs as on March 31, 2023, the cumulative investments made by FVCIs directly in investee companies stands at INR 48,286 Crore.
- 2.3. As per FVCI Regulations, FVCIs shall invest at least 66.67% of the investable funds in unlisted equity shares or equity linked instruments of venture capital undertaking (VCU) or investee company and not more than 33.33% of investable funds may be invested by way of: -
- (i) Subscription to initial public offer of VCU/investee company whose shares are proposed to be listed;
 - (ii) debt or debt instrument of a VCU or investee company in which the FVCI has already made an investment by way of equity;
 - (iii) preferential allotment of equity shares of a listed company subject to lock in period of one year;
 - (iv) Investment in the equity shares or equity linked shares of a company that is sick or financially weak and whose shares have been listed;
 - (v) special purpose vehicles created for the purpose of facilitating or promoting investment in accordance with FVCI Regulations.
- An FVCI can also invest its total funds committed in one Venture Capital Fund or Alternative Investment Fund.
- 2.4. Further, investments by FVCIs are also governed by Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ('NDI Rules'). NDI Rules, inter-alia, stipulates that an FVCI may purchase:

- (i) securities issued by an Indian company engaged in any of the following sectors and whose securities are not listed on a recognised stock exchange at the time of issue of the said securities:
 - a) biotechnology;
 - b) IT related to hardware and software development;
 - c) nanotechnology;
 - d) seed research and development;
 - e) research and development of new chemical entities in pharmaceutical sector;
 - f) dairy industry;
 - g) poultry industry;
 - h) production of bio-fuels;
 - i) hotel-cum-convention centres with seating capacity of more than 3000;
 - j) Infrastructure sector.
- (ii) units of a Venture Capital Fund (VCF) (a fund established in the form of a trust, a company including a body corporate and registered under AIF Regulations) or of a Category I Alternative Investment Fund (Cat-I AIF) or units of a scheme or of a fund set up by a VCF or by a Cat-I AIF;
- (iii) equity or equity linked instrument or debt instrument issued by an Indian 'start-up' irrespective of the sector in which the start-up is engaged. The definition of 'start-up' shall be as per Department for Promotion of Industry and Internal Trade's Notification No. G.S.R. 364(E), dated the 11th April, 2018. Provided that if the investment is in equity instruments, then the sectoral caps, entry routes and attendant conditions shall apply.
- (iv) securities on a recognised stock exchange subject to the provisions of FVCI Regulations.

2.5. As seen from above, investment through FVCI route has been enabled to encourage funding/investments in sunrise sectors and early stage start-ups. In order to incentivise the same, certain benefits/exemptions have been given to FVCIs such as:

- (i) Exemption from entry and exit pricing norms - Under NDI Rules, FVCI may acquire, by purchase or otherwise, from, or transfer, by sale or otherwise, to, any person resident in or outside India, any security or instrument it is allowed to invest in, at a price that is mutually acceptable to the buyer and the seller/ issuer.
- (ii) Provisions related to open offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SAST Regulations') are not applicable in case of acquisition of shares in a target company from an FVCI by promoters of the target company, pursuant to an agreement between such FVCI and the promoters.
- (iii) FVCIs are exempted from the lock-in requirement under the SEBI (Issue of Capital and Disclosure) Regulations, 2018 ('ICDR Regulations'), provided that the shares have been held by such FVCIs for at least one year. As a result, FVCIs have an opportunity to exit immediately once the investee company goes public.

- (iv) FVCIs are classified as 'Qualified Institutional Buyers' ('QIBs') under the ICDR Regulations and are therefore eligible to subscribe to securities through qualified institutions placement and avail benefits as QIBs.
- (v) As per Section 90(2) of the Income-tax Act, where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee (including FVCIs) to whom such agreement applies, the provisions of Income Tax Act shall apply to the extent they are more beneficial to that assessee.

2.6. It may be noted that, SEBI also registers Foreign Portfolio Investors ('FPIs') under SEBI (Foreign Portfolio Investors) Regulations, 2019 ('FPI Regulations') and regulates the investments made through Foreign Portfolio Investment route (predominantly in listed securities). It may be noted that eligibility criteria for registration of FPIs have been reviewed over the years.

2.7. Considering that FVCIs are one of the routes through which foreign investment is enabled in India and that FVCIs have been provided certain benefits to encourage investments in sunrise sectors and start-ups in India, reviewing the eligibility criteria for FVCIs and rationalizing the process of granting registration is necessary to ensure that there is adequate due-diligence and safeguard to regulate the money coming in through this route in India, similar to that prescribed for other routes of foreign investment. Considering the same, it is desirable to align the regulatory framework for registration of FVCIs with that of FPIs.

Issues for Consideration:

3. Review of process for registration and related activities of FVCIs

- 3.1. Presently, the processing of applications for granting registration to FVCIs and related due diligence is carried out by SEBI.
- 3.2. As regards registration of FPIs, based on recommendation of a committee set up by SEBI in 2013 under the Chairmanship of Shri. K.M. Chandrasekhar, Former Cabinet Secretary, Govt. of India on '*Rationalisation of Investment Routes and Monitoring of Foreign Portfolio Investments*', in a move to make the procedure speedier, Designated Depository Participants ('DDPs') were entrusted with the responsibility of carrying out registration and surrender of FPIs, and related due diligence, subject to conditions specified by SEBI.
- 3.3. Considering that DDPs have already been carrying out the process of granting registration and post registration approvals of FPIs and a mechanism has been put in place for the same, it is felt appropriate that DDPs may be entrusted with similar role and responsibilities with respect to FVCIs also. It is expected that the same will rationalize the due diligence for the registration and other post registration processes with respect to FVCIs.

- 3.4. It is pertinent to mention that currently FVCIs are required to appoint a domestic custodian for monitoring of investment of FVCIs in India, furnishing of periodic reports to SEBI and furnishing such information as may be called for by SEBI. Thus, mandating engagement of a DDP for the purpose of registration may not be too onerous for FVCIs, as the DDP and the custodian would be the same entity.
- 3.5. As the FVCI registration and post registration processes are mostly similar with that of FPIs, entrusting DDPs in this regard, will bring consistency in processes registration and post registration for FPIs and FVCIs.

Proposal:

- 3.6. It is proposed that the process of granting registration to FVCIs and processing other post registration references may be delegated to DDPs, in line with provisions prescribed for FPIs.
- 3.7. An applicant seeking registration as an FVCI shall engage a DDP to avail its services for obtaining a certificate of registration as FVCI and at all times the DDP and the custodian of the FVCI shall be the same entity.

4. Review of eligibility criteria for registration of FVCIs:

- 4.1. Currently, Regulation 4(1) of FVCI Regulations specifies the following eligibility criteria for registration as FVCI:
- “For the purpose of the grant of a certificate to an applicant as a Foreign Venture Capital Investor, the Board shall consider the following conditions for eligibility, namely: -*
- a) the applicants track record, professional competence, financial soundness, experience, general reputation of fairness and integrity.*
 - b) Whether the applicant has been granted necessary approval by the Reserve Bank of India for making investments in India;*
 - c) whether the applicant is an investment company, investment trust, investment partnership, pension fund, mutual fund, endowment fund, university fund, charitable institution or any other entity incorporated outside India; or*
 - d) whether the applicant is an asset management company, investment manager or investment management company or any other investment vehicle incorporated outside India;*
 - e) whether the applicant is authorised to invest in venture capital fund or carry on activity as a foreign venture capital investor; or Alternative Investment Fund*
 - f) whether the applicant is regulated by an appropriate foreign regulatory authority or is an income tax payer; or submits a certificate from its banker of its or its promoter’s track record where the applicant is neither a regulated entity nor an income tax payer.*
 - g) the applicant has not been refused a certificate by the Board.*
 - h) whether the applicant is a fit and proper person.”*

- 4.2. It is observed that some of the criteria given above require more clarity regarding the information to be submitted by the applicant and in ascertaining eligibility while granting registration. Therefore, a need is felt to replace the existing eligibility criteria with a clear and precise set of criteria, so as to enable DDPs to process the FVCI applications without ambiguity.
- 4.3. Further, FPI Regulations specify certain eligibility criteria for applicants seeking to register as FPIs, in line with the objective of facilitating foreign investments, and at the same time, ensuring that the funds are sourced from bona fide investors and meet the PMLA requirement and other applicable law. Since similar objectives are to be met while registering FVCIs, it is desirable that eligibility criteria for FVCIs are streamlined, in line with that prescribed for FPIs.
- 4.4. The eligibility criteria prescribed for FPIs under FPI Regulations and proposed changes to FVCI Regulations based on the same are given below:

S. No.	Criteria	FPI Regulations	Proposed change to FVCI Regulations	Rationale
1.	Applicant being from foreign jurisdiction	the applicant is not a resident Indian (RI); the applicant is not a non-resident Indian (NRI) or an overseas citizen of India (OCI)	No change proposed. Already covered under FVCI Regulations as it states as under: 'whether the applicant isany other entity incorporated outside India' and 'whether the applicant isany other investment vehicle incorporated outside India'	While individuals can apply to be an FPI, individuals are not allowed to be FVCI applicants. The same is proposed to be retained since FVCIs are to provide risk capital to early stage companies or Cat I AIFs and thus it is appropriate that individual investors are registered as FVCIs.
2.	RIs or NRIs or OCIs as constituents of the applicant	NRIs or OCI or RI individuals may be constituents of the applicant subject to the following: Contribution of a single NRI or OCI or RI shall be below twenty-five percent of the total contribution	The requirement for may also be extended to FVCI applicants.	To minimize regulatory arbitrage.



S. No.	Criteria	FPI Regulations	Proposed change to FVCI Regulations	Rationale
		in the corpus of the applicant; - The aggregate contribution of NRIs, OCIs and RIs shall be below fifty percent of the total contribution in the corpus of the applicant and - The NRIs, OCIs and RIs shall not be in control of the applicant.		
3.	Permitted foreign jurisdiction s – Criteria 1	The applicant is a resident of the country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to the bilateral Memorandum of Understanding with SEBI. Provided that an applicant being Government or Government related investor shall be considered as eligible for registration, if such applicant is a resident in the country as may be approved by the Government of India;	The requirement may also be extended to FVCI applicants.	To ensure that cross border information sharing protocols are in place.

S. No.	Criteria	FPI Regulations	Proposed change to FVCI Regulations	Rationale
		The applicant being a bank is a resident of a country whose central bank is a member of Bank for International settlements.		
4.	Permitted foreign jurisdictions – Criteria 2	The applicant or its underlying investors contributing 25% or more in the corpus of the applicant or identified on the basis of control, shall not be the person(s) mentioned in the Sanctions List notified from time to time by the United Nations Security Council and is not a resident in the country identified in the public statement of Financial Action Task Force as– (i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies;	The requirement may also be extended to FVCI applicants	To ensure that the funds invested through FVCI route is in compliance with applicable law and that the route is not being misused
5.	Fit and proper criteria	the applicant is a fit and proper person based on the criteria specified in Schedule II of the Securities and	To redraft existing provision in FVCI Regulations in line with FPI Regulations.	For consistency.

S. No.	Criteria	FPI Regulations	Proposed change to FVCI Regulations	Rationale
		Exchange Board of India (Intermediaries) Regulations, 2008.		

4.5. Further, the existing eligibility criteria for FVCIs specified under FVCI Regulations and proposed changes to the same are given as under:

S.No.	Existing provision in FVCI Regulations	Proposed change	Rationale
1.	the applicants track record, professional competence, financial soundness, experience, general reputation of fairness and integrity	The provision may not be retained	To align with eligibility criteria for FPIs. Further, the due diligence for the said provision is covered while ascertaining 'fit and proper' criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.
2.	Para 1 of master circular for FVCIs: Applicants desirous of registering with SEBI as FVCI shall obtain firm commitment from their investors for contribution of an amount of at least USD 1 million at the time of submission of applications seeking registration as FVCI	The provision may not be retained	To align with eligibility criteria for FPIs. Considering that FVCIs are to invest in startups and sunrise sectors, in order to facilitate foreign inflow in these areas/sectors, the minimum commitment requirement may not be retained.
3.	Whether the applicant has been granted necessary approval by the Reserve Bank of India for making investments in India	The provision may not be retained	Earlier approval from RBI was a requirement for FVCIs to make investment in India. Subsequently, in RBI notification RBI/2016-17/89 dated October 20, 2016, it was clarified that any FVCI which has obtained registration under FVCI Regulations, will not require any approval from Reserve Bank of India and can invest in specified entities.

S.No.	Existing provision in FVCI Regulations	Proposed change	Rationale
			NDI Rules also do not specify requirement of RBI approval for investment by FVCIs. Thus, this provision may no longer be relevant.
4.	whether the applicant is an investment company, investment trust, investment partnership, pension fund, mutual fund, endowment fund, university fund, charitable institution or <u>any other entity incorporated outside India;</u> or whether the applicant is an asset management company, investment manager or investment management company or <u>any other investment vehicle incorporated outside India;</u>	To clearly specify that the applicant shall be any entity incorporated or established outside India.	The current Regulation provides for any entity incorporated outside India to be an FVCI, which covers all other type of entities specified in the said provision. Thus, the existing provision is redrafted for clarity, and to remove redundancy, by specifying only 'any entity incorporated or established outside India' as eligibility criteria. The information related to type of entity and activity carried out shall be collected from the applicant as part of application for registration.
5.	whether the applicant is authorised to invest in venture capital fund or carry on activity as a foreign venture capital investors or Alternative Investment Fund	To redraft as- 'whether the applicant is authorised to carry on activity as a foreign venture capital investor'	The existing provision is redrafted for clarity, and to remove redundancy.
6.	whether the applicant is regulated by an appropriate foreign regulatory authority or is an income tax payer; or submits a certificate from its banker of its or its promoter's track record where the applicant is neither a regulated entity nor an income tax payer	The provision may not be retained	To align with eligibility criteria for FPIs.

S.No.	Existing provision in FVCI Regulations	Proposed change	Rationale
7.	the applicant has not been refused a certificate by the Board.	The provision may be retained	-
8.	whether the applicant is a fit and proper person	To redraft in line with FPI Regulations as stated at para 4.4(5) above	To align with eligibility criteria for FPIs.

Proposal for review of eligibility criteria for FVCIs:

4.6. Considering the above, the eligibility criteria for registration as FVCI is proposed to be revised as under:

“A designated depository participant shall consider an application for grant of certificate of registration as a foreign venture capital investor if the applicant satisfies all of the following conditions namely: -

(a) The applicant is any entity incorporated or established outside India or in IFSC;
(b) Non-resident Indians or Overseas Citizens of India or Resident Indian Individuals may be constituents of the applicant provided that:

- I. The contribution of a single NRI or OCI or RI shall be below twenty-five percent of the total contribution in the corpus of the applicant;*
- II. The aggregate contribution of NRIs, OCIs and RIs shall be below fifty percent of the total contribution in the corpus of the applicant; and*
- III. The NRIs, OCIs and RIs shall not be in control of the applicant.*

Provided that resident Indian other than individuals, may also be constituents of the applicant, subject to the following conditions, namely –

- (i) such resident Indian, other than individuals, is an eligible fund manager of the applicant, as provided under sub-section (4) of section 9A of the Income Tax Act, 1961 (43 of 1961); and*
- (ii) the applicant is an eligible investment fund as provided under sub-section (3) of section 9A of the Income Tax Act, 1961 (43 of 1961) which has been granted approval under the Income Tax Rules, 1962*

Provided further that resident Indian, other than individuals, may also be constituents of the applicant, subject to the following conditions, namely –

- (i) the applicant is an Alternative Investment Fund setup in the International Financial Services Centres and regulated by the International Financial Services Centres Authority;*
- (ii) such resident Indian, other than individuals, is a Sponsor or Manager of the applicant; and*
- (iii) the contribution of such resident Indian, other than individuals, shall be up to-*
(a) 2.5% of the corpus of the applicant or US \$ 7,50,000 (whichever is lower), in case the applicant is a Category I or Category II Alternative Investment Fund; or

(b) 5% of the corpus of the applicant or US \$ 1.5 million (whichever is lower), in case the applicant is a Category III Alternative Investment Fund;

(c) The applicant is a resident of the country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with SEBI.

Provided that an applicant being Government or Government related investor shall be considered as eligible for registration, if such applicant is a resident in the country as may be approved by the Government of India;

(d) The applicant being a bank is a resident of a country whose central bank is a member of Bank for International Settlements;

(e) Provided that a central bank applicant need not be a member of Bank for International Settlements;

(f) The applicant or its underlying investors contributing twenty-five percent or more in the corpus of the applicant or identified on the basis of control, shall not be the person(s) mentioned in the Sanctions List notified from time to time by the United Nations Security Council and is not a resident in the country identified in the public statement of Financial Action Task Force as—

(i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or

(ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies;

(g) the applicant is authorized in its incorporation documents or through a resolution to carry on activity as a foreign venture capital investor;

(h) the applicant has not been refused a certificate by the Board; and

(i) the applicant is a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008."

4.7. The guidelines for processing of FPI applications by DDPs specified for registration and post registration activities of FPIs, is proposed to be made applicable for that of FVCIs also, with suitable modifications. The said operational guidelines are provided under Master Circular for FPIs which is available at [link](#).

5. Review of application form for grant of certificate of registration as FVCIs

5.1. In case of FPI registration, the applicants are required to submit Common Application Form (CAF) ([link here](#)) to DDPs for the purpose of (a) registration as FPIs with SEBI, (b) allotment of Permanent Account Number [PAN] and (c) carrying out of Know Your Customer [KYC] for opening of Bank and Demat Account.

5.2. As part of phase I of implementation of the proposal, it is proposed that the Form A which seeks information for registration of FVCIs under FVCI Regulations, may be suitably

modified in line with information sought in CAF for the purpose of registration of FPIs. Subsequently, as part of Phase II of implementation, it may be examined to implement a Common Application Form for FVCIs also, for the purpose of registration as FVCI, allotment of PAN and carrying out KYC for opening of Bank and Demat account.

Proposal:

- 5.3. The Form A provided under First Schedule of FVCI Regulations, may be revised to collect information in line with that sought in CAF for the purpose of registration of FPIs.
- 5.4. The requirement of PAN and demat account shall be pre-requisites for the purpose of registration as FVCIs.

6. Dematerialisation of assets of FVCIs

- 6.1. Currently FVCIs are not mandated to hold their investments in demat form.
- 6.2. For the purpose of ease of monitoring and administration by stakeholders and for enhancing transparency, it is necessary that FVCIs hold their investments in dematerialised form.
- 6.3. According to the Depositories Act, 1996, every person subscribing to securities offered by an issuer shall have the option either to receive the security certificates or hold securities with a depository. Holding securities in demat form has numerous benefits such as:
 - Ease of administration and monitoring;
 - Safer way to hold securities – reduces operational and fraud risk such as fake certificates, delays, bad delivery, missing certificate, mutilation or theft;
 - Ease of transfer and transmission of securities;
 - Automatic credit to account on stock split or bonus and other corporate actions;
 - Reduction in paperwork for administrative aspects;
 - Ease of regulatory access to information from depositories.
- 6.4. As regards investment in companies, Section 29 of Companies Act, 2013 specifies that every company making public offer and other prescribed classes of companies shall issue the securities only in dematerialized form. Thus, listed companies and unlisted public companies are mandated to issue securities in demat form. Further, as per SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014, InvITs which raise funds by public issue and all REITs are required to issue units in only in dematerialized form. AIFs have already been mandated to issue their units in demat form only, which is under implementation.

Thus, certain type of permissible investments/instruments for FVCIs are mandated to be issued in demat form. As per NSDL, the AUC of the investments held by FVCIs in

dematerialised form, stands at INR 45,786 Crore as on March 2023, which indicates that that a substantial portion of investments is held by FVCIs in dematerialised form.

- 6.5. Further, for companies which may be required to admit their securities to depositories for dematerialisation, the joining fees and annual fees are given at **Annexure I**, which do not appear to be onerous. It is also understood that the process of admission of securities by the depositories is usually completed in 2 – 3 days' time.
- 6.6. It is further understood that, private companies generally issue securities in demat form as per demand from the investor, especially from foreign investors who prefer to hold the securities in demat form. Similarly, FVCIs may insist that their investee companies issue securities in demat form, while making investment.

Proposal:

- 6.7. It is proposed to mandate that FVCIs shall hold the instruments/securities of their investments only in dematerialised form. The aforesaid requirement shall not be applicable in case of investment in such type of instruments/securities for which dematerialisation is not available.
- 6.8. As regard existing investments of FVCIs in investee companies where the FVCI or FVCIs together have controlling interest, investments in such investee companies shall be held in dematerialised form. A time period of 6 months may be provided for dematerialisation of investment made by FVCI in such investee companies.

6.9. Views sought:

With respect to dematerialising existing investments of FVCIs, where an FVCI or FVCIs together do not have controlling interest:

- Should there be a mandate to dematerialise such investments within a period of 12 months?
- Should such investments not be subject to requirement of dematerialisation?

7. Renewal of registration of FVCIs

- 7.1. FVCI Regulations do not specify any provision on validity of registration of FVCIs. Presently, the certificate of registration granted under FVCI Regulations is valid unless it is surrendered by FVCI or cancelled/suspended by SEBI. In the absence of renewal fees, FVCIs may continue to hold the registration, even if they are inactive
- 7.2. Perpetual holding of the certificate of registration without any investment activity is prone to misuse and also adds to regulatory cost for monitoring inactive FVCIs. While there is no intention to limit the duration of investment by FVCIs, mandating renewal fee for holding registration, in line with the requirement mandated for FPIs, will discourage inactive FVCIs holding the registration.

- 7.3. It is possible that the registration details of some of the existing FVCIs might have changed without updating the same with SEBI. The periodic renewal will ensure the registration details of FVCIs are validated periodically.

Proposal:

- 7.4. With respect to continuation of registration of FVCIs, it is proposed as under:
- 7.4.1. FVCIs who wish to continue with their registration for the subsequent block of five years, should pay renewal fees of USD 2500/- to their DDPs and inform change in information, if any, as submitted earlier.
- 7.4.2. In case an FVCI fails to pay the renewal fee in the manner as specified above, then a late fee equivalent to two percent of registration fee shall be charged for each day of delay in payment of renewal fee, subject to maximum of two times of the registration fee. Post which, the certificate of registration of FVCI shall be liable to be suspended/cancelled.
- 7.4.3. Further, till the renewal fee is paid, FVCIs shall not buy or sell any investment. The custodian of the FVCI shall monitor compliance of FVCI with the said provision.

8. Consultation in advisory committee of SEBI:

In the absence of a specific advisory committee for policy pertaining to FVCIs, an agenda on the captioned subject was placed in a meeting of Alternative Investment Policy Advisory Committee of SEBI, for deliberation, considering that FVCIs are allowed to invest in Category I AIFs/VCFs. Since the proposals enhance the role of custodian/DDP, few custodians/DDPs were also invited to participate in the said meeting, to provide their inputs on the proposals. The committee after deliberation recommended the aforesaid proposals.

9. Public Comments

- 9.1. Public comments are invited for the proposals given above. The comments / suggestions may be provided in MS Excel file as per the format given below:

Name of the person/ entity proposing comments:	
Name of the organization (if applicable):	
Contact details:	
Category: whether market intermediary/ participant (mention type/ category, law firm, consultant) or public (investor, investee company, academician, etc.)	

Sr. No.	Para. no. of the consultation paper	Extract from the consultation paper	Comments / Suggestions	Rationale

- 9.2. Kindly mention the subject of the communication as, “Consultation paper on streamlining regulatory framework for registration of Foreign Venture Capital Investors (FVCIs)”
- 9.3. Comments as per aforesaid format may be sent to the following, latest by May 31, 2023, in any of the following manner:
- (i) Preferably by email to afdconsultation@sebi.gov.in, with a copy to Ms Padma Bharathi S, Manager (padmab@sebi.gov.in)
 - (ii) By post to:
Shri Sanjay Singh Bhati,
Deputy General Manager,
Alternative Investment Fund and Foreign Portfolio Investors Department,
Securities and Exchange Board of India,
SEBI Bhavan, C4-A, G-Block, Bandra Kurla Complex,
Bandra (East), Mumbai -400051

Issued on: May 18, 2023

JOINING FEE BY ISSUERS

- Issuer of listed securities shall pay a joining fee of INR 20,000 plus taxes at the applicable rate at the time of joining Depository, for dematerializing its shares.
- Issuer of unlisted securities shall pay a joining fee of INR 15,000 plus taxes at the applicable rate at the time of joining Depository, for dematerializing its shares.

ANNUAL CUSTODY FEE

An Issuer shall pay an annual custody fee at the rate of INR 11 per folio (ISIN position), subject to a minimum amount as mentioned below, plus taxes as applicable:

Nominal Value of securities admitted (INR)	Amount (INR)
Listed	
Upto 5 crore	9,000
Above 5 crore and upto 10 crore	22,500
Above 10 crore and upto 20 crore	45,000
Above 20 crore	75,000

Nominal Value of securities admitted (INR)	Amount (INR)
Unlisted	
Upto INR 2.5 crore (applicable only for issuer of unlisted shares)	5,000
Upto 5 crore	9,000
Above 5 crore and upto 10 crore	22,500
Above 10 crore and upto 20 crore	45,000
Above 20 crore	75,000