

## **Expanding the scope of ‘Strategic Investor’ in the InvIT Regulations and REIT Regulations**

### **1. Objective**

1.1. This Board Memorandum proposes amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") and the SEBI (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations") to expand the scope of the definition of ‘Strategic Investor’.

### **2. Background**

2.1. SEBI notified InvIT Regulations and REIT Regulations on September 26, 2014. As on August 31, 2025, 5 REITs and 23 InvITs are listed on stock exchanges.

2.2. The cumulative asset under management (value of assets) for the REITs and InvITs is over Rs. 9 lakh crores as on August 31, 2025.

2.3. SEBI Hybrid Securities Advisory Committee (“HySAC”) provides recommendations, inter-alia, on development and regulation of InvITs and REITs in India.

### **3. Concept of Strategic Investor**

3.1. **Extant Regulatory provision** - Regulation 2(1)(zza) of the InvIT Regulations and Regulation 2(1)(ztb) of the REIT Regulations provides the definition of Strategic Investor as under:

*“strategic investor’ means, –*

- a) an infrastructure finance company registered with the Reserve Bank of India as a Non-Banking Financial Company;*
- b) a Scheduled Commercial Bank;*
- c) a multilateral and/or bilateral development financial institution;*
- d) systemically important Non-Banking Financial Companies registered with Reserve Bank of India;*

e) *a foreign portfolio investor,*

f) *an insurance company registered with the Insurance Regulatory and Development Authority of India;*

g) *a mutual fund.*

*who invest, either jointly or severally, not less than five per cent. of the total offer size of the REIT/InvIT or such amount as may be specified by the Board from time to time, subject to the compliance with the applicable provisions, if any, of the Foreign Exchange Management Act, 1999 and the rules or regulations or guidelines made thereunder;”*

3.2. The concept of Strategic Investors was introduced in the InvIT Regulations / REIT Regulations to enable the InvIT / REIT to have strategic investors in the issue, prior to making an offer of units. The intent behind having such category of investors was to instill confidence in other set of investors, as described in the next paragraph.

3.3. Strategic Investors are investors who get firm allocation before the opening of the issue, are required to invest at least 5% of the total offer size and can invest up to 25% of the total offer size. Strategic investors are required to enter into a binding unit subscription agreement with the Investment Manager of InvIT / Manager of REIT and the units subscribed by such investors are locked in for a period of 180 days from the date of listing. Details of the unit subscription agreement are required to be disclosed in the draft offer document / offer document which includes name of each Strategic Investor, number of units proposed to be subscribed by it / investment amount, proposed subscription price per unit etc. This prior commitment by strategic investors and the lock-in requirement helps to instill confidence in other investors.

#### **4. Need for review**

4.1. Based on representation received from market participants, it is noted that the extant definition of Strategic Investor includes only a select few investors. The definition is narrow in scope and does not include many regulated institutional investors like public financial institutions, insurance funds, provident funds,

pension funds, etc. who also make investments in units of InvITs and REITs as it aligns with their investment mandate of long-term, stable, income generating investments. As a consequence, such investors are not eligible to apply under the Strategic Investor category in a public issue of units and the InvIT / REIT is unable to attract capital from such investors under the Strategic Investor category.

4.2. In this regard, it may be noted that SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) provides the definition of Qualified Institutional Buyer (“QIB”) under Regulation 2(1)(ss) which reads as under:

*“qualified institutional buyer” means:*

- (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with the Board;*
- (ii) foreign portfolio investor other than individuals, corporate bodies and family offices;*
- (iii) a public financial institution;*
- (iv) a scheduled commercial bank;*
- (v) a multilateral and bilateral development financial institution;*
- (vi) a state industrial development corporation;*
- (vii) an insurance company registered with the Insurance Regulatory and Development Authority of India;*
- (viii) a provident fund with minimum corpus of twenty five crore rupees;*
- (ix) a pension fund with minimum corpus of twenty five crore rupees registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013];*

- (x) *National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;*
- (xi) *insurance funds set up and managed by army, navy or air force of the Union of India; and*
- (xii) *insurance funds set up and managed by the Department of Posts, India; and*
- (xiii) *systemically important non-banking financial companies.”*

4.3. The definition of QIB under the ICDR Regulations is wider in scope vis-à-vis the definition of Strategic Investor under the InvIT Regulations / REIT Regulations. The definition of QIB under the ICDR Regulations includes a list of 13 different entities, whereas, the definition of Strategic Investor under the InvIT Regulations / REIT Regulations is narrower and includes only 7 different entities. Further, the entities / persons referred in sub-clauses (b) to (g) of the definition of Strategic Investor are covered in the definition of QIB<sup>1</sup>.

## **5. Public consultation**

5.1. To widen the investor base for applying under the Strategic Investor category in a public issue of units of the InvIT / REIT and to promote ease of doing business by enabling InvITs and REITs to attract capital from more investors under the Strategic Investor category, it was proposed to include QIB's defined in the ICDR Regulations under the umbrella of Strategic Investor. Public comments were sought on the same.

5.2. Further, it was noted that Foreign Portfolio Investors (“FPIs”) who are individuals, corporate bodies or family offices are not considered as QIB under the ICDR Regulations. The above proposal results in alignment of FPIs covered in the definition of Strategic Investor with the FPIs covered in the definition of QIB under the ICDR Regulations. Consequently, FPIs who are individuals,

---

<sup>1</sup> except FPIs who are individuals, corporate bodies and family offices as these are not considered QIBs under the ICDR Regulations.

corporate bodies or family offices would not be considered as Strategic Investor. Public comments were sought on the same.

5.3. For the above matters, SEBI issued a consultation paper titled [Consultation Paper on Amendment to the definition of Strategic Investor for REITs and InvITs](#). The following definition of Strategic Investor was proposed in the consultation paper<sup>2</sup>:

“strategic investor’ means, –

- a. an infrastructure finance company registered with the Reserve Bank of India as a Non-Banking Financial Company;
- b. a Scheduled Commercial Bank;
- c. a multilateral and/or bilateral development financial institution;
- d. systemically important Non-Banking Financial Companies registered with Reserve Bank of India;
- e. a foreign portfolio investor other than individuals, corporate bodies and family offices;
- f. an insurance company registered with the Insurance Regulatory and Development Authority of India;
- g. a mutual fund; and
- h. a qualified institutional buyer as defined under Regulation 2(1)(ss) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

who invest, either jointly or severally, not less than five per cent. of the total offer size of the REIT/InvIT or such amount as may be specified by the Board from time to time, subject to the compliance with the applicable provisions, if

---

<sup>2</sup> underlined text was proposed in the consultation paper as new insertion in the extant definition of Strategic Investor under the InvIT Regulations and the REIT Regulations

any, of the Foreign Exchange Management Act, 1999 and the rules or regulations or guidelines made thereunder;”

5.4. A total of 26 comments were received in the consultation process across the two proposals, from stock exchange, industry associations, REITs/InvITs, merchant banker, law firms and investor. The summary of comments received and our responses on the same is enclosed as Annexure A. A summary of the comments agreeing / partially agreeing / disagreeing to the proposal made in the consultation paper is as under:

Prop osal No.	Proposal Description	In number / %	Agree	Partially Agree	Disagree	Total Count
1	Inclusion of QIB as defined under the ICDR Regulations in the list of entities covered under Strategic Investor.	in number	10	03	0	13
		in %	77 %	23 %	0 %	100%
2	FPI's who are individuals, corporate bodies or family offices shall not be considered as Strategic Investor.	in number	09	03	01	13
		in %	69 %	23 %	8 %	100%

5.5. The above proposals have been recommended by the HySAC. HySAC has also recommended that the inclusion of QIB under the definition of Strategic Investor be made in substitution of sub-clauses (b) to (g) of the definition of Strategic Investor proposed in the consultation paper. The rationale is that QIB, as defined under the ICDR Regulations, include entities mentioned in sub-clauses (b) to (g) of the definition of Strategic Investor proposed in the consultation paper. Hence, it will bring clarity and avoid ambiguity due to

overlap of categories between the existing definition of QIB and Strategic Investor.

## **6. Proposed amendments to the InvIT Regulations and the REIT Regulations**

6.1. The proposed amendments to the InvIT Regulations and the REIT Regulations, public comments received on the same and the revised draft amendments are given below:

6.2. **Proposal No. 1 in the consultation paper:** To include QIB as defined under the ICDR Regulations in the list of entities covered under Strategic Investor.

6.3. **Public Comments:** All public comments received are in agreement with the proposal. Additionally, a gist of suggestions received in the consultation process and our views thereon are summarized below:

6.3.1. **Suggestion 1:** Institutional Investor is defined in the InvIT Regulations as – (a) a qualified institutional buyer and (b) family trust or systematically important NBFCs registered with Reserve Bank of India or intermediaries registered with the Board, all with net-worth of more than five hundred crore rupees, as per the last audited financial statements.

Family trusts and SEBI-registered intermediaries with substantial net worth represent credible, financially strong, and professionally managed investor classes. Their inclusion under the definition of Strategic Investor would broaden the eligible investor base, align the regulations with evolving investment practices, and facilitate long-term, stable capital participation in InvITs. QIB are also covered under Institutional Investors, hence SEBI may consider including Institutional Investors under the ambit of Strategic Investor in place of QIB.

**SEBI views:** To widen the investor base for applying under the Strategic Investor category, the suggestion may be accepted. Hence, Institutional Investors are proposed to be included under the ambit of Strategic Investor instead of QIB.

Further, it is noted that 'Institutional Investor' is defined in the InvIT Regulations and not under the REIT Regulations. Also, 'Institutional Investor' is defined under Regulation 2(1)(y) of the ICDR Regulations, which reads as under:

*“institutional investor” means (i) qualified institutional buyer; or (ii) family trust or intermediaries registered with the Board, with net worth of more than five hundred crore rupees, as per the last audited financial statements, for the purposes of listing and/or trading on innovators growth platform in terms of Chapter X;”*

The definition of Institutional Investor under the InvIT Regulations and ICDR Regulations is same except for the coverage of systematically important NBFCs under Institutional Investors in the InvIT Regulations. However, systematically important NBFCs are already included under QIB which is covered under Institutional Investors. Hence, the definition of Institutional Investor under the InvIT Regulations can be aligned with ICDR Regulations. Accordingly, it is proposed to amend the definition of 'Institutional Investor' in the InvIT Regulations as follows:

*“institutional investor” means –*

- (i) a qualified institutional buyer; or*
- (ii) (ii) family trust or intermediaries registered with the Board, all with net worth of more than five hundred crore rupees, as per the last audited financial;”*

Further, it is proposed to insert a definition for 'Institutional Investor' in the REIT Regulations in lines with the proposal made for InvIT above.

6.3.2. **Suggestion 2:** The definition of 'Institutional Investors' in the InvIT Regulations include “systemically important Non-Banking Financial Companies registered with RBI”. The reference to “systemically important NBFCs” is no longer consistent with the prevailing RBI regulatory framework, as the RBI has discontinued this classification and introduced the Scale Based Regulatory framework. Hence, the same may be amended

suitably in the REIT Regulations and the InvIT Regulations to align with the revised RBI classification.

**SEBI views:** As per the earlier RBI Master Directions<sup>3</sup>, 'Systemically important non-deposit taking non-banking financial company', was defined as a non-banking financial company not accepting/ holding public deposits and having total assets of ₹500 crore and above as shown in the last audited balance sheet.

However, RBI vide its notification dated October 22, 2021<sup>4</sup> has introduced the Scale Based Regulatory structure for NBFC replacing the earlier classification of systemically important NBFCs. It provides that regulatory structure for NBFCs shall comprise of 4 layers based on their size, activity and perceived riskiness, which are as follows:

- (a) Base Layer: comprises non-deposit taking NBFCs below the asset size of Rs. 1000 crores and certain other categories of NBFCs<sup>5</sup>.
- (b) Middle Layer: comprises all deposit taking NBFCs irrespective of asset size, non-deposit taking NBFCs with asset size of Rs. 1000 crores and above and certain other categories of NBFCs<sup>6</sup>.
- (c) Upper Layer: comprise of those NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology. The top ten eligible NBFCs

---

<sup>3</sup> Regulation 3(xxxi) of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

<sup>4</sup> Notification No. RBI/2021-22/112 DOR.CRE.REC.No. 60/03.10.001/2021-22

<sup>5</sup> It includes NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface

<sup>6</sup> It includes NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs)

in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

- (d) Top Layer: will ideally remain empty and can get populated if the RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFCs in the Upper Layer. Such NBFCs shall move to the Top Layer from the Upper Layer.

The NBFCs classified as systemically important are similar to the middle layer, upper layer and top layer NBFCs as per the revised classification system. Hence, it is proposed to include middle layer, upper layer and top layer NBFCs registered with RBI under the ambit of Strategic Investor.

In addition to the same, as per the FAQ dated October 10, 2023 issued by RBI<sup>7</sup>, NBFC-Infrastructure Finance Company, can be covered under the middle layer or the upper layer of NBFCs. Since middle or upper layer NBFCs are being mentioned in the definition of strategic investor, a separate mention for NBFC-Infrastructure finance company may not be required. Hence, the line item on “infrastructure finance company registered with the RBI as a NBFC” is proposed to be removed from the list of strategic investor as such infrastructure finance company will automatically get covered within ‘middle layer, upper layer and top layer NBFCs registered with RBI’

- 6.3.3. **Suggestion 3**: A clause may be added in the definition of Strategic Investor which empowers SEBI to notify entities as Strategic Investors as it may deem fit from time to time.

**SEBI Views**: The suggestion may be accepted. Hence, it is proposed that Strategic Investor shall include such types of entities which the Board may specify from time to time.

- 6.3.4. **Suggestion 4**: Presently, the definition of QIB in the InvIT Regulation is linked to Regulation 2(1)(zd) of the SEBI (Issue of Capital and Disclosure

---

<sup>7</sup> Available at <https://www.rbi.org.in/commonman/english/scripts/FAQs.aspx?Id=1108>.

Requirements) Regulations, 2009. Since ICDR Regulation is amended, QIB definition under the InvIT Regulations should be aligned with the QIB definition under Regulation 2(1)(ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

**SEBI Views:** The suggestion may be accepted. Hence, it is proposed that the reference to ICDR Regulations in the definition of QIB under the InvIT Regulations and the REIT Regulations be amended to refer to Regulation 2(1)(ss) of the ICDR Regulations, 2018.

**6.4. Proposal No. 2 in the consultation paper:** FPI's who are individuals, corporate bodies or family offices shall not be considered as Strategic Investor.

**6.5. Public Comments:** Although, 12 out of 13 public comments are in agreement with the proposal, mixed suggestions have been received on this proposal, which are summarized as under:

- (a) The definition of FPI be maintained as is, so as to allow flexibility to any issuer which may intend to attract and offer a significant portion through strategic investors, which may be individuals, corporate bodies, or family offices. It is submitted that existence of such class of investors for the purpose of being considered as Strategic Investors creates no impediment in itself. Further, the two REIT offerings which allocated a portion of offering to Strategic Investors saw participation from such investors. Hence, it may be premature to restrict a certain class of investors;
- (b) Exclusion of individuals or family offices, which are covered in category II FPI, may be reconsidered for inclusion in the definition of Strategic Investors;
- (c) While individuals may remain excluded, family offices are a relevant investor class, given their objective of creating a perpetual stream of income for present and future generations, unlike Private Equity investors with a relatively short-term focus;
- (d) FPIs who are corporate bodies be considered under Strategic Investor as they have invested in the country steadily in past few years through FPI

route. FPIs who are individuals or unregulated funds in the form of limited partnership and trusts should not be included under Strategic Investor;

- (e) FPIs who are individuals or bodies corporate or family offices and who are not considered QIBs or institutional investors should also not be considered strategic investors. Such categories of FPIs can participate in the main book with the rest of the public.

**SEBI views:** The extant definition of Strategic Investor under the InvIT Regulations and the REIT Regulations covers all FPIs. In view of the diverse feedback received on this proposal and considering that any entity participating as a Strategic Investor is required to serve a lock-in of 180 days on the units subscribed by it, it is proposed to continue with the extant provision i.e. no change w.r.t. FPI inclusion/exclusion be made in the definition of Strategic Investor. Hence, it is proposed that all foreign portfolio investors be included under Strategic Investor. The same will facilitate participation from more investors under the Strategic Investor category.

## 6.6. Revised proposals:

6.6.1. In view of the above, the revised definition of 'Strategic Investor' under the InvIT Regulations and the REIT Regulations is proposed as under:

*“strategic investor” means, –*

- a. an institutional investor; or*
- b. foreign portfolio investors not covered under sub clause (a); or*
- c. a middle layer, upper layer and top layer Non-Banking Finance Company registered with the Reserve Bank of India; or*
- d. such entities as the Board may specify from time to time, that invest, either jointly or severally, not less than five per cent. of the total offer size of the InvIT/REIT or such amount as may be specified by the Board from time to time, subject to compliance with the applicable provisions, if any, of the Foreign Exchange Management Act, 1999 and the rules or regulations or guidelines made thereunder;*

6.6.2. It is proposed to amend the definition of 'Institutional Investor' in the InvIT Regulations and introduce the same in the REIT Regulations, as under:

*"institutional investor" means –*

*(i) a qualified institutional buyer; or (ii) family trust or intermediaries registered with the Board, all with net worth of more than five hundred crore rupees, as per the last audited financial;"*

6.6.3. It is proposed to amend the definition of 'Qualified Institutional Buyer' in the InvIT Regulations and the REIT Regulations, as under:

*"qualified institutional buyer' shall have the meaning assigned to it under clause (ss) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;"*

## **7. Proposal to the Board:**

7.1. The Board is requested to –

7.1.1. consider and approve the proposals referred in paragraph 6.6 above and the consequent draft amendment notifications placed at Annexure B and Annexure C;

7.1.2. authorize the Chairman to carry out suitable amendments to the regulations and to take any other consequential or incidental steps for implementation of the decisions of the Board.

**Encls.: 1. Annexure A to Board Memorandum**

**2. Annexure B to Board Memorandum**

**3. Annexure C to Board Memorandum**

**Annexure A to Board Memorandum**

**Summary of public comments and views of SEBI thereon (refer para 5.4 of board memorandum)**

**Proposal No. 1 in the consultation paper: Inclusion of QIB as defined under the ICDR Regulations in the list of entities covered under Strategic Investor**

<b>S. No.</b>	<b>Public Comments</b>	<b>SEBI's Views</b>
1.	<p>Most investor categories listed in the proposed definition of “strategic investor” are already included under the definition of institutional investors as per SEBI InvIT Regulations, which also covers qualified institutional investors under SEBI ICDR Regulations. The only exception is “an infrastructure finance company registered with RBI as an NBFC,” currently defined as a strategic investor but not classified as an institutional investor. To ensure harmonization within the SEBI InvIT Regulations, we propose that the following changes be considered:</p> <p>‘Strategic investor’ means, – a. an infrastructure finance company registered with Reserve Bank of India as a Non-Banking Financial Company. b. institutional investor as defined under the SEBI InvIT Regulations.</p>	<p>May be accepted and hence proposed to include Institutional Investor under the ambit of Strategic Investor. Institutional Investor include family trust and intermediaries registered with SEBI, with net worth of more than five hundred crore rupees.</p>
2.	<p>Family Trusts or intermediaries registered with SEBI, having a net worth of more than ₹500 crore, may be included as ‘Strategic Investor’ in addition to proposed changes. This addition will align the category with the definition of ‘institutional investors’ under the InvIT Regulations, and would enable InvITs to attract capital from seasoned investors ahead of public issues.</p>	

S. No.	Public Comments	SEBI's Views
	<p><u>Rationale:</u> Family trusts and SEBI-registered intermediaries with substantial net worth represent credible, financially strong, and professionally managed investor classes. Their inclusion under the definition of Strategic Investor would broaden the eligible investor base, align the regulations with evolving investment practices, and facilitate long-term, stable capital participation in InvITs. Since these entities are subject to regulatory oversight (in case of intermediaries) and financial disclosure (through audited statements), they possess the transparency and governance standards necessary to qualify as strategic, long-horizon investors.</p>	
3.	<p>Currently, institutional investors include 'systemically important NBFCs registered with RBI'. However, the concept of systemically important and non-systemically important as classifications have been amended by the RBI. Hence, the same may be amended suitably in the REIT Regulations and the InvIT Regulations to align with the revised RBI classification.</p> <p><u>Rationale:</u> The reference to "systemically important NBFCs" is no longer consistent with the prevailing RBI regulatory framework, as the RBI has discontinued this classification and introduced the Scale Based Regulatory (SBR) framework. Retaining the old terminology may lead to ambiguity and interpretational issues. Amending the definition to align with the SBR framework will ensure regulatory consistency.</p>	<p>May be accepted and hence proposed to include middle layer, upper layer and top layer NBFCs registered with RBI under the ambit of Strategic Investor. In addition the same, it has been informed that as per the FAQ dated October 10, 2023<sup>8</sup> issued by RBI, NBFC-Infrastructure Finance Company, can be covered under the middle layer</p>

<sup>8</sup> Available at <https://www.rbi.org.in/commonman/english/scripts/FAQs.aspx?Id=1108>.

<b>S. No.</b>	<b>Public Comments</b>	<b>SEBI's Views</b>
		<p>or the upper layer of NBFCs. Since middle or upper layer NBFCs are being mentioned in the definition of strategic investor, a separate mention for NBFC Infrastructure finance company may not be required. Hence, the line item on “infrastructure finance company registered with the RBI as a NBFC” is proposed to be removed from the list of strategic investor as such infrastructure finance company will automatically get covered within ‘middle layer, upper layer and top layer NBFCs registered with RBI’</p>
4.	<p>Since InvIT is hybrid security with characteristics to the likes of debt as well, Infrastructure Debt Funds (IDFs) should also be covered in the fold, given that they are RBI regulated.</p>	<p>Infrastructure Debt Fund NBFCs are covered in middle layer</p>

<b>S. No.</b>	<b>Public Comments</b>	<b>SEBI's Views</b>
		NBFCs as per the Scale Based Regulatory structure of RBI for NBFCs. Since middle layer NBFCs are included under Strategic Investor, Infrastructure Debt Fund NBFCs gets automatically covered and hence we may not specify it separately.
5.	SEBI may consider addition of clause which empowers it to notify entities as strategic investors as it may deem fit from time to time.	May be accepted
6.	Please consider including insurance companies and pension funds registered as such in any jurisdiction and not limiting the same only to insurance companies and pension funds registered in India.	The insurance companies and pension funds which are registered with SEBI as FPIs are anyways included under the ambit of strategic investors. Other foreign insurance companies and foreign pension funds (which are not registered as FPIs) may not be included at

S. No.	Public Comments	SEBI's Views
		this stage as it may result in cross jurisdictional issues.
7.	Presently, QIB definition in SEBI InvIT Regulation is linked to clause (zd) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009. Since ICDR Regulation is amended, QIB definition under SEBI InvIT Regulation should aligned with QIB definition under Regulation 2(1)(ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.	May be accepted and hence proposed that the reference to ICDR Regulations in the definition of QIB under the InvIT Regulations and the REIT Regulations be amended to refer to Regulation 2(1)(ss) of the ICDR Regulations, 2018.

**Proposal No. 2 in the consultation paper: FPIs, who are individuals, corporate bodies, or family offices shall not be considered as Strategic Investor.**

S. No.	Public Comments	SEBI's Views
1.	Strongly disagree with the proposal of eliminating individuals, corporate bodies, and family offices from being considered as FPIs for the purposes of strategic investors. The REIT/InvIT framework is still in its nascent stages in India, with only a handful of listed REITs/InvITs. It is suggested that the definition of FPI be maintained as is, so as to allow flexibility to any issuer which may intend to attract and offer a	The extant definition of Strategic Investor under the InvIT Regulations and the REIT Regulations covers all FPIs.

<b>S. No.</b>	<b>Public Comments</b>	<b>SEBI's Views</b>
	<p>significant portion through strategic investors, which may be individuals, corporate bodies, or family offices. There seems a little rationale in carving out such class of investors, since in itself, no impediment is created by the existence of such class of investors for the purpose of being considered as Strategic Investors.</p> <p><u>Rationale:</u> Upon perusal of past data, it is noted that body corporates have participated under the Strategic Investor portion for two REITs. In light of the same, such investors may assist in better and more efficient liquidity of markets, and further enhance participation from retail investors. Further, as observed that out only 2 out of 9 listed REITs and InvITs have utilized the provision for Strategic Investors, it may be also premature to restrict a certain class of investors in lieu of limited available data and past precedent/experience.</p>	<p>In view of the diverse feedback received on this proposal and considering that any entity participating as a Strategic Investor is required to serve a lock-in of 180 days on the units subscribed by it, it is proposed to continue with the extant provision i.e. no change w.r.t. FPI inclusion/exclusion be made in the definition of Strategic Investor.</p>
2.	<p>FPI are defined under SEBI FPI Regulations 2019 which provides stringent eligibility criteria for obtaining registration as FPI. Exclusion of individuals or family offices, which are covered in category II FPI, may be suggested to re-consider for its inclusion in the definition of Strategic Investors.</p> <p>However, it is humbly suggested to include "corporate bodies" (or bodies corporate, as defined in InvIT Regulations) in the FPI category (which are registered under FPI Regulations) and not to exclude these entities from the definition of Strategic Investor.</p>	<p>Hence, it is proposed that all foreign portfolio investors be included under Strategic Investor. The same will facilitate participation from more investors</p>

S. No.	Public Comments	SEBI's Views
3.	<p>We recommend to retain the FPI as a whole in the definition. FPI itself is a regulated investor category with stringent eligibility standards under the SEBI (FPI) Regulations, 2019. Thus, retaining FPIs in full, without excluding individuals, corporate bodies, or family offices, will not only maintain the intent of the proposal to widen the list of Strategic Investors but also promote wider market participation with enhanced capital inflows.</p>	<p>under the Strategic Investor category.</p>
4.	<p>Given that the intent behind the exclusions to FPIs in the definition of QIB is to remove unregulated entities or persons we propose to remove corporate bodies from the exclusions to FPIs as it does not serve the purpose. Finally, in line with the intent of QIB definition under ICDR we propose to exclude unregulated funds as prescribed under regulation 5 b viii of FPI regulations.</p> <p><u>Rationale</u>: Corporate bodies have invested in the country steadily in past few years through FPI route.</p>	
5.	<p>While individuals may remain excluded, Family Offices are a relevant investor class, given their objective of creating a perpetual stream of income for present and future generations, unlike Private Equity investors with a relatively short-term focus.</p>	
6.	<p>The proposal to remove individuals' corporate bodies and family offices as FPIs in the definition of strategic investor is correct and a step in right direction. FPIs which are institutional in nature and possess a higher degree of financial sophistication stability and regulatory oversight shall be included as FPIs and these qualities are generally not possessed by individuals', corporate bodies or family offices. Further</p>	

S. No.	Public Comments	SEBI's Views
	the definition provided for strategic investor does not allow individuals and family business from India. Thus, it will be really unfair if foreign players of same category are allowed to do so.	
7.	QIBs participating as strategic investors commit to participating in the offering even prior to anchor investor bidding. Strategic investors are required to subscribe at their allocation prices even if such allocation price is ultimately higher than the public offer price. Strategic investors are also subject to a 180-day lock in. Also allocation to strategic investors is discretionary. Accordingly, FPIs who are individuals or bodies corporate or family offices and who are not considered QIBs or institutional investors should also not be considered strategic investors. Such categories of FPIs can participate in the main book with the rest of the public.	
8.	Family Offices having net worth criteria of more than 500 crores or such other higher limit should be part of strategic investor definition as these kind of offices is managed by professionals or wealth management team	Family offices who are FPIs are covered under the ambit of Strategic Investor. Also, family trust with net worth of more than five hundred crore rupees is also included under Strategic Investor.
9.	Family office should be included.  <u>Rationale:</u> Since family offices are on the increase and also hold good amount of wealth these entities may be interested in being strategic investor. The only condition should be that the family office which is the strategic investor should not be directly or indirectly connected to the REITs or the InvITs which is issuing the units under the said IPO.	

### Other suggestions on the consultation paper

S. No.	Public Comments	SEBI's Views
1.	Propose to seek clarity on following: 1. Does the definition of QIB cover - Sovereign wealth funds and government-backed infrastructure funds/Bonds/ other security-linked instruments 2. Whether investment by pooled/consortium QIB structures qualifies under QIB category.	The comment contains questions and does not contain any suggestions. Further, there is no ambiguity in the definition proposed in the Board Memorandum and it clearly lists all the entities proposed to be included under strategic investor.
2.	Please note that the monetary threshold is provided in the SEBI InvIT Regulations under the definition of institutional investor, however, the same is not present for NBFCs in the definition of qualified institutional buyer and accordingly, is an inherent conflict in the SEBI InvIT Regulations.	It is proposed to link the definition of Institutional Investor in the InvIT Regulations and the REIT Regulations with the ICDR Regulations. Under the ICDR Regulations, in the definition of Institutional Investor, there is no criteria of Rs. 500 crores for NBFCs. Hence, the stated ambiguity is dealt.
3.	Institutional investors in accordance with the SEBI InvIT Regulations, includes “family trust or systematically important NBFCs registered with RBI or intermediaries registered with the Board, all with net-worth of more than 500 crore rupees, as per the last audited financial statements”.	No justification is provided for reducing the threshold. Hence, may not be considered at this stage.

<b>S. No.</b>	<b>Public Comments</b>	<b>SEBI's Views</b>
	Please consider reducing the monetary net worth threshold applicable to family trusts.	
4.	Lock in restriction 180 days for private institutions 90 days for statutory funds like EPFO or NPS less liquidity risk or more regulatory comfort.	May not be accepted so as to maintain uniformity in the lock-in requirement applicable to different categories of Strategic Investor.

**Draft Notification – SEBI (Infrastructure Investment Trusts) Regulations, 2014**

Amendment shall be notified after following the due process

**Draft Notification - SEBI (Real Estate Investment Trusts) Regulations, 2014**

Amendment shall be notified after following the due process