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## India's markets regulator exempts select global hedge funds from tighter disclosures

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August 25, 2023 11:23 AM GMT+5:30 · Updated 3 days ago



A bird flies past the new logo of the Securities and Exchange Board of India (SEBI) at its headquarters in Mumbai, India, April 19, 2023. REUTERS/Francis Mascarenhas/File Photo [Acquire Licensing Rights](#)

MUMBAI, Aug 25 (Reuters) - India's markets regulator has exempted select global funds from tighter disclosures for offshore funds investing in the country with a large share of investments in one company.

The rules, first suggested in May, will be enforced from Nov.1, according to a circular by the Securities and Exchange Board of India (SEBI) released late on Thursday.

SEBI's proposals for increased disclosures for offshore funds followed allegations from U.S. shortseller Hindenburg Research that the Adani group used such funds to violate India's minimum public shareholding rules. The group has denied these allegations.

Offshore funds which have invested more than 50% of their funds budgeted for India in a single corporate group would need to disclose their investors within 90 days from the rules kicking in to custodian banks or those that manage their flows, SEBI said.

However, hedge funds with all their India investments in a single company or a corporate group will have to make fewer disclosures.

SEBI said that regulated funds whose holding in an Indian corporate group is below 25% of their overall global assets under management are exempt from disclosing their investors.

"The exemption from additional disclosures given to regulated pooled investment vehicles fulfilling certain criteria is definitely a welcome move by SEBI," said Prakhar Dua, a partner at Indian law firm Nishith Desai Associates. "This was one of the major feedbacks given by the industry to SEBI post release of the consultation paper."

SEBI has asked custodian banks to draft a standard operating procedure (SOP) for such disclosures in consultation with the regulator. "The SOP shall ensure consistent practice across the industry to avoid regulatory arbitrage amongst custodians," the regulator said.

The final rules come ahead of its report on investigations into the Adani group, which is due to be filed in the Supreme Court by Aug. 29. The court had also asked SEBI to look into any gaps in regulations to ensure that investors are protected.

Reporting by Jayshree P. Upadhyay; Editing by Dhanya Ann Thoppil

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