

Overseas Direct Investments by Indian Party Liberalized

On 29th December 2014, RBI has issued a notification In order to grant more flexibility to the Indian party, and has further liberalize certain regulations of the Notification

- i. Creation of charge on shares of JV / WOS / step down subsidiary (SDS) in favour of domestic / overseas lender

It has been decided that the designated AD bank may permit creation of charge / pledge on the shares of the JV / WOS / SDS (irrespective of the level) of an Indian party in favour of a domestic or overseas lender for securing the funded and / or non-funded facility to be availed of by the Indian party or by its group companies / sister concerns / associate concerns or by any of its JV / WOS / SDS (irrespective of the level) under the automatic route subject to some conditions

- ii. Creation of charge on the domestic assets in favour of overseas lenders to the JV / WOS / step down subsidiary

It has been decided that the designated AD bank may permit creation of charge (by way of pledge, hypothecation, mortgage, or otherwise) on the domestic assets of an Indian party (or its group companies / sister concerns / associate concerns including the individual promoters / directors) in favour of an overseas lender for securing the funded and / or non-funded facility to be availed of by the JV / WOS / SDS (irrespective of the level) of the Indian party under the automatic route subject some conditions as specified in notification.

- iii. Creation of charge on overseas assets in favour of domestic lender

As per RBI it has been decided that the designated AD bank may permit creation of charge (by way of hypothecation, mortgage, or otherwise) on the overseas assets (excluding the shares) of the JV / WOS / SDS (irrespective of the level) of an Indian party in favour of a domestic lender for securing the funded and / or non-funded facility to be availed of by the Indian party or by its group companies / sister concerns / associate concerns or by any of its overseas JV / WOS / SDS (irrespective of the level) under the automatic route subject conditions specified in notification

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India Juris

F-116

Lajpat Nagar-1

New Delhi - 110 024, India

Ph: +91-11-29814816 / 29814817

Fax: +91-11-29815116

E: newdelhi@indiajuris.com

www.indiajuris.com

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SEBI (Depositories And Participants) (Amendment)

International Desks

Asia & Australia

M.P.Mehani

asia@indiajuris.com

Americas

Regulations, 2014 notified

24th December 2014, SEBI issued amendment in the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 where provisions for acting as participant in more than one depository is provided with insertion of regulation 20 AB after 20 AA and omitting First Schedule, in Form E, clause 5. Mainly the insertions under regulation 20 AB is as follows:-

1. A participant who has been granted a certificate of registration may act as a participant of another depository without obtaining separate certificate of registration subject to approval by such other depository.
2. Such a participant who desires to act as a participant of another depository shall apply to such other depository for approval in the manner as specified by the Board.
3. On receipt of an application under sub-regulation (2), the depository shall, on being satisfied with the compliance of the provisions of these regulations and other relevant eligibility requirements specified by the Board, grant approval to act as its participant subject to payment of registration fees specified in Part A of Second Schedule in the manner specified in Part B thereof, by the participant within 15 days of the receipt of intimation from the depository.
4. The depository shall inform the Board about the approval granted under sub-regulation (3).
5. A participant who has been granted approval under sub-regulation (3) shall pay annual fees specified in Part A of Second Schedule in the manner specified in Part B thereof, separately for each depository.
6. To keep the registration in force, a participant who has been granted approval under sub-regulation (3) shall pay registration fees specified in Part A of Second Schedule in the manner specified in Part B thereof, for every five years from the sixth year of the date of grant of approval by the depository."

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Amendment in SEBI (Foreign Venture Capital Investors) Regulations

On 30th December 2014, SEBI has issued notification under Securities And Exchange Board Of India (Foreign Venture Capital Investors) Regulations, 2014 where clause (m) have been substituted and venture Capital Undertaking has been defined as under :-

"venture capital undertaking" means a domestic company:

- i. which is not listed on a recognized stock exchange in India at the time of making investment; and
- ii. which is engaged in the business for providing services, production or manufacture of article or things and does not include following activities or sectors:
 1. non-banking financial companies, other than Core Investment

Shivkumar Idnani
americas@indiajuris.com

UK & Europe
Sameer Rastogi
europe@indiajuris.com

Africa
Vineet Verma
africa@indiajuris.com

Middle East
Dinesh Sabharwal
middleeast@indiajuris.com

Companies (CICs) in the infrastructure sector, Asset Finance Companies (AFCs), and Infrastructure Finance Companies (IFCs) registered with Reserve Bank of India;

2. gold financing;
3. activities not permitted under industrial policy of Government of India;
4. any other activity which may be specified by the Board in consultation with Government of India from time to time.

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