

INDIA JURIS

SECURITY AND EXCHANGE BOARD OF INDIA RELAXES INVESTMENT RULES FOR ANGEL FUNDS TO GIVE BOOST TO STARTUPS

Security and Exchange Board of India “SEBI” has today i.e. on 24th November 2016 have announced changes in SEBI (Alternative Investment Funds) Regulations, 2012, SEBI (Foreign Portfolio Investors) Regulations, 2014 and amendments in Listing Norms of Companies. These amendments will ease funding for startups and will further develop the alternative Investment industry and the Startup Ecosystem in India. Below are few of the amendments announced by SEBI:

Amendments to SEBI (Alternative Investment Funds) Regulations, 2012 with respect to ‘Angel Funds’:

- i. The upper limit for number of angel investors in a scheme is increased from forty nine to two hundred.
- ii. The definition of startup for Angel Funds investments is similar to definition of DIPP as given in their startup policy. Accordingly, Angel Funds will be allowed to invest in startups incorporated within five years, which was earlier 3 years.
- iii. The requirements of minimum investment amount by an Angel Fund in any venture capital undertaking are reduced from fifty lakhs to twenty five lakhs.
- iv. The lock-in requirements of investment made by Angel Funds in the venture capital undertaking is reduced from three years to one year.
- v. Angel Funds are allowed to invest in overseas venture capital undertakings up to 25% of their investible corpus in line with other AIFs.

Amendment to (Foreign Portfolio Investors) Regulations, 2014 to permit FPIs to invest in unlisted Non-Convertible debentures and

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securitised debt instruments:

- i. Unlisted corporate debt securities in the form of nonconvertible debentures/bonds issued by an Indian public or private company subject to the guidelines issued by the Ministry of Corporate Affairs from time to time. Investments in the unlisted corporate debt securities shall be subject to minimum residual maturity of three years and end use-restriction on investment in real estate business, capital market and purchase of land.

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Middle East
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