

THE MARKET CHRONICLE

~BY CATALYST

NEWS

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CIRCULAR AND AMENDMENT ISSUED BY THE MARKET REGULATORS:

Issuance of Derivative Instruments against Indian securities by non-bank entities in GIFT-IFSC – dated 2nd May 2024.

IFSCA has issued a Circular dated 2nd May 2024, where in IFSCA allows SEBI-Registered Non-Bank Entities as FPIs to Issue Derivative Instruments in GIFT-IFSC.

- A significant step has been taken to strengthen the financial framework by IFSCA vide circular dated May 02, 2024. Now Registered non-bank entities can issue derivative instruments backed by Indian securities within the GIFT-IFSC ecosystem.
- In the initial phase of this development, IFSC Banking Units, which are registered with the SEBI as FPIs, were given permission to issue derivative instruments using Indian securities as underlying, in GIFT-IFSC.
- Now, entering the next stage of this development, IFSCA has made a significant move by extending this privilege to non-bank entities registered with IFSCA, and registered with SEBI as FPIs.
- This strategic expansion is intended to broaden the range of participants in IFSC, nurturing a dynamic atmosphere conducive to innovation and development.

For more details, please refer the attached IFSCA circular's Link.

Learn more: <https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2Fifsc-cir-odi-0205202402052024065244.pdf&Title=Issuance%20of%20Derivative%20Instruments%20against%20Indian%20securities%20by%20non-bank%20entities%20in%20GIFT-IFSC&Date=02%2F05%2F2024>

Facilitating investments by NRIs and OCIs into Indian securities through Schemes/ Funds in an IFSC – dated 2nd May 2024.

IFSCA has issued a Circular dated 2nd May 2024, where in IFSCA Enables NRIs and OCIs to Invest in Indian Securities Through Schemes or Funds Established in IFSC.

- The IFSCA vide circular dated 02 May, 2024 has enabled investments by NRIs and OCIs in Indian securities through schemes/funds in an IFSC. In collaboration with SEBI, IFSCA has approved two alternative pathways to enhance the involvement of NRIs and OCIs in Indian securities through IFSC-based FPIs.
- Firstly, NRI/OCI/RI investors can contribute up to 100% to the corpus of IFSC-based FPIs. In this process, FPIs are required to furnish copies of PAN along with other relevant documents of all their NRI/OCI/RI individual constituents, along with their economic interests in the FPI, to the DDP. Secondly, NRI/OCI/RI investors can contribute up to 100% to the corpus of IFSC-based FPIs without the need for document submission, subject to certain conditions.

For more details, please refer the attached the IFSCA circular link.

Learn more: <https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2Ffacilitating-investments-by-nris-and-ocis-into-indian-securities-through-schemes-or-funds-in-an-ifsc02052024065353.pdf&Title=Facilitating%20investments%20by%20NRIs%20and%20OCIs%20into%20Indian%20securities%20throug%20Schemes%20%2F%20Funds%20in%20an%20IFSC&Date=02%2F05%2F2024>

Master Circular for Alternative Investment Funds (AIFs) – dated 7th May 2024.

SEBI has issued a Master Circular dated 7th May 2024, pertaining to the Alternative Investment Funds (AIFs) depicting the circular as on March 31, 2024, and superseding the Master Circular dated July 31, 2023.

Upon issuance of this Master Circular, the circulars listed in Annexure 17 thereof shall be rescinded. In this regard, the Ministry has now notified another 24 entities for Aadhaar authentication services and the same is captured in Annexure A.

For more details, please refer the attached SEBI Master Circular link.

Learn more: <https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-alternative-investment-funds-aifs-83229.html>

Consultation paper on measures towards ease of doing business for REITs and INVITs – dated 9th May 2024.

SEBI has issued Consultation paper dated 9th May 2024, pertaining to measures taken towards ease of doing business for REITs AND INVITs. key pointers of the same are enlisted below for your easy reference:

Part A: Proposals for both REITs and InvITs

- Revision of timelines for distribution to five working days from declaration.
- Allowing unitholders meeting with shorter notice.
- Disclosure and Review of Statement of Investor Complaints.
- Disclosure of Statement of Deviation(s) Alongside Financial Results.
- Clarification on Voting Thresholds in terms of percentage and providing electronic meeting and e-voting option to unitholders.
- Allowing Maintenance of Records in Electronic Form Along with Backup and Disaster Recovery Norms for Such Records.

Part B: Proposals for InvITs only

- Reduction of Trading Lot for Privately Placed InvITs.
- Aligning provision related to Change in Sponsor for InvIT Regulations with REIT Regulations.

For more details, please refer the attached SEBI circular Link

Learn more: https://www.sebi.gov.in/reports-and-statistics/reports/may-2024/consultation-paper-on-measures-towards-ease-of-doing-business-for-reits-and-invits_83287.html

Commencement notification for certain provisions of the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 – dated 10th May 2024.

SEBI has issued notification pertaining to the (Certification of Associated Persons in the Securities Markets) Regulations, 2007 dated May 10, 2024. (Applicability - Date of publication in the Official Gazette) and key highlight of the same is as under:

- At least one member of the key investment team associated with the Manager of an AIF must acquire certification from the National Institute of Securities Market (NISM).
- The said certification is obtained by passing the below examination: NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination
- The same is outlined in communication No. NISM/Certification/Series-XIX-C: Alternative Investment Fund Managers/2024/01 dated January 10, 2024, issued by the NISM.

For more details, please refer the attached SEBI notification regulation Link

Learn more: https://www.sebi.gov.in/legal/gazette-notification/may-2024/commencement-notification-for-certain-provisions-of-the-securities-and-exchange-board-of-india-alternative-investment-funds-second-amendment-regulations-2023_83321.html

Certification requirement for key investment team of manager of AIF – dated 13th May 2024.

SEBI has issued a circular May 13, 2024, regarding Certification requirement for key investment team of manager of AIF (Applicability – Immediate Effect) Key highlights of the same is as below:

- With effect from May 10, 2024, the key investment team of the Manager of AIF shall have at least one key personnel with relevant certification as may be specified by SEBI.
- SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 have also been amended and notified on May 10, 2024, stipulating the requirement of certification from the National Institute of Securities Market. (NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination)
- For all the applications for registration of AIFs and launch of schemes by AIFs filed after May 10, 2024, at least one key personnel of the key investment team of manager of AIF is required to obtain the aforesaid certification.
- The aforesaid requirement of obtaining the certification shall be complied with on or before May 09, 2025, for the following
 - i. Existing schemes of AIFs; and
 - ii. Schemes of AIFs whose application for launch of scheme pending with SEBI as on May 10, 2024.
- The Compliance Test Report shall include the compliance with the provisions of this circular

For more details, please refer the attached SEBI circular Link

Learn more: https://www.sebi.gov.in/legal/circulars/may-2024/certification-requirement-for-key-investment-team-of-manager-of-aif_83328.html

Master Circular for Real Estate Investment Trusts (REITs) & Infrastructure Investment Trusts (InvITs) – dated 15th May 2024.

SEBI has issued a Master Circular dated 15th of May 2024 for Real Estate Investment Trusts (REITs) & Infrastructure Investment Trusts (InvITs)

- Upon issuance of this Master Circular, the circulars listed in Appendix to this Master Circular shall stand superseded.
- The entities which are required to ensure compliance with various provisions shall submit necessary reports as envisaged in this Master Circular on a periodic/ continuous basis.

For more details, please refer the attached SEBI circular Link

Learn more: <https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-real-estate-investment-trusts-reits-83375.html> & <https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-infrastructure-investment-trusts-invits-83376.html>

Master Circular for Debenture Trustees (DTs) – dated 16th May 2024.

SEBI has issued a Master Circular dated 16th of May 2024 for Debenture Trustee (superseding the earlier circular dt. March 31, 2023) The major amendment is w.r.t the FINNET 2.0 system of Financial Intelligence Unit – India (FIU-India) registration:

- FIU-India, vide letter dated April 19, 2023, addressed to designated directors and principal officers of Debenture Trustees, has specified guidelines including red flag indicators for detecting suspicious transactions by the Debenture Trustees under Rule 7(3) of Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

- In view of the above, all the SEBI registered debenture trustees are advised to register/ re-register themselves in FINNET 2.0 system of FIU-India as soon as possible.

For more details, please refer the attached SEBI Master circular Link

Learn more: <https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-debenture-trustees-dts-83419.html>

Consultation Paper on review of certain aspects of the framework for valuation of investment portfolio of AIFs – dated 23rd May 2024.

SEBI has issued consultation paper dated May 23, 2024, pertaining to review of certain aspects of the framework for valuation of investment portfolio of AIFs. The same elaborated as below:

#	Aspects of the framework for valuation of investment portfolio of AIFs	Proposals for public comments to provide relaxation
1	Applicability of valuation norms to compute valuation of investment portfolio of AIFs	The framework for AIFs to carry out valuation of their investment portfolio may be suitably revised to state that – I. Valuation of securities, other than unlisted securities, for which valuation norms have been prescribed under SEBI (Mutual Funds) Regulations, 1996 ('MF Regulations'), shall be carried out as per the norms prescribed under MF Regulations. II. Valuation of unlisted securities shall be carried out as per the valuation guidelines endorsed by eligible AIF Industry Association based on the recommendations of AIPAC, i.e. presently IPEV guidelines.
2	Change in valuation methodology and approach being considered as 'material change'	Taking into account recommendations of AIPAC and internal deliberation, the following is proposed – I. Change in valuation methodology/approach to comply with Chapter 22 of Master circular for AIFs on 'Standardized approach to valuation of investment portfolio of AIFs', shall not be construed as 'Material Change'. II. Change in methodology/approach within the valuation guidelines / valuation norms prescribed for AIFs, shall not be construed as a 'Material Change'. However, in such cases, the valuation of the investment carried out based on valuation methodologies/approaches, both old and new, shall be disclosed to the investors to ensure transparency.
3	Eligibility criteria of independent valuers to be appointed by AIFs	It may be clarified that the eligibility criteria for independent valuer for a partnership entity or company shall be as follows – I. Such entity or company shall be a registered valuer entity registered with IBBI; and II. The deputed/authorized person(s) of such registered valuer entity, who undertake(s) the valuation of investment portfolio of AIFs, shall have a membership of ICAI or ICSI or ICMAI or CFA Institute.
4	Timeline for reporting valuation of investment portfolio by AIFs to Performance Benchmarking Agencies	AIFs shall provide audited data on cash flows and valuation of their scheme-wise investments, after the audit of books of accounts of the AIF in terms of Regulation 20(14) of AIF Regulations, to Performance Benchmarking Agencies within 7 months from March 31, i.e., by October 31 of each year.

For more details, please refer the attached SEBI consultation paper Link

Learn more: <https://www.sebi.gov.in/reports-and-statistics/reports/may-2024/consultation-paper-on-review-of-certain-aspects-of-the-framework-for-valuation-of-investment-portfolio-of-aifs-83552.html>

KNOWLEDGE SHARING!

Did you know?? our Family Office Services vertical got invited by Capital Land for an interesting knowledge sharing session on 'Estate and Succession Planning' & our scope for the same!! Read more about it...

At Catalyst Trusteeship Limited, our Family Office Team conducted a knowledge sharing session on Estate and Succession Planning for CapitalLand Group, one of Asia's largest real estate companies. The session targeted CapitalLand employees across India.

We highlighted the importance of early planning, regardless of age or net worth. Our team provided an overview of tools like family trusts and wills, emphasizing the advantages of trusts in ensuring smooth multigenerational wealth transition during one's lifetime.

Common misconceptions about estate planning were addressed, such as being too young, having a small estate, waiting for a family, having one child, avoiding death discussions, and perceived high costs.

Key questions covered included:

1. Consequences of lacking Estate and Succession Planning
2. Sufficiency of nominations and joint asset holding
3. Benefits of professional legal advice over online wills
4. Available Succession Planning tools and choosing the best fit
5. Tax optimization opportunities through estate planning



CapitalLand

Legal Wellness -

Relevance of estate and succession planning

10th May 2024 | 12 - 1 PM

Session will help you understand the relevance of estate succession planning and answer following questions.

1. What happens if there is no Estate and Succession Planning?
2. Whether nominations and joint holding of assets is sufficient?
3. Will is a simple document that is available online? Why professional legal advice is good?
4. What are the tools of Succession Planning available and what's the best for my family needs?
5. Is there any tax optimization that I can achieve through estate planning?



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Aniket Mohan Thakur
Assistant Vice President,
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The session underscored the growing need for entrepreneurs, professionals, and individuals with significant wealth to consider family offices and proper estate/succession planning. This proactive approach preserves hard-earned wealth for future generations.

At Catalyst Trusteeship Limited, we offer comprehensive solutions tailored to our clients' unique needs, ensuring the preservation of their legacy and seamless transfer of wealth across generations through our experienced Family Office Team.

ALL ABOUT: 12TH SECURITIZATION SUMMIT - HELD ON 15TH MAY 2024

At the 12th Securitisation Summit held on 15th May 2024, Catalyst Trusteeship Limited had the privilege of gaining valuable insights into the latest trends and developments in the securitisation market. The topics discussed were market overview focusing on new asset classes, debut of innovative transaction structures from the issuer's perspective, insights on traditional and new investors, and securitisation's readiness for the new era.

The need for expanding the investor base and measures like regulatory sandboxes to foster innovation were emphasized for market growth. On transaction structures, regulatory relaxations are expected to drive customization, while co-lending faces operational risks we must navigate. Growth in securitization of receivables necessitates our expertise in complex structures.

Regarding investors, secure data flow from originators and robust transaction structures are crucial as ratings drive investment decisions. The rising retail participation post-COVID presents an opportunity to cater to a broader base. For cross-border deals, the establishment of bankruptcy remote vehicles in IFSC aligns with our capabilities.

Launching AIF securitisation funds requires a conducive ecosystem where our structuring and compliance expertise can be leveraged. The multi-stakeholder nature of green finance aligns with our goal of supporting sustainable initiatives. As securitisation remains demand-driven, our ability to provide innovative and customized transactions is vital.

We were honored to have acted as the Securitization Trustee for the "India Vehicle Finance Trust 2022" cross-border securitisation transaction by Shriram Finance, recognized as the Most Innovative Deal of the Year. The summit reinforced our commitment to staying ahead of industry trends and providing best-in-class trusteeship services to support the growth of the securitisation market.

HIGHLIGHTS OF THE MONTH:

Security Trustee deals:

Sectors	No. of Transaction	Facility Amount (Cr.)
Infrastructure Sector	2	1100
Renewable Sector	14	13658.69
NBFC	23	1302
Others	06	8429.92
Real Estate	03	980
Grand Total	48	25, 470.61

Debenture Trustee deals:

Sector	No. of Transaction	Facility Amount (Cr.)
Manufacturing	3	900
NBFC	47	35038.85
Real estate & Infra	11	6548.5
Renewable Energy Sector	3	444.4
Bank & Financial Service	3	350
Others	10	545.2
Grand Total	84	43,826.95

Securitization deals:

Asset Class	No. of Deals	Pool Size (Cr.)
MicroFinance Loan Receivables	7	671
Business Loan	1	100
Car Loan Receivables	1	37
Commercial & Car Loan Receivables	1	326
Commercial Vehicle Loan Receivables	1	77
Housing Loan	2	362
Insurance Policy	1	6
Loan Against Property	1	31
Personal Loan	1	100
Secured Business Loan receivable	3	193
Unsecured Business Loan	1	58
Grand Total	20	1,961

Other deals:

Category	No. of Deals	Issue Size in Crores
AIF (Domestic)	4	2200
AIF (GIFT City)	4	2000
ESOP/EBT/ Private Trust	1	NA
Grand Total	9	4,200

Thanks and Regards,
Editorial team of Catalyst.

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