

# Article

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## SEBI amends Mutual Fund Regulations for Infrastructure Debt Funds

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SEBI vide its notification dated 16<sup>th</sup> April, 2013 and circular<sup>1</sup> on infrastructure debt funds dated 23<sup>rd</sup> April, 2013 had made amendments to the Mutual Fund Regulations<sup>2</sup>, 1996 with regard to Infrastructure Debt Funds schemes to be floated by mutual funds. The mutual fund regulations had introduced Chapter VI-B on infrastructure debt fund schemes in 2011<sup>3</sup> and Regulation 49L to 49T. The amendments proposed include:

1. Regulation 49-OA was introduced vide the amendment, 2013, whereby the mutual funds may raise money by way of private placement in case of infrastructure debt fund schemes. The private placement shall be made to less than 50 persons subject to the approval of trustees and board of asset management company. In case of a private placement, the mutual fund will have to file a Placement Memorandum with SEBI instead of a Scheme Information Document and a Key Information Memorandum.
2. In case of a public offer the scheme shall be open for not more than 45 days.
3. The overall investments by an infrastructure debt fund scheme in debt instruments or assets of infrastructure companies or projects or special purpose vehicles, which are created for the purpose of facilitating or promoting investment in infrastructure or bank loans in respect of completed and revenue generating projects of infrastructure companies or projects or special purpose vehicles, which are rated below investment grade or are unrated, shall not exceed 30% of the net assets of the scheme.
4. The strategic investors for the infrastructure debt fund schemes with minimum contribution in such schemes shall now include systematically important NBFCs and Foreign Institutional Investors along with the existing strategic investors list which included infrastructure finance companies, schedule commercial banks and international multilateral financial institutions.

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<sup>1</sup> Circular to all Mutual Funds/ Asset Management Companies/ Trustee Companies/ /Boards of trustees of mutual funds dated 23<sup>rd</sup> April, 2013, [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1366723009386.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1366723009386.pdf)

<sup>2</sup> Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulation, 2013, [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1366172455558.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1366172455558.pdf)

<sup>3</sup> Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulation, 2011, <http://www.sebi.gov.in/acts/mfamendaug2011.pdf>



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5. IDFs can extend scheme tenure by upto 2 years with the consent of two-third investors.
6. IDFs may also invest in bonds of public financial institutions and infrastructure finance companies.

These amendments are in line with facilitating and promoting investments in infrastructure sector.

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