



IDFC FIRST
Bank

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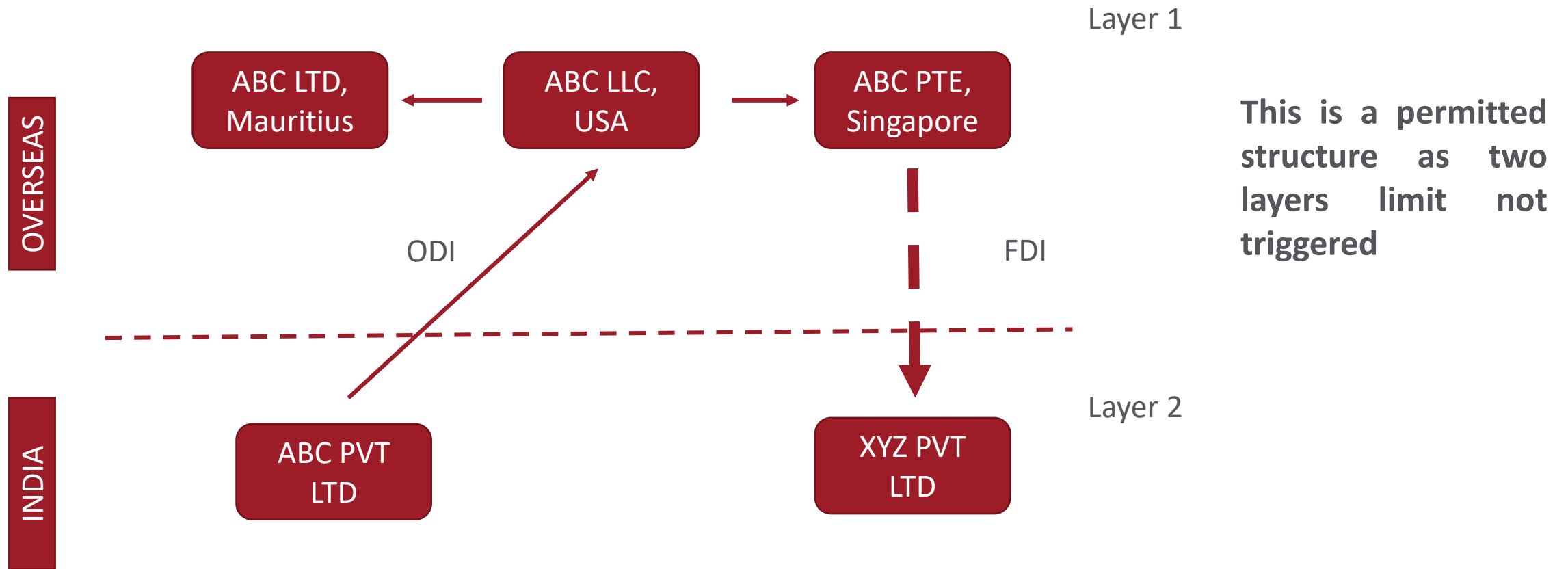
REVISED OI REGULATORY FRAMEWORK

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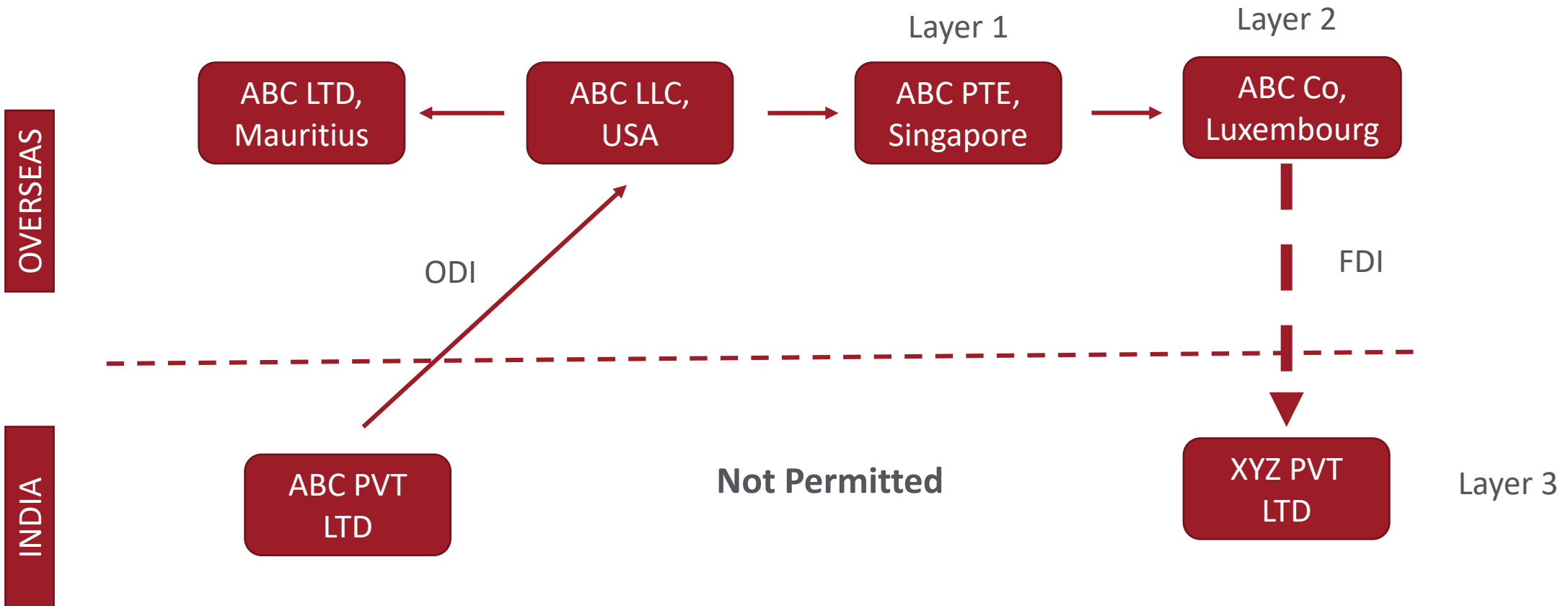
Two Layer Structures – Round Tripping

Rule 19(3) No person resident in India shall make financial commitment in a foreign entity that has invested or invests into India, at the time of making such financial commitment or at any time thereafter, either directly or indirectly, resulting in a structure with more than two layers of subsidiaries



Determination of Two Layer Structures ...

Rule 19(3) No person resident in India shall make financial commitment in a foreign entity that has invested or invests into India, at the time of making such financial commitment or at any time thereafter, either directly or indirectly, resulting in a structure with more than two layers of subsidiaries



Deferred Consideration facility

- ✓ Available only for ODI cases not OPI
- ✓ No ceiling on time limit of deferment – though to be documented upfront
- ✓ Foreign securities to be acquired upfront
- ✓ Compliance to pricing guidelines to be ensured upfront. No need for compliance to pricing guidelines on individual subsequent tranche payment
- ✓ Section D & Section E of Form FC not required on subsequent tranche payments although other parts of Form FC to be submitted for each tranche
- ✓ Deferred payment facility available on sale/transfer also as per Reg 7 although operational clarity awaited.

Overseas Investment in Financial Services

INDIAN PARTY	FE NON IFSC	FE IFSC	
Non Individual FS	FE in FS	FE in FS	<ul style="list-style-type: none"> All 3 conditions (erstwhile Reg 7 of FEMA 120) Overseas regulator approval exempt, if not required as per laws of host country IFSC regulator required to approve applications within 45 days, failing which approval is deemed as provided
Non Individual FS	FE not in FS	FE not in FS	<ul style="list-style-type: none"> Subject to guidelines issued by respective regulators in India in addition to ODI Rules and Reg.
Non Individual Non FS	FE in FS (except banking & insurance)	FE in FS (except banking & insurance)	<ul style="list-style-type: none"> Only conditions applicable is 3 years profitability track record. For OI in IFSC, 3 years profitability track record requirement is dispensed with

Overseas Investment in Financial Services

INDIAN PARTY	FE NON IFSC	FE IFSC	
Individual (no Control in FE)	Not Permitted in FS	<p>ODI (except banking & insurance)</p> <p>OPI as contribution to investment fund/INVI</p>	<ul style="list-style-type: none"> IFSC FE may be operating entity or otherwise – Special dispensation to OI in IFSC IFSC FE with ODI/OPI from Individuals can have SDS inside / outside of IFSC
Individual (having Control in FE)	Not Permitted in FS except by way of inheritance, sweat equity, qualification shares, ESOP	ODI (except banking & insurance)	IFSC FE can have SDS only within IFSC

Non Fund Financial Commitments

- ✓ Guarantees (Bank or Corporate) for FE or SDS (all levels).
- ✓ Concept of borrowing Net Worth of Parent or Subsidiaries in India done away with.
- ✓ Guarantees by group companies will be counted towards their commitment not of Indian entity. Promoter guarantee will be counted towards financial commitment of Indian entity.
- ✓ Existence of NPA status / investigation to be ensured at the time of issuing the guarantee, not on invocation.
- ✓ Financial commitment restricted to underlying facility amount. Multiple securities for single facility will be considered individually.
- ✓ Roll over of guarantees can be for a changing amount provided it does not exceed original issuance amount. Form FC to be submitted for each rollover.

Overseas Investments – ESOPs

OPI

- Whether listed or unlisted FE (*deviation refer std. definition of ODI/OPI*)
- OI \leq 10% of paid-up capital/stock of FE, and
- Non existence of Control in FE
- Reporting responsibility on Corporate

ODI

- Whether listed or unlisted FE (*deviation refer std. definition of ODI/OPI*)
- OI $>$ 10% of paid-up capital/stock of FE, and
- Existence of Control in FE
- Reporting responsibility on Individual employee

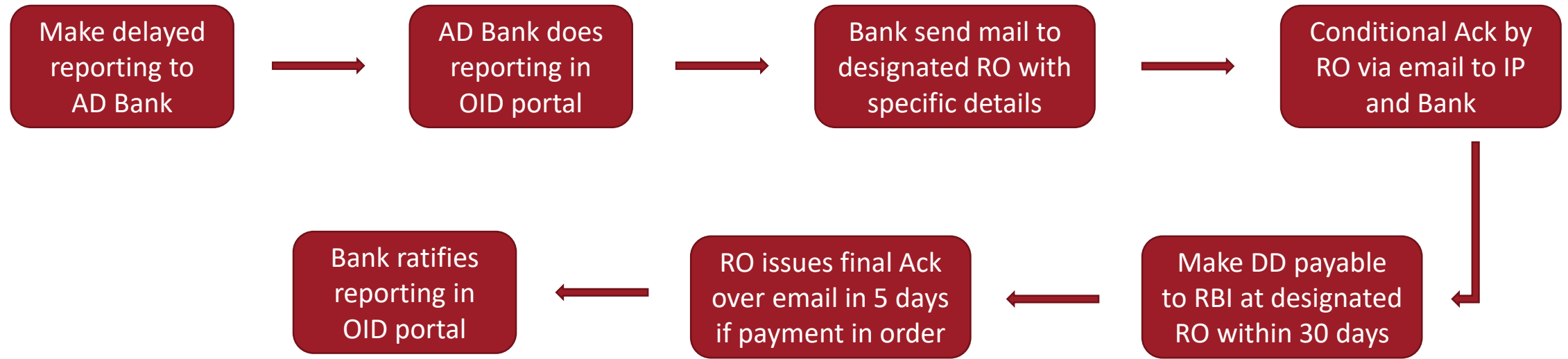
- Threshold for OPI and ODI categorization will be based on each individual employee level and not on consolidated level.
- No limit on remittance amount however, amount actually remitted will be reckoned towards utilization of LRS limit.

Overseas Investment - Gift / Inheritance

DONEE	DONOR	
Resident Individual	Non Resident Individual	<ul style="list-style-type: none">• Inheritance is totally permitted• Gift can be only between Relatives
Resident Individual	Non Resident Entity	<ul style="list-style-type: none">• Requires compliance with FCRA Act
Non Residents	Resident Individual	<ul style="list-style-type: none">• Not Permitted

“Relative” has same meaning under Companies Act, 2013

Late Submission Fee



UIN PREFIX	DESIGNATED RO
AH	Ahmedabad
BG	Bengaluru
BL, BY, PJ	Mumbai
BN, CA, GA, GH	Kolkata

UIN PREFIX	DESIGNATED RO
CG, JM, JR, KA, ND, PT, WR	New Delhi
HY	Hyderabad
KO, MA	Chennai

Key Changes

**NPA/Investigation
require NOC from
banks/investigative
agency**

**Acquisition of
Control must for
inter-corporate
loans in OI**

**Individuals can
invest in
Equity/CCP/CCD/per
petual irredeemable
capital**

**JV/WOS replaced by
FE i.e. entity with
Limited Liability**

**Concept of LSF
(restricted to 3
years) only for
delayed reporting
not for violation**

**Interest free loans in
OI structures not
permitted (ALP
concept introduced)**

**APR exempt for ODI
in unlisted FE with
less than 10% equity
and no Control**

**Net worth includes
Share Premium - in
line with Companies
Act 2013.**

**Recognition of SDS -
FE to have Control**

Key Changes

**Restructuring of ODI
only on
proportionate basis
(will cover equity +
debt)**

**ODI decoupled from
Trade Receivable
from FE Reg 13**

**Pre-incorporation
expenses introduced
subject to limits and
conditions**

**Individuals allowed
OI in Strategic
Sectors beyond LRS
limit – prior RBI
approval**

**ODI forms (Form FC)
carry changes
including Sec E**

**OPI by Listed Co.
and Individuals by
way of reinvestment
permitted**

**Bona fide business
purpose still the
prima facie
requirement for OI**

**LRS regulations
applicable only to
the extent of limits**

**Repatriation of dues
- period remains
unchanged i.e. 90
days**

Structured Solutions Desk



IDFC FIRST Bank's Structured Solutions Desk is a dedicated pan India desk to handle AD related banking services for all your capital account deals – FDI, Trade, Treasury, M&A, ODI, ECB, Special Purpose Account etc.



Assistance on account opening for Foreign/Indian Entities; Support inward remittances, Post Incorporation banking services & Regulatory reporting



Dedicated desk for your firm to handle all FEMA queries



Authorised Dealer bank services on your deals; Regulatory liaison/filings/approval



Escrows – Foreign Direct Investment (FDI) & Mergers & Acquisitions (M&A), Nodal, Fintech, Insolvency, Real Estate escrows etc.

Contact Us – Structured Solutions Team

Akshay Shah (West & East)

Ph. 9920324484

Akshay.shah3@idfcfirstbank.com

Abhishek Shukla (Gurgaon)

Ph. 9654282565

abhishek.shukla2@idfcfirstbank.com

Xavier Premnath (South)

Ph. 9886051033

Xavier.premnath@idfcfirstbank.com

Vivek Shrivastava (North)

Ph. 9999880422

vivek.shrivastava1@idfcfirstbank.com

Sonam Poddar (South)

Ph. 9158222292

sonam.poddar@idfcfirstbank.com

Satish Charipalli

Ph. 9892498263

Satish.charipalli@idfcfirstbank.com

Sonal Sinha

Ph. 9820100093

sonal.sinha@idfcfirstbank.com



Q & A



THANK YOU