

Sebi board to meet tomorrow to discuss proposals made by FM

Market regulator Securities and Exchange Board of India's (Sebi) board will meet tomorrow to take forward a number of proposals announced by Finance Minister P Chidambaram in his Budget speech for attracting more domestic and foreign investors to the capital markets.

The issues likely to be discussed include steps required for making the Indian markets easier and more attractive for foreign investors, and the efforts required for developing an equity culture among small retail investors in the country through schemes like Rajiv Gandhi Equity Saving Scheme (RGESS)

Besides, further steps for developing a vibrant debt market are also likely to be discussed, a senior official said.

The Sebi board meeting will take forward the various proposals made by Chidambaram regarding the capital markets in his Budget speech, he added. Terming India's capital market as among the best regulated in the world, Chidambaram had made a number of proposals relating to the capital market.

These included a proposal to simplify the procedures and prescribe uniform registration and other norms for entry of foreign portfolio investors.

In this regard, Sebi will discuss steps to converge the different Know Your Customer (KYC) norms and adopt a risk-based approach to KYC to make it easier for foreign investors such as central banks, sovereign wealth funds, university funds and pension funds to invest in India.

Other proposals made by the FM include foreign institutional investors (FIIs) being allowed to participate in the exchange traded currency derivatives segment to the extent of their Indian rupee exposure in India and FIIs being permitted to use their investment in corporate bonds and government securities as collateral to meet their margin requirements.

He also proposed steps for allowing small and medium enterprises, including start-up companies, to list on the SME exchange without being required to make an initial public offering. The Sebi board is also likely to discuss steps required for the benefit of mutual fund distributors and angel investors, as also necessary changes in its rules governing the newly launched RGESS framework to make these products more attractive for investors.

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