

SEBI approves amendments on collective investment schemes

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MUMBAI : The Securities and Exchange Board of India (Sebi) on Tuesday approved amendments to regulations governing collective investment schemes (CIS) to strengthen the framework and bring them on a par with mutual fund rules to “remove regulatory arbitrage” between the pooled investment vehicles. CIS allow a group of people to pool money into an asset. The returns are divided on the basis of the proportion of investments. It is a pooled investment vehicle for closed-end funds and the units of the schemes must be listed on the exchange.

The Sebi board approved enhancement of the net-worth criteria and requirements of having a track record in relevant field to be eligible for registration of a collective investment management company (CIMC), the markets regulator said. Shareholders are not allowed to hold more than 10% shares, directly or indirectly, in a CIMC, or have representation on their boards.

The regulator also said that the investment of the CIMC and its employees is mandatory in collective schemes to align their interests with that of the CIS. It is also necessary to have a minimum number of investors at the CIS level, it said.