

# MAURITIUS FPIS CAN CONTINUE TO INVEST IN INDIA, SAYS SEBI

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

The Securities and Exchange Board of India (SEBI) has clarified that foreign portfolio investors (FPIs) from Mauritius will continue to be eligible for registration as foreign investors in India but subject to increased monitoring.

The regulatory clarification was necessitated after the island nation was placed in the list of 'jurisdictions under increased monitoring' — commonly referred to as the grey list — leading to apprehensions that the Mauritius-based FPIs will not be able to trade in the Indian capital market.

"... FPIs from Mauritius continue to be eligible for FPI registration with increased monitoring as per FATF norms," stated a release by SEBI. On February 21, the Financial Action Task Force (FATF) placed Mauritius in the grey list.

This assumes significance since Mauritius accounts for the second-largest chunk of foreign investments, as per data from the National Securities Depository Limited (NSDL). In January 2020, Mauritius-based FPIs had total assets under custody (AUC) of Rs. 4.37 lakh crore, second only to that of the U.S. with Rs. 11.63 lakh crore.

Meanwhile, the capital market regulator further clarified that the FATF website mentions that when a jurisdiction is placed under increased monitoring, it construes that the country has committed to swiftly resolve the identified strategic deficiencies within agreed time frames and is subject to increased monitoring.

"The FATF encourages its members to take into account this information in their risk analysis," stated the SEBI release.

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