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**TOPICS**



## » SEBI Issues Guidelines for Real Estate Mutual Funds

The Securities and Exchange Board of India (SEBI) Board at its meeting held on June 26, 2006 approved guidelines for Real Estate Mutual Funds (REMFs)

**MAIN FEATURES OF SEBI GUIDELINES FOR REAL ESTATE MUTUAL FUNDS**

A Real Estate Mutual Fund Scheme means a scheme of a mutual fund which has investment objective to invest directly or indirectly in real estate property and is governed by the provisions and guidelines under SEBI (Mutual Funds) regulations. The main features of the guidelines are as follows:

- Investment: These schemes can invest 1) directly in real estate properties within India, (2) Mortgage (housing lease) backed securities (3) Equity shares/ bonds/ debentures of listed/ unlisted companies which deal in properties and also undertake property development and in (4) Other securities.

- Close Ended: The structure of the REMFs, initially, shall be close ended.

- Listing of Units of MF: The units of REMFs shall be compulsorily listed on the stock exchanges.

- Daily declaration of NAV: NAV of the scheme shall be declared daily.

- Appointment of Custodian: The REMFs shall appoint custodian who has been granted a certificate of registration to carry on the business of custodian of securities by the Board. The custodian shall safe keep the title of real estate properties held by the REMFs.

SEBI would soon issue necessary amendments to the respective regulation / guidelines to reflect the aforestated changes in policy.

[ TOP ]

## » Change in Lock-in period for VCF & FVCI

The Securities and Exchange Board of India (SEBI) Board at its meeting held on June 26, 2006 approved guidelines for changes in venture capital fund lock-in period for IPOs.

SEBI GUIDELINES ON CHANGES IN VCF & FVCI LOCK-IN PERIOD FOR IPOS

SEBI has also decided that the shareholding of Venture Capital Funds (VCFs) and Foreign Venture Capital Investors (FCVIs) held in a company prior to making an Initial Public Offering (IPO), would be exempt from lock-in requirements only if the shares are held by them for a period of at least one year at the time of filing of draft prospectus with SEBI. The objective behind this provision is that only those VCFs and FCVIs who participate in the company with a long term perspective, are allowed to get the benefit of the exemption from requirement of lock-in as intended by the SEBI (Disclosure and Investor Protection) Guidelines.

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[ TOP ]

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