



Letter from Investment Company Institute

August 29, 2025

Securities and Exchange Board of India (SEBI)
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400051, Maharashtra

Re: *Consultation Paper on Introduction of “Single Window Automatic & Generalised Access for Trusted Foreign Investors (SWAGAT-FI)” Framework for FPIs and FVCIs*

Dear Sir or Madam:

The Investment Company Institute (ICI)¹ appreciates the opportunity to provide feedback on the Securities and Exchange Board of India’s (SEBI) consultation paper on the introduction of a “Single Window Automatic and Generalised Access for Trusted Foreign Investors” (SWAGAT-FI) framework.²

ICI welcomes SEBI’s initiative to simplify the onboarding and ongoing compliance processes for certain categories of foreign portfolio investors by introducing the new framework. The proposed SWAGAT-FI framework marks an important step forward in reducing administrative barriers, aligning regulatory treatment with the nature of the investor, and facilitating greater participation in India’s capital markets. We believe that appropriately tailored access for long-term investors can help deepen market liquidity and enhance the role of such capital in India’s broader growth and development.

¹ The [Investment Company Institute](https://www.ici.org) (ICI) is the leading association representing the global asset management industry in service of individual investors. ICI members are located in North America, Europe, and Asia and manage fund assets of US\$50.0 trillion, including mutual funds, exchange-traded funds (ETFs), UCITS, closed-end funds, unit investment trusts (UITs) and similar funds in these different jurisdictions. ICI has offices in Washington DC, Brussels, and London.

² Consultation Paper on Introduction of “Single Window Automatic & Generalised Access for Trusted Foreign Investors (SWAGAT-FI)” Framework for FPIs and FVCIs https://www.sebi.gov.in/reports-and-statistics/reports/aug-2025/consultation-paper-on-introduction-of-single-window-automatic-and-generalised-access-for-trusted-foreign-investors-swagat-fi-framework-for-fpis-and-fvcis_95955.html

ICI would welcome the opportunity to work collaboratively with SEBI, the asset management community, and other relevant stakeholders (such as designated depository participants “DDPs”), to facilitate a smooth implementation of the new framework.

Our full responses to SEBI’s consultation questions are attached. If you have any further questions, please contact me at tracey.wingate@ici.org.

Sincerely,

/s/ Tracey Wingate
Tracey Wingate
Head of Global Affairs



Letter from Investment Company Institute

Investment Company Institute Responses to the *Consultation Paper on Introduction of “Single Window Automatic & Generalised Access for Trusted Foreign Investors (SWAGAT-FI)” Framework for FPIs and FVCIs*

Submitted via SEBI online response portal at:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

Question 1: Do you agree with the proposal to introduce SWAGAT-FI framework?

Response: Strongly Agree

Comments:

The Investment Company Institute (ICI) welcomes the Securities and Exchange Board of India’s (SEBI) initiative to simplify the onboarding and ongoing compliance processes for certain categories of foreign portfolio investors by introducing a new “Single Window Automatic and Generalised Access for Trusted Foreign Investors” (SWAGAT-FI) framework.

ICI is the leading association representing the global asset management industry in service of individual investors. ICI members are located in North America, Europe, and Asia and manage fund assets of US\$50 trillion, including mutual funds, exchange-traded funds (ETFs), UCITS, closed-end funds, unit investment trusts (UITs) and similar regulated public fund structures in these different jurisdictions. ICI has offices in Washington DC, Brussels, and London.

We strongly support SEBI’s initiative to ease market access for well-regulated foreign investors. The proposed SWAGAT-FI framework marks an important step forward in reducing administrative barriers, aligning regulatory treatment with the nature of the investor, and facilitating greater participation in India’s capital markets. We believe that appropriately tailored access for long-term investors can help deepen market liquidity and enhance the role of such capital in India’s broader growth and development.

We also welcome SEBI’s balanced and pragmatic approach to streamline requirements within its regulatory remit, while remaining committed to continued engagement with other Indian authorities to simplify requirements across the broader regulatory landscape.

ICI would welcome the opportunity to work collaboratively with SEBI, the asset management community, and other relevant stakeholders (such as designated depository participants “DDPs”), to facilitate a smooth implementation of the new framework.

Rationale:

Public retail funds play a vital role in channeling long-term capital into India’s economy. By allocating capital across a broad spectrum of strategies, these funds support enterprise expansion, infrastructure development, and the delivery of essential public services. In doing so, they contribute meaningfully to job creation, financial inclusion, and sustainable economic growth.

The proposed SWAGAT-FI framework stands to enhance this role by recognizing the low-risk profile of public retail funds and adopting a proportionate approach to their oversight. Streamlining documentation and ongoing compliance requirements will ease operational burdens on fund managers and enable a more efficient deployment of capital which ultimately will benefit end investors and the firms in which they invest.

Through these improvements, India will be increasingly well-positioned to attract foreign investment, improving its global positioning as an investment destination and facilitating investment activity by both existing fund managers and new entrants.

We are also encouraged by SEBI’s efforts to collaborate with other regulators in leveraging the onboarding procedures used for FPI regulations, aiming to enable investments through other routes with minimal or no separate onboarding or KYC requirements. We look forward to the continued discussions to advance these efforts, while welcoming SEBI’s proposal to take more immediate action on the regulations under its direct jurisdiction.

Question 2: Do you agree with the proposed categories of foreign investors to be eligible under SWAGAT-FI framework?

Response: Strongly Agree

Comments:

ICI strongly supports the inclusion of public retail funds under the SWAGAT-FI framework. Such funds are appropriate to be classified as low-risk foreign investors due to the robust regulatory frameworks for these funds in their home jurisdictions.

ICI also welcomes SEBI's proposal to allow existing FPIs that meet the eligibility criteria to opt into the new framework, in addition to providing this option for new FPI applicants. Allowing both new and existing FPIs to be eligible for the SWAGAT-FI framework will facilitate new entrants while also allowing for expansion of the activities for existing FPIs that are already active and committed to the Indian market.

In the course of implementing the proposed framework, we recommend that SEBI and relevant DDPs provide clear and uniform eligibility criteria and documentation requirements. In keeping with the goals of the initiatives, such implementation guidance should allow for streamlined and not overly burdensome approvals, particularly for mutual funds, ETFs, UCITS, and collective investment trusts (CITs) from recognized jurisdictions.

ICI would welcome the opportunity to work collaboratively with SEBI, relevant DDPs, and the asset management community to facilitate a smooth implementation of the new framework.

Rationale:

Public retail funds, such as mutual funds, ETFs, UCITS, and CITs are subject to comprehensive regulatory oversight in their respective home jurisdictions. These regulatory frameworks typically establish requirements related to portfolio diversification, liquidity, transparency, and governance, all designed to support investor protection and market integrity.

While fiduciary obligations may vary across jurisdictions, these funds are broadly accessible and are structured to serve the needs of long-term individual investors through professionally managed, arms-length investment vehicles. Investors in such funds do not exercise control over the underlying assets, and their exposure is generally limited to the economic performance of the fund. As a result, public retail funds do not pose the types of investor control or concentration risks that typically raise supervisory concerns.

In this context, the objectives of SEBI's SWAGAT-FI initiative, to facilitate participation by low-risk, well-regulated foreign investors, are closely aligned with the characteristics and regulatory profiles of public retail funds. Tailoring access requirements to reflect this alignment would help advance SEBI's goal of simplifying entry for trusted investors while maintaining appropriate safeguards for market integrity.

Question 3: Do you agree with the proposal to grant option to SWAGAT-FIs to register as FVCI without further documentation?

No response provided.

Question 4: Do you agree with the proposal to increase the periodicity for continuance of registration (including payment of fee) and review of KYC of SWAGAT-FIs to 10 years?

Response: Strongly Agree

Comment:

ICI supports the proposal to extend the periodic length of registration and KYC review for SWAGAT-FIs to 10 years, aligning with the Reserve Bank of India's (RBI) KYC requirements for low-risk investors. This change would reduce the administrative burden and improve operational efficiency for long-term, low-risk foreign investors such as public retail funds investing through the FPI channel.

Rationale:

Extending the review cycle to 10 years for SWAGAT-FIs eligible investors would bring consistency with RBI's standards and reflect the highly regulated and low risk nature of public retail funds. Furthermore, such investors would continue to be subject to the relevant requirements to report material changes to their circumstances, should such changes occur prior to the periodic review, meaning that there is no regulatory reporting gap created by the extension.

Question 5: Do you agree with the proposal to remove the restriction on aggregate NRI, OCI and RI distribution in SWAGAT-FIs under FPI Regulations, 2019?

Response: Agree

Comment:

ICI supports the proposal to remove the restriction on aggregate NRI, OCI and RI distribution in SWAGAT-FIs.

Rationale:

Public retail funds operate under comprehensive regulatory frameworks in their home jurisdictions that typically include requirements related to portfolio diversification, liquidity, transparency, and governance. These features are designed to support investor protection and uphold market integrity. While specific fiduciary obligations may vary by jurisdiction, these

funds are professionally managed and broadly accessible to long-term individual investors through arm's-length investment structures that do not confer control over underlying assets.

Because investors in public retail funds do not exercise direct influence over the investment decisions or governance of the entities in which the fund invests, the composition of the fund's end investors, including whether they are classified as NRIs, OCIs, or RIs, does not impact the fund's risk profile or regulatory alignment. The activities of the fund itself, as the foreign portfolio investor, remain governed by the regulatory standards of its home jurisdiction and the investment parameters set forth by SEBI.

In this context, the proposed removal of restrictions on aggregate NRI/OCI/RI distribution within the SWAGAT-FI framework is both appropriate and consistent with the low-risk nature of public retail funds. These funds are diversified vehicles that present minimal concerns around investor concentration or control. Eliminating this restriction will help streamline access for trusted foreign investors without compromising SEBI's commitment to market integrity and investor protection.

Question 6: Do you agree with the proposal to allow single demat account for holding securities acquired by SWAGAT-FIs as FPI, FVCI or foreign investor in units of investment vehicle on an optional basis?

Response: Agree

Comment:

ICI supports allowing for the option of using a single demat account, which would continue to be subject to the existing regulatory requirements to segregate fund assets and maintain proper fiduciary controls. Such an option could be consistent with the current ability to use a single Special Non-Resident Rupee (SNRR) account for multiple activities while maintaining segregated transactions. At the same time, a SWAGAT-FI should retain the flexibility to use multiple demat accounts should it determine that doing so remains appropriate for its business model, internal procedures, or other relevant circumstances.

Rationale:

Allowing the option for SWAGAT-FIs to use one demat account, subject to other existing regulatory requirements, will allow implementation flexibility that would provide space for depositories to potentially develop additional service models that increase efficiency for the operations of foreign investors.

Question 7: Do you agree with the draft amendments to FPI regulations and FVCI regulations placed at Annexure A?

Response: Strongly Agree

Comment:

ICI supports the proposed amendments to the FPI and FVCI regulations contained at Annexure A of the consultation.

Rationale:

The draft amendments are consistent with the policy changes proposed in the consultation, which ICI strongly supports.