

## **Sebi to issue guidelines soon for crowd-funding**

To encourage young entrepreneurs to raise capital from the market, which has seen decline in such activity, regulator Sebi is planning to shortly come out with the guidelines for crowd-funding.

"We are coming out with guidelines on crowd-funding soon, because we want to encourage young entrepreneurs to raise capital. Our aim is to help young people raise capital very smoothly," Sebi chairman U K Sinha on Thursday said at an investors' conference organised by industry body IMC here.

Crowd-funding typically involves young entrepreneurs and small groups of people raising funds for their ventures through various online platforms involving individuals as well as organisations.

Of late, such platforms are also being used for launching products that promise certain financial returns to the contributors.

While it is still in nascent stage in India, compared to large markets like the US, China and the UK, the trend is catching up fast especially in the wake of emergence of social media as a key platform for such activities.

International Organisation of Securities Commission (IOSCO), a body of market regulators across the world including Sebi, recently called for greater regulatory checks on 'crowd-funding' investment products to avoid any potential systemic risks in future.

Sinha also said that he is concerned about the decline in capital raising activities as Rs 60,000 crore worth of approvals and intentions to raise money have either been allowed to lapse or withdrawn in the last three years.

"Several companies filed draft red herring prospectus with Sebi to raise capital. But they either withdrew or allowed it to be lapsed, Sinha said.

Sinha complemented BSE for achieving USD 1 billion market capitalisation of companies listed on its SME platform. Sebi's initiative for IPO without listing received good response and within six months of issuing guidelines, three companies got listed on BSE's institutional trading Platform, he said.

"This will allow qualified institutional bidders, private equity, venture capital good opportunity, so I expect that once this platform also succeeds, venture capital and private equity will find better to start getting their companies shifted here," he said.

On simplifying Know Your Customer norms, Sinha said Sebi is in constant dialogue with other regulators to make them simple.

"It's a huge task and may take more time. We are working on project very seriously

whereby investor will get single statement showing all mutual fund investment and holding of securities. The project will be launched this year," he said.

Sinha pointed out that all NRIs should be able to invest in the country with the KYC norms. Sebi has come out with detailed guidelines for NRIs to invest in domestic markets.

"We have authorised depository participants to start registering on our behalf," he said.

Last week, RBI came out with guidelines aligning KYC requirement of Sebi for all the foreign portfolio investment regulations. So, all FPI investors will have the same KYC requirement, when it comes to opening of bank account by FPI on the lines of Sebi's KYC, which has been simplified.

Commenting on corporate governance issues, Sinha said the guideline becomes effective from October 1. "Our focus and worry is matters of related party transactions," he added.

He welcomed the progress of currency futures market which is doing well. Sebi has reduced the margin requirement. The timing of the currency market can also be extended from 5 to 7.30 PM, Sinha said.

"We are moving in direction to encourage corporate to hedge on a continuous basis their currency risk on exchanges," he said.

*(Zee News)*