

Sebi circular has implications for both ODI & P-Notes subscribers: Expert

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"The circular that Sebi issued has implications for both offshore derivative instrument (ODI) subscribers, participatory notes (P-Notes) subscribers who look at accessing P-Notes to take a position in the underlying derivative positions as well as for the FPIs who are issuing these P-Notes. So the mandate from the regulator is that P-Notes can be issued only if the underlying is derivative in case it is part of the broader hedge inventory and not for a direct position without matching equity exposure," he said.

He further said that this move seem to suggest that there is a direct discouragement for ODI subscribers or P-Note subscribers, if the underlying are derivatives which means the thrust is firmly on encouraging direct investors who register themselves with either the regulator or an intermediary in India as foreign portfolio investor (FPI).