



LexCognito

This issue of LexCognito, which in Latin means 'awareness about law', seeks to provide you an insight into significant legal and regulatory developments that have taken place very recently in India.

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SEBI Regulations: Opportunities for Global Stressed Assets Funds to Invest in India via AIF Route

India's capital markets regulator SEBI has proposed permitting setting up of registered Special Situation Funds (**SSFs**) as another type of alternative investment fund (**AIF**). Such SSF will be permitted to purchase and sell distressed loans in India. Such SSFs will give tough fight in this field to asset reconstruction companies, banks, and finance companies, who function under severe restrictive regime of RBI.

SEBI has issued a draft of proposed regulations which propose to permit SSFs to buy and sell bad loans. The foreign funds, especially global stressed assets funds who are known to be high risk takers and are willing to take on challenges, are likely to be permitted to enter this arena with their strong financial and negotiation capabilities. This significant development will indeed have the potential to reshape the stressed asset markets in India.

Earlier, RBI had allowed setting up of SSFs to invest in bad loans, subject to SEBI setting out a suitable regulatory framework. In the absence of SEBI regulations, the SSFs so far were participating in the distressed loan business through ARCs. Once SEBI issues final SSF Regulations, they can enter into the market on their own.

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Significant Judgments of our team

Delhi High Court upheld appointment of independent arbitrator - found appointment procedure under GCC (un-amended Clause 64) not sustainable

Company Court clears Insolvency Resolution Plan framed by Creditors themselves

Delhi High Court on Disqualification of Directors U/S 164(2) of the Companies Act 2013



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