



To,
Investment Manger Department,
Securities Exchange Board of India
Mumbai

Date: 15th January, 2016

Sub: Comments on the Draft Guidelines for issue of units by REITs

Respected Sir/Madam,

About the Indian Securitisation Foundation

The **Indian Securitisation Foundation**¹ is a not-for-profit entity representing the securitisation industry in India. The membership of the Foundation includes banks, NBFCs, microfinance institutions, other issuers and investors and securitisation professionals for promoting interest of securitisation and fixed income securities in India. Investors in securitisation include public sector banks, private sector banks, mutual funds, insurance companies and others.

Our Comments:

Our comments on the Draft Guidelines are on the basis of the provisions contained in the SEBI (Real Estate Investment Trusts) Regulations, 2014 (hereafter referred as the REITs Regulation).

Our comments on the Guidelines have been tabulated below:

¹License u/s 25 of the Companies Act 1956 received vide letter No.ROC/25(1)/SRN B67046052/258/3/2013/6187 dated 20 March, 2013.
<http://indiansecuritisation.com/>

INDIAN SECURITISATION FOUNDATION

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Corporate Identity Number: U65923MH2013NPL242178



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Sl. No.	Clause No.	Suggestions	Rationale
1	5 (1)	The requirement of security deposit should be dispensed.	In order to make REITs vehicle attractive at the fund level.
2	5 (2)	The deposit requirement, in case is not dispensed then the period for which such deposit is to be kept should be minimal.	This would not let the REITs fund to be blocked for certain period of time
3	8 (1)	The requirement of receiving the applications through ASBA should be dispensed.	Considering the current penetration of the facility and the comfort of investors, this should be dispensed for a certain period of time.
4	8 (2)	The requirement of accepting margin money to the tune of entire application money should be removed.	<p>The reason for bringing REITs structure in India is to allow the retail investors to have a direct exposure in the real estate properties.</p> <p>The minimum application size in the REITs unit will be Rs. 2 lakh.</p> <p>Thus an applicant has to pay around</p>

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			<p>Rs. 4 lakhs for subscribing to the REIT units.</p> <p>Hence the above requirement should be removed so as to attract the retail investors.</p>
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Thanking you

For **Indian Securitisation Foundation**

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