

SEBI Proposes Removal of the Granular Disclosure Framework for Foreign Portfolio Investors

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On 20 November 2026, the Securities and Exchange Board of India (SEBI) issued a consultation paper proposing to remove the Additional Disclosure Framework (Granular Disclosure Framework) for foreign portfolio investors (FPIs) entirely, acknowledging that it is unique to India and goes beyond the requirements in peer jurisdictions. Comments are invited until 11 December 2026.

Background

Currently, the Granular Disclosure Framework applies to FPIs that breach either: (i) the **concentration criteria**, i.e., more than 50% of their Indian equity AUM in a single Indian corporate group; or (ii) the **size criteria**, i.e., more than INR 500 billion (approximately USD 5.7 billion) of Indian equity AUM, individually or with their investor group. Such FPIs are required to disclose every entity with any ownership, economic interest or control in them, on a full look-through basis up to all natural persons, with no minimum threshold. Certain FPIs, including broad-based pooled structures and government-related investors, are exempt, subject to specified conditions.

The consultation paper notes that the size threshold was originally intended to prevent the FPI route from being used to circumvent Press Note 3 (2020) on investments from countries sharing a land border with India. However, Press Note 2 of 2026 (15 March 2026) has since limited the identification of a "beneficial owner" for this purpose to persons above the anti-money laundering thresholds, which FPIs already disclose.

Proposal

SEBI has proposed the following:

(a) **Removal of the Granular Disclosure Framework for FPIs**: Both the concentration criteria and the size criteria, together with the related full look-through disclosure requirement, will be removed.

(b) **Removal for ODI subscribers and segregated portfolios**: The Granular Disclosure Framework applicable to subscribers of offshore derivative instruments (ODIs) and to segregated portfolios maintained by FPIs will also be removed.

Comments

The proposal is a welcome step that would remove one of the most burdensome India-specific requirements for foreign funds. It underscores SEBI's willingness to address investor concerns regarding the operational costs from India-specific vehicles to repeated look-through exercises for hedge funds and fund-of-funds. The proposal is expected to ease onboarding and ongoing compliance for global and multi-layered structures and build investor confidence in India.

Until formally removed, the Granular Disclosure Framework continues to apply. Beneficial ownership identification under the Prevention of Money-laundering Act, 2002 and its rules, usually at a 10% threshold, will remain.

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