



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES – POD II

CONSULTATION PAPER ON AMENDMENT TO THE DEFINITION OF STRATEGIC INVESTOR

August 01, 2025



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Timeline to Respond

Comments on the
Consultation paper (CP) may
be sent by August 22, 2025

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1. **OBJECTIVE**

- 1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public on proposal to amend the definition of Strategic Investor under the SEBI (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations) and the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations").

2. **BACKGROUND**

2.1. Regulation 2(1)(ztb) of the REIT Regulations and Regulation 2(1)(zza) of the InvIT Regulations provides the definition of Strategic Investor as under:

“strategic investor’ means, –

- a. an infrastructure finance company registered with the Reserve Bank of India as a Non-Banking Financial Company;*
- b. a Scheduled Commercial Bank;*
- c. a multilateral and/or bilateral development financial institution;*
- d. systemically important Non-Banking Financial Companies registered with Reserve Bank of India;*
- e. a foreign portfolio investor,*
- f. an insurance company registered with the Insurance Regulatory and Development Authority of India;*
- g. a mutual fund.*

who invest, either jointly or severally, not less than five per cent. of the total offer size of the REIT/InvIT or such amount as may be specified by the Board from time to time, subject to the compliance with the applicable provisions, if any, of the Foreign Exchange Management Act, 1999 and the rules or regulations or guidelines made thereunder;”

2.2. The concept of Strategic Investors was introduced in the REIT Regulations / InvIT Regulations to enable the REIT / InvIT to have strategic investors in the issue, prior to making an offer of units. The intent behind having such category of investors was to instill confidence in the other set of investors.

2.3. Strategic Investors are investors who get firm allocation before the opening of the issue, are required to invest at least 5% of the total offer size and can invest up to 25% of the total offer size. Strategic investors are required to enter into a binding unit subscription agreement with the Manager of REIT / Investment Manager of InvIT and the units subscribed by such investors are

locked in for a period of 180 days from the date of listing. Details of the unit subscription agreement are required to be disclosed in the draft offer document / offer document which includes name of each Strategic Investor, number of units proposed to be subscribed by it / investment amount, proposed subscription price per unit etc. This prior commitment by strategic investors and the lock-in requirement helps to instill confidence in other investors.

2.4. It is noted that the extant definition of Strategic Investor includes only a select few investors. The definition is narrow in scope and does not include many institutional investors like public financial institutions, insurance funds, provident funds, pension funds, etc. who also make investments in units of REITs and InvITs as it aligns with their investment mandate of long-term, stable, income generating investments. As a consequence, such investors (who are primarily regulated institutional investors) are not eligible to apply under the Strategic Investor category in a public issue of units and the REIT/InvIT is unable to attract capital from such investors under the Strategic Investor category.

2.5. In this regard, it may be noted that the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) provides the definition of Qualified Institutional Buyer (“QIB”) under Regulation 2(1)(ss) which reads as under:

“qualified institutional buyer” means:

- (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with the Board;*
- (ii) foreign portfolio investor other than individuals, corporate bodies and family offices;*
- (iii) a public financial institution;*
- (iv) a scheduled commercial bank;*
- (v) a multilateral and bilateral development financial institution;*

- (vi) *a state industrial development corporation;*
- (vii) *an insurance company registered with the Insurance Regulatory and Development Authority of India;*
- (viii) *a provident fund with minimum corpus of twenty five crore rupees;*
- (ix) *a pension fund with minimum corpus of twenty five crore rupees registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013];*
- (x) *National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;*
- (xi) *insurance funds set up and managed by army, navy or air force of the Union of India; and*
- (xii) *insurance funds set up and managed by the Department of Posts, India; and*
- (xiii) *systemically important non-banking financial companies.”*

2.6. The definition of QIB under the ICDR Regulations is wider in scope vis-à-vis the definition of Strategic Investor in the REIT Regulations and the InvIT Regulations. Also, regulated institutional investors are primarily covered under QIB.

3. PROPOSALS

- 3.1. In order to widen the investor base for applying under the Strategic Investor category in a public issue of units of the REIT/InvIT and to promote ease of doing business by enabling REITs and InvITs to attract capital from more investors under the Strategic Investor category, it is proposed to amend the definition of Strategic Investor to provide that an entity who is considered a QIB under the ICDR Regulations may apply as Strategic Investor.
- 3.2. Further, it is noted that Foreign Portfolio Investors (“FPI”) who are individuals, corporate bodies or family offices are not QIBs under the ICDR Regulations. The same approach can be considered for FPI’s for inclusion under Strategic Investor in the REIT Regulations and the InvIT Regulations. Hence, it is proposed that FPI’s who are individuals, corporate bodies or family offices shall not be considered under the Strategic Investor category.
- 3.3. In view of the above, the amended definition of Strategic Investor in the REIT Regulations and the InvIT Regulations shall read as under:¹

“strategic investor’ means, –

- a. an infrastructure finance company registered with the Reserve Bank of India as a Non-Banking Financial Company;
- b. a Scheduled Commercial Bank;
- c. a multilateral and/or bilateral development financial institution;
- d. systemically important Non-Banking Financial Companies registered with Reserve Bank of India;
- e. a foreign portfolio investor other than individuals, corporate bodies and family offices;
- f. an insurance company registered with the Insurance Regulatory and Development Authority of India;
- g. a mutual fund; and

¹ underlined text is new insertion

h. a qualified institutional buyer as defined under Regulation 2(1)(ss) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

who invest, either jointly or severally, not less than five per cent. of the total offer size of the REIT/InvIT or such amount as may be specified by the Board from time to time, subject to the compliance with the applicable provisions, if any, of the Foreign Exchange Management Act, 1999 and the rules or regulations or guidelines made thereunder;”

Consultation: Amendment to the definition of Strategic Investor

Kindly provide your comments along with supporting rationale on the following proposals:

- 1) Inclusion of QIB as defined under the ICDR Regulations in the list of entities covered under Strategic Investor.***
- 2) FPI's who are individuals, corporate bodies or family offices shall not be considered as Strategic Investor.***

4. **PUBLIC COMMENTS**

- 4.1. Considering the implications of the aforementioned matter on the market participants, public comments are invited on the above-detailed proposals. The comments/ suggestions should be submitted latest by August 22, 2025, through the online web-based form which can be accessed using [this link](#).
- 4.2. Kindly go through the instructions mentioned on the above link before submitting comments on the consultation paper.
- 4.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact Shri Barun Gurani, AM (barung@sebi.gov.in) through email with the subject "*Consultation Paper on Amendment to the Definition of Strategic Investor*".

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