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***By Electronic Delivery***

19 December 2019

Deputy Commissioner of Income-tax (OSD) (TPL) -I  
Central Board of Direct Taxes  
North Block  
New Delhi – 110 001  
India

Re: *Draft amendment to the Indian Based Fund  
Manager Regime under Section 9A*

Respected Ma'am:

ICI Global<sup>1</sup> and our members appreciate the Government of India's interest in improving the attractiveness of the Indian Based Fund Manager regime (IBFM). This regime, as we have advocated for several years,<sup>2</sup> is essential if foreign institutional investors (FIIs) are to appoint fund managers based in India. Unfortunately, the current rules are too onerous and are not in accordance with international standards.

We are encouraged by the recent proposed rules but note that many drafting issues, including several raised by others, must be resolved if the IBFM regime is to be attractive for our members. Unless the rules are administrable and reflect economic reality, they will not be utilized—to the detriment of India as it seeks to expand its financial services industry.

Importantly, any fixed remuneration percentage must not be a significant barrier to firms considering establishing an Indian based fund manager. We submit that the 0.1 percent of assets under management (AUM) methodology must be optionally available to all sub categories of

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<sup>1</sup> [ICI Global](#) carries out the international work of the [Investment Company Institute](#), the leading association representing regulated funds globally. ICI's membership includes regulated funds publicly offered to investors in jurisdictions worldwide, with total assets of US\$31.2 trillion. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of regulated investment funds, their managers, and investors. ICI Global has offices in London, Hong Kong, and Washington, DC.

<sup>2</sup> See, e.g., [ICI Global letter](#) from Keith Lawson, Deputy General Counsel, to Minister Jayant Sinha, Ministry of Finance, dated 31 March, 2016; [ICI Global letter](#) from Keith Lawson, Deputy General Counsel, to Dr. Parthasarathi Shome, Adviser to the Finance Minister, Ministry of Finance, dated 21 May, 2014.

Category I Foreign Portfolio Investors (FPIs). Subjecting our members to the 0.3 percent of AUM methodology will diminish substantially the attractiveness of the IBFM regime.

We appreciate the Indian Government's proactive response to policy situations and look forward to continuing our discussion on this important issue.

With kind regards on behalf of the regulated funds industry,



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