



ASIA SECURITIES INDUSTRY & FINANCIAL MARKETS ASSOCIATION

Release Date: March 30, 2012

Contact: W. Victoria Becker, +852 2537 3029; [vbecker@asifma.org](mailto:vbecker@asifma.org)

### **ASIFMA Responds to the Indian Finance Minister's Statements on the Tax Consequences of Finance Bill, 2012**

**Hong Kong, March 30, 2012**—The Asia Securities Industry & Financial Markets Association (ASIFMA) appreciates the Finance Minister's recent statements, reported by a number of media outlets, as an attempt to work with the industry to resolve the issues raised by the Finance Bill, 2012 (Bill).

It is helpful to know that the indirect transfer rules will not apply to participatory notes (P-Notes) holders. However, the industry would have preferred to have been consulted in advance of such a major change, before the Indian Government confirmed its plan to pursue taxation of Foreign Institutional Investors (FIIs) themselves. This type of approach would have had a less disruptive effect on capital market flows, while still resulting in a fair and equitable result.

ASIFMA CEO Nicholas de Boursac stated that "The news about P-Notes is positive. But threats of taxation directly on FIIs could seriously disrupt the Indian capital markets."

The Bill is set to take effect on Monday, April 1st and is expected to have significant impacts on FIIs.

The concerns outlined in ASIFMA's letter ([www.asifma.org](http://www.asifma.org)) Wednesday remain, namely that FIIs may be subjected to substantial levels of taxation as the new rules come into force. "We look forward to continued and constructive conversations to protect these foreign direct investment flows and will work to support the best interests of the Indian capital markets," said Mr. de Boursac.

1. The Asia Securities Industry & Financial Markets Association (ASIFMA) is an independent association that promotes the development of liquid, efficient and transparent capital markets in Asia and facilitates their orderly integration into the global financial system. ASIFMA priorities are driven by over 40 member companies involved in Asian capital markets, including global and regional banks, securities dealers, brokers, asset managers, credit rating agencies, law firms, trading and analytic platforms, and clearance and settlement providers. ASIFMA is located in Hong Kong and works closely with global alliance partners: the Global Financial Markets Association (GFMA), the Securities Industry and Financial Markets Association (SIFMA) and the Association for Financial Markets in Europe (AFME). More information about ASIFMA can be found at: [www.asifma.org](http://www.asifma.org).