

MOICS' Notice for Investment Companies

On August 9, 2021, the Ministry of Industry, Commerce and Supplies ("MoICS") published a notice in the National Gazette ("Notice") specifying the conditions to be fulfilled by investment companies while registering as an industry under Industrial Enterprise Act 2076 (2019 AD). Major conditions laid down by the Notice for investment companies include:

- investment companies must have a minimum investment of NPR 1 billion (approx. US\$ 8.4 million)
- investment sectors must be specified before registration of the industry
- investments must be made in equity only and not in debt instruments
- investment companies shall not conduct activities carried out by banks and financial institutions or cooperatives under prevailing laws
- purchase of shares/debentures from secondary markets are not permitted
- investment through shell companies or transactions from shell banks is prohibited
- investment in sectors such as securities brokerage, real estate, etc., is not permitted
- investment companies cannot avail loans from Nepali banks and financial institutions including loans from Nepali banks through foreign bank guarantee

The Notice also prescribes additional conditions for investment companies established through foreign investment, namely:

- investments should be made in specified sectors within Nepal and which are open for foreign investment
- ultimate beneficiaries of investment companies must be disclosed
- separate approval for each downstream investment must be obtained from the Department of Industry
- prevailing foreign investment laws and Nepal Rastra Bank's policy directives on foreign exchange must be complied with while investing in or repatriating from Nepal

Nepali version of the Notice may be obtained by clicking [here](#).

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