

Highlights of SEBI Board Meeting held on 28th September, 2021

- The Board has approved the framework for *Gold Exchange*:
 - The instrument representing gold will be called as Electronic Gold Receipt (EGR)
 - It will be notified as 'Securities'
 - It will be allowed for trading, clearing
 - Recognized Stock Exchange can launch them

- The Board has approved the framework for *SEBI (Vault Managers) Regulations, 2021*:
 - The Vault Manager (VM) should be a Body Corporate incorporated in India
 - Its Net Worth should be at least Rs. 50 crores
 - It will be registered and regulated as SEBI intermediary
 - It will be providing vaulting services meant for gold deposited to create EGRs
 - It will be responsible for managing the gold in relation to EGRs.

- The Board approved the framework for *Social Stock Exchange (SSE)*:
 - It will be for fund raising by social enterprise (SE)
 - Only Non-Profit Organization - NPO and For-Profit Social Enterprise - FPE shall participate in SSE
 - These entities have to be involved in 15 eligible lists of social activities
 - NPOs can raise funds by way of various funds and bonds
 - Social Venture Funds under SEBI (Alternative Investment Funds) Regulations will be rechristened as Social Impact Funds (SIFs)
 - SEBI will introduce disclosure requirements
 - Social audit shall be mandated for SEs raising funds/ registered on SSE
 - Amendments to other regulations may be required

- The Board approved the proposal to amend the existing regulatory framework for *delisting of equity shares*:

Former	New
If an open offer is triggered, compliance with Takeover Regulations could take the incoming	• If the acquirer is desirous of delisting the target company, the

<p>acquirer's holding to above 75% or perhaps even 90%, however, to ensure compliance with Securities Contract (Regulation) Rules, 1957 (SCRR) the acquirer would be forced to first bring his stake down to 75% as the SEBI (Delisting of Equity Shares) Regulations, 2021 (Delisting Regulations) would not let the acquirer even to attempt at delisting unless the holding is first brought down to 75%.</p>	<p>acquirer shall propose a higher price for takeover with premium</p> <ul style="list-style-type: none">• If response to open offer leads to delisting threshold of 90%, shareholders shall be paid delisting price and if the response to the offer leads to the delisting threshold of 90% not being met, then shareholders shall be paid takeover price• If the Company does not get delisted and the acquirer crosses 75% due to open offer, a period of 12 months will be provided to delist the Company using the reverse book building mechanism. If the delisting does not happen in 12 months, then the acquirer then must comply with the minimum public shareholding norm within a period of 12 months from the end of such period.• If the acquirer at the time of open offer, states upfront that it would opt for remaining listed, and the total stake at the end of the tendering period reaches above 75%, then the acquirer may opt for either proportionately scaling down of purchases made under both, i.e. the underlying share, purchase agreement and the shares tendered under open offer, in such a manner that the 75% threshold is never crossed or alternatively, the acquirer shall have to become compliant with minimum public shareholding within the time stipulated under SCRR.• All Delisting Regulations shall be applied as it is.
--	--

- The Board decided to relax the eligibility requirements related to *Superior Voting Rights* (SR) Shares:

Former	New
SR shareholder should not be part of promoter group having net worth more than INR 500 crs	SR shareholder, as an individual, should not have net-worth of more than INR 1000 crs
Minimum gap between issuance of SR shares and filing of Red Herring Prospectus is 6 months	Minimum gap between issuance of SR shares and filing of Red Herring Prospectus is 3 months

- The Board considered and approved the amendments to **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** with regards to Related Party Transactions (RPTs). The following amendments shall be effective from April 1, 2022:

Erstwhile Provision	Adopted Provision
<p>Section 2(76) of the Companies Act, 2013 defines "related party" as, with reference to a company, means –</p> <p>(i) a director or his relative;</p> <p>(ii) a key managerial personnel or his relative;</p> <p>(iii) a firm, in which a director, manager or his relative is a partner;</p> <p>(iv) a private company in which a director or manager 1[or his relative] is a member or director;</p> <p>(v) a public company in which a director or manager is a director 2[and holds] along with his relatives, more than two per cent of its paid-up share capital;</p> <p>(vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;</p>	<p>The definition shall also include:</p> <p>a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding;</p> <p>b. any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:</p> <p>i. to the extent of 20 % or more</p> <p>ii. to the extent of 10% or more w.e.f. April 1, 2023</p> <p>It should include transaction between –</p> <p>a. the listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand;</p> <p>b. the listed entity or any of its subsidiaries on one hand, and</p>

<p>(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:</p> <p>Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;</p> <p>(viii) any body corporate which is –</p> <p>(A) a holding, subsidiary or an associate company of such company;</p> <p>(B) a subsidiary of a holding company to which it is also a subsidiary; or</p> <p>(C) an investing company or the venturer of the company;";</p> <p>Explanation. – For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]</p> <p>(ix) such other person as may be prescribed;</p>	<p>any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries w.e.f. April 1, 2023.</p>
	<p>Approval of shareholders will be needed if the threshold of material RPTs is lower of Rs. 1000 crore or 10% of the consolidated annual turnover of the listed entity</p>
	<p>Approval of Audit Committee is required for-</p> <ul style="list-style-type: none"> ➤ All RPTs ➤ RPTs where subsidiary is a party but listed entity is not a party subject to threshold of <ul style="list-style-type: none"> i. 10% of the consolidated turnover of the listed entity,

	ii. 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023.
	Disclosure requirements- Information related to RPTs shall be placed before audit committee and in notice of shareholders. Also provide to stock exchange every 6 months within 15 days from the date of publication of financials and simultaneously with the financials w.e.f. April 1, 2023.

- The Board considered and approved an *Investor Charter of SEBI*:
 - Investor Charter is a guide for investors in securities market
 - SEBI has developed various SEBI recognized Investors Charters
 - They will help investors to get all information at one place
 - Their information will be displayed on their' s and SEBI's website

- The Board approved amendment to *SEBI (Alternative Investment Funds) Regulations, 2012*:
 - Now Category III AIFs will be allowed to calculate concentration norms based on Net Asset Value of the fund instead of investable funds for investment in listed equities of investee companies.

- The Board approved amendment to *SEBI (Mutual Funds) Regulations, 1996*:
 - SEBI introduced Silver Exchange Traded Funds (ETF) with certain safeguards in line with the existing regulatory mechanism for Gold ETFs.

- The Board approved amendments to the *SEBI (Portfolio Managers) Regulations, 2020* and the *SEBI (Alternative Investment Funds) Regulations, 2012*.
 - The amendment is introduced to facilitate Co-investment by investors of Alternative Investment Funds (AIF) through portfolio management route.

- Portfolio Manager providing Co-investment services to investors of AIFs shall invest 100% of the assets under their management in unlisted securities.
 - They shall be exempted from certain requirements of PM regulations.
- The Board considered and approved the proposal to amend the *SEBI (Foreign Portfolio Investors) Regulations, 2019*
- Now, Resident Indians (other than individuals) can become constituents of FPIs that are registered as AIFs in International Financial Services Centres (IFSCs).
 - Such Resident Indians shall be Sponsor/ Manager of the FPI and their contribution in the FPI shall be subject to conditions as specified by the Board.
- The Board considered and approved the agenda on criteria for determining '*Fit and proper Person* - Amendment to Schedule II of Securities and Exchange Board of India (Intermediaries) Regulations, 2008:
- The applicant shall have the competence and capability in terms of infrastructure, manpower requirements and financial soundness including meeting the net worth requirement.
 - It will determine the fit and proper status based on disqualifications such as conviction, offence, defaulter, etc.
- The Board deliberated on the existing provisions of *SEBI (Depositories and Participants) Regulations, 2018*:
- Practicing Cost Accountants are also now eligible to carry out share reconciliation audit of issuer companies.

You may access the original circular at
https://www.sebi.gov.in/media/press-releases/sep-2021/sebi-board-meeting_52976.html