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SEBI Updates

1. REVIEW OF DEBT AND MONEY MARKET SECURITIES TRANSACTIONS DISCLOSURE

On **September 01, 2020** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/IMD/DF4/CIR/P/2020/163** revised the disclosure requirements pertaining to debt and money market securities transactions for mutual funds in order to further enhance the transparency.

Assets Management Companies need to disclose details of debt and money market securities transacted in their schemes portfolio, including inter-scheme transfers, on a daily basis with a time lag of 15 days in a prescribed format**.** At present, a time lag of 30 days has been allowed**.**

The new framework will come in to effect from October 01, 2020. The disclosure will be in a comparable, downloadable (spreadsheet) and machine readable format.

Under the new disclosure format, fund houses need to mention about Name of the security, Type of security, most conservative Rating of security at the time of transaction, if applicable, Name of the rating agency and Transaction type. It also needs to disclose about listed status of security, Name of Mutual Fund, Scheme name, Type of Scheme, Residual days to final Maturity, Deemed Maturity Date, Quantity traded, Face Value per unit and Value of such Trade.

The link of aforesaid Circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/review-of-debt-and-money-market-securities-transactions-disclosure_47465.html

2. DISCLOSURES ON MARGIN OBLIGATIONS GIVEN BY WAY OF PLEDGE/ RE-PLEDGE IN THE DEPOSITORY SYSTEM

On **September 02, 2020** SEBI vide **Circular No. SEBI/HO/CFD/DCR-2/CIR/P/2020/164** issued a circular for disclosures on margin obligations given by way of pledge/ re-pledge in the depository system.

For the Ease of Doing Business and in consultation with market participants, SEBI has ecided that disclosures specified under Regulation 29(4) of SEBI (SAST) Regulations, 2011, in relation to shares encumbered with Trading Member /Clearing Member as a Collateral from Clients for margin obligation in the ordinary course of stock broking business are **dispensed** with.

Regulation 29(4) of SEBI (SAST) Regulation, 2011 provides that for the purpose of disclosure under Regulation 29(1) and (2) of SEBI (SAST) Regulation, 2011, shares taken by way of encumbrance shall be **treated as an Acquisition, shares given upon Release of Encumbrance shall be treated as a Disposal**, and disclosures shall be made by such person accordingly in such form as may be specified.

Earlier, SEBI vide Circular dated **February 25, 2020** stated that, Trading Member / Clearing Member shall, inter alia, accept Collateral from clients in the form of securities, only by way of '**margin pledge**', created in the Depository system.
The link for aforesaid Circular is mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/disclosures-on-margin-obligations-given-by-way-of-pledge-re-pledge-in-the-depository-system_47476.html

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3. REVIEW OF PROVISION REGARDING SEGREGATION OF PORTFOLIO DUE TO THE COVID - 19 PANDEMIC

On **September 02, 2020** SEBI vide **Circular No. SEBI/HO/IMD/DF4/CIR/P/2020/165** in view of COVID 19 Pandemic and the stress due to it , made partial modification as detailed below, to Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018 which stated that **Segregated Portfolio** can be created in a Mutual Fund Scheme by Asset Management Companies (AMCs) in case of a credit event, which includes downgrade to below investment grade and subsequent downgrades in credit rating by the SEBI registered Credit Rating Agency:

The date of proposal for restructuring of Debt received by AMCs shall be treated as the trigger date for the purpose of creation of segregated portfolio.

Such proposal of restructuring of Debt received by AMCs shall be immediately reported to the Valuation Agencies, Credit Rating Agencies, Debenture Trustees and Association of Mutual Funds in India (AMFI). AMFI, on receipt of such information, shall immediately disseminate it to its members.

The aforesaid Circular shall come into force with immediate effect from September 02, 2020.

The link for aforesaid Circular is mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/review-of-provision-regarding-segregation-of-portfolio-due-to-the-covid-19-pandemic_47477.html

4. RE-LODGEMENT OF TRANSFER REQUESTS SHARES

On **September 07, 2020** SEBI vide **Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166** decided for re-lodgement of transfer requests shares. SEBI had discontinued **transfer of securities held in physical mode** w.e.f 01.04.2019 and had clarified vide a Press Release No. 12/2019 dated March 27, 2019 that the Transfer Deeds lodged prior to deadline of April 01, 2019 and rejected or returned due to deficiency in the documents may be re-lodged with requisite documents. SEBI has fixed the **cut-off date as March 31, 2021 for re-lodgement of transfer deeds**. Further, the shares that are re-lodged for transfer (including those request that are pending with the listed company / RTA, as on date) shall henceforth be issued only in de-mat mode.

The link for aforesaid Circular is mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/re-lodgement-of-transfer-requests-shares_47500.html

5. ENTITIES PERMITTED TO UNDERTAKE E-KYC AADHAAR AUTHENTICATION SERVICE OF UIDAI IN SECURITIES MARKET – ADDITION OF NSE TO THE LIST

On **September 08, 2020** SEBI vide **Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/167** permitted the following entities to undertake e-KYC Aadhar Authentication service of Unique Identification Authority of India (UIDAI) in securities market:

1. All Recognized Stock Exchanges

2. All Recognized Depositories
3. Stock Brokers through Recognized Stock Exchanges
4. Depository Participants through Depositories
5. Association of Mutual Funds in India
6. All Mutual funds and AMCs through AMFI
7. Portfolio Managers
8. KYC Registration Agencies (KRAs)
9. Qualified Registrar to an Issue and Share Transfer Agents (QRTAs)
10. Alternative Investment Funds (AIFs)
11. Collective Investment Schemes (CIS)
12. Custodians
13. Investment Advisors

Earlier, on May 12, 2020 SEBI vide Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/80 had permitted 8 (eight) entities to undertake Aadhaar Authentication Service of UIDAI.

Further, Government of India, Department of Revenue (DoR), vide Gazette Notification No. G.S.R. 516(E) dated August 20, 2020, notified "**National Stock Exchange of India Limited" (NSE**) as per the recommendation by UIDAI and SEBI to undertake Aadhaar Authentication Service of the UIDAI under section 11A of the Prevention of Money-Laundering Act, 2002 (PMLA).

In view of the same, NSE shall undertake Aadhaar Authentication Service of the UIDAI subject to compliance of the conditions as laid down in this regard.

The link for aforesaid Circular is mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/entities-permitted-to-undertake-e-kyc-aadhaar-authentication-service-of-uidai-in-securities-market-addition-of-nse-to-the-list_47502.html

6. AUTOMATION OF CONTINUAL DISCLOSURES UNDER REGULATION 7(2) OF SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015 - SYSTEM DRIVEN DISCLOSURES

On **September 09, 2020** SEBI vide **Circular No. SEBI/HO/ISD/ISD/CIR/P/2020/168** has further amended circular no. CIR/CFD/DCR/17/2015 dated December 01, 2015, CFD/DCR/CIR/2016/139 dated December 21, 2016 and SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated May 28, 2018 stating **implementation of system driven disclosures** in phases, under SEBI (SAST) Regulations, 2011 and SEBI (PIT) Regulations, 2015.

Hence, vide further amendment it has now been decided:

a) To implement the system driven disclosures for **member(s) of promoter group and designated person(s)** in addition to the promoter(s) and director(s) of company (hereinafter collectively referred to as "**Entities**") under Regulation 7(2) of PIT Regulations.
b) Disclosures shall pertain to trading in equity shares and equity derivative instruments i.e. Futures and Options of the listed company (wherever applicable) by the Entities.
c) The procedure for implementation of the system driven disclosures is provided at **Annexure-A** of the circular.
d) The Depositories and Stock Exchanges shall make necessary arrangements such that the disclosures pertaining to PIT Regulations are disseminated on the **websites** of respective stock exchanges w.e.f **October 01, 2020**.

e) The **new system would continue to run parallel with the existing system** wherein the Entities shall continue to independently comply with the disclosure obligations under PIT Regulations as applicable to them till **March 31, 2021.** As currently done, the disclosures generated through the system shall be displayed separately from the regular disclosures filed with the Exchanges.

Steps and process required to be taken for implementation:

a) The various formats and timelines for sharing of data shall be standardized upon the agreement of depositories and exchanges.
b) Listed company shall provide information including PAN number of the Entities in a format and manner prescribed by the Depositories. For PAN exempt Entities Demat account number(s) shall be specified within 10 days from the date of this circular.
c) The information and incremental changes received by the designated depository shall be shared with other depository as and when updated.
d) Based on the PAN of First holder/Demat account number(s), the depositories shall tag such Demat accounts in their depository systems at ISIN level.
e) The designated depository shall share the company wise details of the Entities or Demat account number(s) details (of PAN exempt Entities) with the stock exchanges and any update shall be shared on daily basis. The information shall be shared via system interface established between the depositories and stock exchanges.
f) The depositories shall provide the following data pertaining to the tagged Demat account(s) separately to the stock exchanges on daily basis:
    i. Details of transactions for pledge/revocation/invocation of shares and other encumbrances such as NDU etc. of the Entities.
    ii. Details of off market transactions of the Entities.
    iii. Details of transmission of shares of the Entities.
    iv. Details of corporate actions such as ESOPs, Bonus, Rights, etc. of the Entities
    v. Additionally, details of market transfers in case of PAN Exempt Entities.

g) Based on the PAN information provided by the depositories, on daily basis, stock exchanges will identify the transactions carried out on their trading system by the Entities in the equities and equity derivative instruments (wherever applicable) of the listed company/permitted to trade on the stock exchange(s).
h) The stock exchange shall identify the transactions carried out by the Entities in equity and equity derivative instruments and shall share with other stock exchanges where the company is listed on daily basis.
i) Each stock exchange shall consolidate the information identified and received from other stock exchanges and depositories. On consolidation of the transactions, if the disclosure is triggered under Regulation 7(2) of PIT Regulations, the stock exchange shall disseminate the same on their websites. The transaction(s) carried out on T day shall be disseminated on T+2 day basis.
j) In case of any discrepancy, the issue shall be resolved by listed company, stock exchanges and depositories in coordination with one another.

The link of aforesaid Circular also mentioning the detail of Annexure A is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/automation-of-continual-disclosures-under-regulation-7-2-of-sebi-prohibition-of-insider-trading-regulations-2015-system-driven-disclosures_47523.html

7. CONSULTATION PAPER ON PROPOSED AMENDMENTS TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

On **September 11, 2020** SEBI issued **consultation paper** for obtaining review and soliciting public comments on the proposed amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "LODR Regulations" or "LODR") inter-alia to strengthen corporate governance practices and disclosure requirements, ease compliance burden on listed entities, harmonize with the Companies Act, 2013 and maintain consistency within the LODR Regulations.

Till the promulgation of LODR Regulations, 2015 all the listed entities were governed by a Listing Agreement (Private Agreement) between the Stock Exchanges and the Listed Entities, hence every time SEBI had to go through the Stock Exchanges. SEBI has taken direct route of regulatory control over listed entities by notifying SEBI (LODR) Regulations, 2015.

The LODR Regulations were notified on **September 2, 2015**, after an extensive and exhaustive consultation. The LODR Regulations (Chapter I to XII) consolidated and streamlined the provisions of listing agreements that existed for different segments of the capital market.

Subsequent to the implementation of the LODR Regulations, various changes have been made to other regulatory frameworks. These paramount changes are required to maintain harmony between all the regulatory frameworks, so that entities do not suffer in the disarray of mass compliances. Various changes that took place in regulatory landscape, like:

a) Amendments made to the Companies Act, 2013;
b) Repeal of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and substitution with ICDR Regulations, 2018;
c) Issue of informal guidance / interpretative letters regarding interpretation of various provisions of the LODR Regulations.

Objective: With the evolution of industries in India in past few decades, the economy has escalated on new heights. As the market practices are getting advanced with such evolutions, SEBI has always ventured to keep the LODR Regulations and the circulars issued thereunder in line with the market dynamics. However, many representations continued to receive from various stakeholders on various aspects of these Regulations.

After receiving all such representations SEBI reviewed and aligned the LODR Regulations with the following objectives divided into three sections:

a) Strengthen corporate governance practices and disclosure requirements;
b) Ease compliance burden on listed entities;
c) Harmonize with the Companies Act, 2013 and maintain gender neutrality.

The above consultation paper can be read in detail from the below link:
https://www.amitadesai.com/wp-content/uploads/2020/10/SEBI-Consultation-Paper-11092020-1.pdf

8. ASSET ALLOCATION OF MULTI CAP FUNDS

On **September 11, 2020** SEBI vide Circular No. **SEBI/HO/IMD/DF3/CIR/P/2020/172** amended **Sr. No. 1 of Point A- Equity Schemes** of Annexure of circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 stating guidelines regarding **categorization and rationalization of Mutual Fund Schemes**

The following amendment to Sr. No. 1 of Point A states as follow:
Minimum investment in equity & equity related instruments - 75% of total assets in the following manner:

a. Minimum investment in equity & equity related instruments of large cap companies - 25% of total assets
b. Minimum investment in equity & equity related instruments of mid cap companies - 25% of total assets
c. Minimum investment in equity & equity related instruments of small cap companies - 25% of total assets

All the existing Multi Cap Funds shall ensure compliance with the above provisions within **one month** from the date of publishing the next list of stocks by AMFI, i.e. January 2021.

The link for aforesaid Circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/circular-on-asset-allocation-of-multi-cap-funds_47542.html

9. PRESS NOTE CLARIFYING CIRCULAR ON ASSET ALLOCATION OF MULTI CAP FUNDS

On **September 13, 2020** SEBI issued a **press release no. 46/2020** clarifying the circular issued on September 11, 2020 in regards with the asset classification of Multi cap schemes of mutual funds.

It was witnessed that the multi cap schemes have taken over 80% investment in the large cap stocks in relation with the large cap schemes and some multi cap schemes and further giving zero investment to the small cap schemes. Keeping this in mind, SEBI had put a 25% minimum investment in the large, small, and medium cap schemes and the remaining 25% to be disbursed according to the fund manager.
Some sections of media reported various views on the circular dated September 11, 2020 and various conclusions in respect of the same were drawn. Further, SEBI clarified that the **merging of multi cap and large schemes** can happen or the multi cap scheme can be converted to another scheme category. The board has taken into consideration the degrading conditions of the financial market and has given time to the Mutual funds till **January 31, 2021** to rebalance the portfolio.

The link for aforesaid Press release is as mentioned below:
https://www.sebi.gov.in/media/press-releases/sep-2020/clarification-pursuant-to-circular-dated-september-11-2020-regarding-asset-allocation-of-multi-cap-schemes-of-mutual-funds_47546.html

10. SEBI PERMITS THE LISTING AND TRADING OF UNITS OF INVITS AND REITS ON RECOGNIZED STOCK EXCHANGES IN IFSC

On **September 16, 2020** SEBI vide **Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/174** has permitted the units of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) in the 'Permissible Jurisdictions' as permissible security under sub-clause (vi) of Clause 7 of SEBI International Financial Services Centres (IFSC) Guidelines, 2015. Thus, permitting dealing in units by stock exchanges operating in IFSC, if the following conditions are fulfilled:-

i. **InvITs and REITs which are incorporated/settled in Permissible Jurisdictions**, as may be notified by the Government of India from time to time pursuant to notification no. G.S.R. 669(E) dated September 18, 2019 in respect of sub-rule 1 of rule 9 of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005; in this regard, the Government of India vide notification dated November 28, 2019, has notified the list of Permissible Jurisdictions in pursuance of notification dated September 18, 2019. Accordingly, a list of Permissible Jurisdictions for the purpose of this clause is placed at Annexure A of the circular**.**
ii. Such InvITs and REITs are **regulated by the securities market regulator(s)** in the Permissible Jurisdictions.
iii. Such InvITs and REITs are **listed on any of the specified international exchanges** in the Permissible Jurisdiction

Stock exchanges in IFSC shall evolve a **detailed framework** prescribing the initial and continuous listing requirements for such InvITs and REITs whose units are listed/proposed to be listed on stock exchanges in IFSC (based on the above details)

The **applicability** of this circular is subject to such conditions that may be prescribed by SEBI, Reserve Bank of India and other appropriate authority from time to time.

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/listing-and-trading-of-units-of-infrastructure-investment-trusts-invits-and-real-estate-investment-trusts-reits-on-recognized-stock-exchanges-in-international-financial-services-centres-ifsc-_47569.html

11. CIRCULAR ON MUTUAL FUNDS

On **September 17, 2020** SEBI vide **Circular no. SEBI/HO/IMD/DF2/CIR/P/2020/175** has issued a circular on Mutual Funds which shall be applicable with effect from January 1, 2021. The following are the modifications introduced by the circular:
To **bring uniformity in the applicability of Net Asset Value (NAV)** across various schemes and In partial modification to SEBI Circular No. SEBI/IMD/DF/21/2012 dated September 13, 2012, it has been decided that in respect of purchase of units of mutual fund schemes (except liquid and overnight schemes), closing NAV of the day shall be applicable on which the funds are available for utilization irrespective of the size and time of receipt of such application. The **existing provision** on NAV applicability for liquid and overnight funds and cut-off timings for all schemes **shall remain unchanged**.
For trade execution and allocation Asset Management Companies (AMCs) shall put in place a written down policy which inter-alia detail the specific activities, role and responsibilities of various teams engaged in fund management, dealing, compliance, risk management, back-office, etc., with regard to order placement, execution of order, trade allocation amongst various schemes and other related matters.

The aforesaid policy shall ensure that all the schemes and its **investors are treated in a fair and equitable manner**. Further, the policy shall be approved by the Board of AMC and the trustees and they shall ensure **compliance with the following**, which is explained in detail in the circular:
i. For orders pertaining to equity and equity related instruments
ii. Requirements with respect to investments in all instruments
iii. Monitoring of Compliance

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/circular-on-mutual-funds_47574.html

12. WRITE OFF OF SHARES HELD BY FPIs

On **September 21, 2020** SEBI vide **Circular no. SEBI/HO/IMD/FPI&C/CIR/P/2020/177** has issued write-off of shares held by Foreign Portfolio Investors (FPIs) in addition to its Operational Guidelines dated November 5, 2020 under SEBI (Foreign Portfolio Investors), Regulations, 2019.
As per the Operational Guidelines, write-off of securities held by FPIs who wish to surrender their registration was permitted only in respect of shares of companies that are unlisted or illiquid or suspended or delisted. However, through the current circular, it has been decided to permit said **FPIs to write-off shares of all companies which they are unable to sell**.

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/write-off-of-shares-held-by-fpis_47608.html

13. RESOURCES FOR TRUSTEES OF MUTUAL FUNDS

On **September 23, 2020** SEBI vide **Circular No. SEBI/HO/IMD/DF4/CIR/P/2020/178** decided that compliance of its earlier Circular, no. SEBI/HO/IMD/DF4/CIR/P/2020/0000000151 dated August 10, 2020, laying down the guidelines on resources for Trustees of Mutual Funds, shall be applicable from January 01, 2021.

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/circular-on-resources-for-trustees-of-mutual-funds_47630.html

14. SYSTEM-DRIVEN DISCLOSURES (SDD) UNDER SEBI (SAST) REGULATIONS, 2011

On **September 23, 2020** SEBI vide **Circular No. SEBI/CIR/CFD/DCR1/CIR/P/2020/181** issued a System-Driven Disclosures (SDD) under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST) with an aim to implement SDD in SAST disclosures too. That shall be done by aligning the practices of PAN capture as mentioned under earlier Circular no. SEBI/HO/ISD/ISD/CIR/P/2020/168dated September 09, 2020 for SAST disclosures too.

The Circular dated September 09, 2020 required the capture of PAN of the promoters from the listed companies itself. SEBI has decided to use the **procedure of capturing the PAN of the promoters from listed companies** as mentioned in the circular dated September 09, 2020 for SAST disclosures.

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/system-driven-disclosures-sdd-under-sebi-sast-regulations-2011_47632.html

15. AMENDMENTS TO GUIDELINES FOR PREFERENTIAL ISSUE AND INSTITUTIONAL PLACEMENT OF UNITS BY A LISTED InvIT

On **September 28, 2020** vide Circular no. **SEBI/HO/DDHS/DDHS/CIR/P/2020/183** further amended its earlier Circulars No. SEBI/HO/DDHS/DDHS/CIR/P/2019/143 and SEBI/HO/DDHS/DDHS/CIR/P/2020/36 dated November 27, 2019 and March 13, 2020 respectively on guidelines for preferential issue and institutional placement of units by a listed InvIT.

The Following are the amendments introduced vide this circular: -

i. **Clause 2.6** of the guidelines on time interval between two institutional placement of units is modified and reduced from "six months" to "two weeks" and now read as;
*"The InvIT shall not make any subsequent institutional placement until the **expiry of two weeks** from the date of the prior institutional placement made pursuant to one or more special resolutions"*

ii. After Clause 2.1 and 2.2 of **sub-paragraph (A) of paragraph 2** on Pricing of frequently traded units of Annexure-I, the following provisions are inserted;

"Provided that, for any preferential issue made between the date of this circular and December 31, 2020, the InvIT may opt for a pricing method where the price of the units to be allotted pursuant to the preferential issue shall not be less than the higher of the following

*a) the **average** of the weekly high and low of the **volume weighted average price** of the **related units** quoted on the recognised stock exchange **during the twelve weeks preceding the relevant date**; or*

*b) the **average** of the weekly high and low of **the volume weighted average prices** of the related units quoted on a recognised stock exchange **during the two weeks preceding the relevant date**.*

Provided further that, units allotted on a preferential basis using the pricing method set out in the first proviso shall be locked-in for a period of three years:

Provided further that, all allotments arising out of the same unit holders approval shall follow the same pricing method."

iii. After clause 3.1 of paragraph 3 of Annexure-I, the following **explanation is inserted**:

"Explanation: For the computation of the lock-in requirement, the units held by the sponsor(s) and locked-infor three years, in the past in terms of Regulation 12(3) of the InvITRegulations shall be taken into account. The units locked-in pursuant to Regulation 12(3) of the InvITRegulations shall not be put under fresh lock-in again, even though they are considered for computing the lock-in requirement, in case the said units are free of lock-in at the time of the preferential issue."

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-invit_47697.html

16. AMENDMENTS TO GUIDELINES FOR PREFERENTIAL ISSUE AND INSTITUTIONAL PLACEMENT OF UNITS BY A LISTED REIT

On **September 28, 2020** SEBI vide Circular no. **SEBI/HO/DDHS/DDHS/CIR/P/2020/184** further amended its earlier Circulars No. SEBI/HO/DDHS/DDHS/CIR/P/2019/142 and SEBI/HO/DDHS/DDHS/CIR/P/2020/35 dated November 27, 2019 and March 13, 2020 respectively on guidelines for preferential issue and institutional placement of units by a listed REIT.

The Following are the amendments introduced vide this circular: -

i. **Clause 2.6** of the guidelines on time interval between two institutional placement of units is modified and reduced from "six months" to "two weeks" and now read as;

*"The REIT shall not make any subsequent institutional placement until the **expiry of two weeks** from the date of the prior institutional placement made pursuant to one or more special resolutions"*

ii. After Clause 2.1 and 2.2 of **sub-paragraph (A) of paragraph 2** on Pricing of frequently traded units of Annexure-I, the following provisions are inserted;

"Provided that, for any preferential issue made between the date of this circular and December 31, 2020, the REIT may opt for a pricing method where the price of the units to be allotted pursuant to the preferential issue shall not be less than the higher of the following

*c) the **average** of the weekly high and low of the **volume weighted average price** of the **related units** quoted on the recognised stock exchange **during the twelve weeks preceding the relevant date**; or*

*d) the **average** of the weekly high and low of **the volume weighted average prices** of the related units quoted on a recognised stock exchange **during the two weeks preceding the relevant date**.*

Provided further that, units allotted on a preferential basis using the pricing method set out in the first proviso shall be locked-in for a period of three years:

Provided further that, all allotments arising out of the same unit holders approval shall follow the same pricing method."

iii. After clause 3.1 of paragraph 3 of Annexure-I, the following **explanation is inserted**:

"Explanation: For the computation of the lock-in requirement, the units held by the sponsor(s) and locked-infor three years, in the past in terms of Regulation 11 (3) of the REIT Regulations shall be taken into account. The units locked-in pursuant to Regulation 11(3) of the REIT Regulations shall not be put under fresh lock-in again, even though they are considered for computing the lock-in requirement, in case the said units are free of lock-in at the time of the preferential issue".

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-reit_47696.html

17. RELAXATION WITH RESPECT TO VALIDITY OF SEBI OBSERVATIONS AND REVISION IN ISSUE SIZE

On **September 29, 2020** SEBI vide **Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/188** provided relaxations relaxations till March 31, 2020 pertaining to validity of regulatory approval for launching IPO and rights issue, in view of the prevailing conditions due to COVID-19 pandemic. This circular will come into force from October 1, 2020.

The **relaxation has been extended** in respect of filing of fresh offer document in case of increase or decrease of issue size by 50%. The validity of the SEBI observations expiring between October 1, 2020 and March 31,2021 has been extended upto **March 31, 2021**, subject to an undertaking from lead manager to the issue confirming compliance with Schedule XVI of the ICDR Regulations, 2018 while submitting the updated offer document to the Board.

According to the norms, a **public issue/rights issue** needs to be **opened within 12 months from the date of issuance of observations by SEBI**. As per this circular, **an issuer** whose offer document for IPO, follow-on public offer and rights issue is **pending receipt of its observation**, will be **permitted** to increase or decrease

the fresh issue size by up to 50% of the estimated issue size **without requiring to file fresh draft offer document** with the SEBI. The relaxation is subject to no change in the objects of the issue, and the lead manager will need to ensure that all appropriate changes are made to the relevant section of draft offer documents, and an addendum in this regard will be made public. Earlier in April, 2020 the validity of SEBI's observation, where the same have expired or will expire between March 1, 2020 and September 30, 2020, was extended by 6 months from the date of expiry of such observation.

The link for aforesaid circular is as mentioned below:
https://www.sebi.gov.in/legal/circulars/sep-2020/relaxation-with-respect-to-validity-of-sebi-observations-and-revision-in-issue-size_47719.html