

SEBI Updates

1. Circular on Setting up Limited Purpose Clearing Corporation (LPCC) by Asset Management Companies (AMCs) of Mutual Funds

On **February 02, 2021** The Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/17** notified setting up of LPCC for Clearing and Settling Repo Transactions in Corporate Debt Securities as proposed in the meeting of the SEBI Board held on **September 29, 2020**.

As per the Circular, Asset Management Company (AMC) should contribute Rs. 150 Crore towards share capital of LPCC in proportion to the Asset under Management (AUM) of open ended debt oriented mutual fund scheme managed by them.

The open ended debt oriented mutual fund scheme excludes overnight, gilt fund and gilt fund with 10 year constant duration but including conservative hybrid schemes.

The obligatory contribution by the AMCs towards the share capital of the LPCC shall be based on the Average AUM of debt oriented schemes for the Financial Year (FY) 2019-20.

The AMCs shall ensure that the Net Worth as prescribed under **Regulation 21(f) of SEBI (Mutual Funds) Regulations, 1996** shall be maintained over and above the contribution made towards setting up of the LPCC.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/feb-2021/setting-up-of-limited-purpose-clearing-corporation-lpcc-by-asset-management-companies-amcs-of-mutual-funds_48982.html

2. Circular on Revised framework for Innovation Sandbox

On **February 02, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/ITD/ITD/CIR/P/2021/16** notified revised framework for Innovation Sandbox to encourage innovation in Securities Market. The said Framework was earlier issued on **May 20, 2019** vide **circular no. SEBI/MRD/CSC/CIR/P/2019/64**. The objective and eligibility criteria of the Innovation Sandbox have been revised with graded entry norms.

Revised Objective: To promote innovation both in terms of new products and services as well as new ways of delivering existing products and services to create new opportunities in the securities market and to make existing services more efficient / investor friendly/ inclusive.

The said circular also provides about stages of Innovation Sandbox, Features and Structure of Innovation Sandbox.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/feb-2021/revised-framework-for-innovation-sandbox_48983.html

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3. Master Circular for Depositories

On **February 05, 2021** Securities and Exchange Board of India (SEBI) issued a Master Circular for Depositories vide **Circular No.: SEBI/HO/MRD2/DDAP/CIR/P/2021/18.**

Master Circular is a compilation of all the relevant circulars/ communications pertaining to Depositories issued by SEBI upto October 31, 2020. This enables easy access to all the circulars/ directions at one place. The master circular consists of four (4) sections:

1. Beneficial Owner (BO) Accounts
2. Depository Participants (DP) Related
3. Issuer related and
4. Depositories Related

In case of any inconsistency between the Master Circular and the applicable circulars, the content of the applicable/ relevant circular shall prevail.

The link for the Master Circular is as below:

<https://www.sebi.gov.in/legal/master-circulars/feb-2021/master-circular-for-depositories-49029.html>

4. Circular on Revised disclosure formats under Regulation 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015

On **February 09, 2021** The Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/ISD/ISD/CIR/P/2021/19** specifies the revised formats for disclosure under **Regulation 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015**. The specified formats were earlier issued on **May 11, 2015 vide circular no. CIR/ISD/01/2015** and on **September 16, 2015 vide circular no. CIR/ISD/02/2015**.

The revised formats have been issued in light of the amendments to the Regulation 7 of PIT Regulations effecting inclusion of member of the promoter group and designated person in place of employee keeping the other circulars regarding same unchanged.

Formats of the following Disclosures have been revised:

1. Form B regarding Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a Key Managerial Personnel/Director/Promoter/Member of the promoter group
2. Form C regarding Regulation 7 (2) read with Regulation 6(2) – Continual Disclosure
3. Form D regarding Regulation 7 (3) Transactions by Other connected persons as identified by the company

The link for the Circular is as below:

<https://www.sebi.gov.in/legal/circulars/feb-2021/revised-disclosure-formats-under-regulation-7-of-sebi-prohibition-of-insider-trading-regulations-2015-49068.html>

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5. Union Finance Minister addresses Board members of SEBI

On **February 17, 2021** Securities and Exchange Board of India (SEBI) issued a **Press release PR No.6/2021** regarding the interactive session of the Union Minister along with and the Board members of SEBI.

In the meeting, Ajay Tyagi, Chairman of SEBI made presentation on current market trends and challenges; measures taken in the wake of COVID-19 pandemic; capital raising during this financial year; implementation roadmap for SEBI related budget announcements; and corporate bond market development.

Also the Hon'ble Finance Minister appreciated the measures taken by SEBI during the year especially those relating to dealing with COVID-19 situation. Hon'ble Finance Minister also stressed the need for timely implementation of the Budget announcements relating to capital markets.

The link for the Press Release is as below:

https://www.sebi.gov.in/media/press-releases/feb-2021/union-finance-minister-addresses-board-members-of-sebi_49193.html

6. SEBI Board Meeting

On **February 17, 2021** Securities and Exchange Board of India (SEBI) issued a **Press release PR No. 7/2021** regarding the meeting of the Board members of SEBI.

In the Board Meeting the following decisions were taken:

1. Minimum Public Offer (MPO) requirements for large issuers relaxed

The Board has made recommendations in changing the Securities Contracts (Regulation) Rules, 1957, for issuers with post issue market capital exceeding Rs.1,00,000crores, the requirement of MPO be reduced from 10% of post issue market capital (existing provision) to Rs.10,000 crores + 5% of the incremental amount beyond Rs.1,00,000 crores. These issuers shall be required to achieve at least 10% public shareholding in two years and at least 25% Public Shareholding within five years from the date of listing.

2. Amendment to SEBI (Portfolio Managers) Regulations, 2020, SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014

The Board approved amendment to SEBI (Portfolio Managers) Regulations, 2020 (PMS Regulations), SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014 recognising the Post Graduate Program in Securities Market of not less than one year offered by NISM as eligible qualification for Portfolio Managers, Investment Advisers and Research Analysts.

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3. Repeal of the SEBI (Underwriters) Regulations, 1993 and amendments to the SEBI (Merchant Bankers) Regulations, 1992 and the SEBI (Stock Brokers) Regulations, 1992

The Board approved repealing of SEBI (Underwriters) Regulations, 1993 and amendment to SEBI (Merchant Bankers) Regulations, 1993 and SEBI (Stock Brokers) Regulations, 1992 to incorporate provisions relating to net-worth, maintenance of records and other regulatory compliances for the underwriting activities. The respective regulations permit Merchant Bankers and Stock Brokers to carry out underwriting activities.

4. Merger of SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006 with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

The Board approved merger of SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006 with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 with the objective of improving ease of doing business and providing a consolidated view to users of Regulations.

The link for the Press Release is as below:

https://www.sebi.gov.in/media/press-releases/feb-2021/sebi-board-meeting_49194.html

7. Pre-Expiry Margin under Alternate Risk on commodities Management Framework

On **February 23, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/CDMRD/DRMP/CIR/P/2021/20** notified pre- expiry margins under Alternate Risk on commodities Management Framework. The said Framework was earlier issued on **October 01, 2015** vide **Circular No. CIR/CDMRD/DRMP/01/2015** and on **July 26, 2019** vide **circular no. SEBI/HO/CDMRD/DNPMP/CIR/P/2019/83**.

In line with the recommendations of Risk Management Review Committee and in consultation with Clearing Corporations, pre- expiry margins shall be imposed on cash settled contracts where the underlying commodity is deemed susceptible to possibility of zero and/or negative price. In case of such contracts, pre- expiry margins shall be levied during the last five trading days prior to expiry date, wherein they shall increase by 5% every day.

The said circular shall come into effect from first trading day of April 01, 2021.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/feb-2021/pre-expiry-margin-on-commodities-under-alternate-risk-management-framework_49229.html

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