

SEBI UPDATES

1. Master Circular on Surveillance of Securities Market

On **March 01, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/ISD/ISD/CIR/P/2021/22** issued a Master Circular on Surveillance of Securities Market.

Master Circular is a compilation of all the circulars issued by Integrated Surveillance Department, which are operational as on date of this circular. 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/mar-2021/master-circular-on-surveillance-of-securities-market_49354.html

2. Consultation Paper on “Review of Regulatory Provisions related to Independent Directors”

On **March 01, 2021**, SEBI has issued Notice inviting public comments latest by April 01, 2021 On Consultation Paper on introduction of provisions relating to Independent Directors. Various proposal and our comments are mentioned below.

1. Proposal on Definition of Independent Director

- a. It is proposed that KMPs or employees of **promoter group companies**, cannot be appointed as IDs in the company, unless there has been a cooling-off period of 3 years. The said restriction shall also extend for relatives of such KMPs for the same period.
- b. The prescribed cooling-off period for eligibility condition at current provisions of 2 years in case of material pecuniary relationship between person of hi/ her relative and the listed entity/ its holding company/ subsidiary/associate company, shall be harmonized to 3 years.

Comments of Amita Desai & Co:

- a. The restriction extending to the relatives of such KMPs also for three years, is far too stretched provisions.
- b. The proposal for harmonizing cooling-off period into uniform period of 3 years is welcome step.

2. Proposal on Appointment and Re-appointment of Independent Director

- a. Appointment and re-appointment of IDs shall be subject to **“dual approval”**, taken through a single voting process and meeting following two thresholds: —
 - ii. Approval of shareholders
 - iii. Approval by ‘majority of the minority’ (simple majority) shareholders. ‘Minority’ shareholders would mean shareholders, other than the promoter and promoter group.

The approval at point (i) above, shall be through ordinary resolution in case of appointment and special resolution in case of re-appointment.

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- b. If either of the approval thresholds are not met, the person would have failed to get appointed/ re-appointed as ID. Further, in such case, the listed entity may either:
 - i. Propose a new candidate for appointment/ re-appointment or
 - ii. Propose the same person as an ID for a second vote of all shareholders (without a separate requirement of approval by 'majority of the minority'), after a cooling-off period of 90 days but within a period of 120 days. Such approval for appointment /reappointment shall be through special resolution and the notice to shareholders will include reasons for proposing the same person despite not getting approval of the shareholders in the first vote.

Comments of Amita Desai & Co:

- a. It is high on governance however create long and costly process to call shareholders meeting.
- b. If the person fail to get the approval of "majority of minority", its very sensitive issue and no ID would like to get appointed if the first resolution fails.
- c. Practically company will have very small section of retail shareholders voting, as large portion of holding will be with the promoters and for FIs etc. proxy advisory firms are voting which will be in line with the promoters.

3. Proposal on Removal of Independent Director

- a. Removal of IDs shall be subject to "dual approval", taken through a single voting process and meeting following two thresholds: —
 - iii. Approval of shareholders.
 - iv. Approval of 'majority of the minority' (simple majority) shareholders. 'Minority' shareholders would mean shareholders, other than the promoter and promoter group.

The approval at point (i) above, shall be through ordinary resolution in case of removal in the first term and special resolution in case of removal in the second term.

- b. If either of the approval thresholds are not met, the person would have failed to get removed as an ID. In such case, the removal of such ID may again be proposed through a second vote of all shareholders (without a separate requirement of approval by 'majority of the minority'), after a cooling-off period of 90 days but within a period of 120 days. Such approval for removal shall be through special resolution and the notice to shareholders will include reasons for proposing the removal again despite not getting approval of the shareholders in the first vote.

Comments of Amita Desai & Co:

Same as point 2 above

4. Proposal on enhancing and bringing more transparency in the role of NRC

The following procedure shall be followed by NRC for selection of candidates for the role of ID

- a. Process for shortlisting of the candidate
 - i. For each appointment the NRC shall evaluate the balance of skills, knowledge and experience on the board. In the light of this evaluation, a description shall be prepared of the role and capabilities required for a particular appointment.

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- ii. The person who is recommended to the Board for appointment as ID should have the capabilities identified in this description.
 - iii. For the purpose of identifying suitable candidates, the committee may:
 - Use services of an external agencies
 - Consider candidates from a wide range of backgrounds, having due regard to diversity and
 - Consider the time commitments of the appointees
- b. Disclosures to be made to shareholders
- The notice for appointment of director shall include the following disclosures:
- i. Skills and capabilities required for the appointment of the ID and how the proposed individual meets the requirement of the role.
 - ii. Channels used for searching appropriate candidates. In case, one of the channels is 'recommendation from a person', the category of such person (viz. promoters, institutional shareholders, directors (non-executive, executive, ID) etc) shall be disclosed.
 - c. Composition of NRC may be modified to include 2/3rd IDs instead of majority of IDs.

Comments of Amita Desai & Co:

- a. The process of selection to be left open for NRC and trust expertise of NRC.
- b. Disclosure of channels used for selection of director is not a welcome move.

5. Proposal of prior approval of shareholders for appointment of IDs

- a. Independent Directors shall be appointed on the board only with prior approval of the shareholders at a general meeting.
- b. In case, a casual vacancy arises due to resignation / removal / death / failure to get re appointed etc., the approval of shareholders should be taken within a time period of 3 months.

Comments by Amita Desai & Co:

- a. Practical difficulty and costly for the company to call shareholders meeting for prior approval for every appointment including casual vacancy, unless company has more number of ID.
- b. Retail shareholders voting may be negligible.

6. Proposal on Resignation of ID

- a. The entire resignation letter of an ID shall be disclosed along with a list of his/her present directorships and membership in board committees.
- b. If an ID resigns from the board of a company stating reasons such as pre-occupation, other commitments or personal reasons, there will be a mandatory cooling-off period of 1 year before the ID can join another board.
- c. It is proposed that there should be a cooling-off period of 1 year before a director can transition from an ID to a Whole-time Director (WTD).

Comments of Amita Desai & Co:

Long cooling off period of 1 year for ID to join any other Board or joining as WTD.

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7. Proposal on composition of Audit Committee

- a. Considering the importance of the Audit Committee with regard to related party transactions and financial matters, it is proposed that audit committee shall comprise of 2/3rd IDs and 1/3rd Non-Executive Directors (NEDs) who are not related to the promoter, including nominee directors, if any.

Comments of Amita Desai & Co:

The day to day affairs of the Company are in the knowledge of the Executive Directors (ED) and it is advisable to have 1/3rd ED in Audit Committee to explain the details of any transaction to enable the Audit Committee to take informed decision.

8. Proposal on review on remuneration

- a. Whether there is a need for reviewing the remuneration structure for IDs. If so
 - (i) Whether ESOPs with a long vesting period of 5 years, be permitted for IDs, in place of profit linked commissions and
 - (ii) What should be the maximum limit of remuneration through ESOPs.

Comments of Amita Desai & Co:

5 years is a long period and ID are normally experienced people for them this deferred remuneration is not attractive.

The link of the Press Release is as mentioned below:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-issues-consultation-paper-on-review-of-regulatory-provisions-related-to-independent-directors-_49337.html

3. Circular on Mutual Funds

On **March 04, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024** revamped various Circulars issued by SEBI (Mutual Funds) Regulations, 1996. These amendments shall come into force on 30th day from the date of their publication in the Official Gazette.

In respect of the proposals in various Circulars following have been implemented:

- a. Gross Exposure Limits
- b. Investment Pattern
- c. Procedure for Change in Control of AMC
- d. Go Green Initiative
- e. Filing of Annual Information Return (AIR) by Mutual Funds
- f. Filing of Annual Information Return (AIR) by Mutual Funds
- g. Advertisement
- h. Disclosure of performance of mutual fund schemes
- i. Undertaking from Trustees for new Scheme Offer Document
- j. Key Personnel of the AMC
- k. Updation of Scheme Information Document (SID) and Key Information Memorandum (KIM)
- l. Disclosures of Votes Cast by Mutual Funds
- m. Dividend Distribution Procedure for Mutual Funds

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- n. Postal Ballot
- o. Exit Period for Unitholders
- p. Comments from SEBI for change in Fundamental Attribute
- q. Rajiv Gandhi Equity Savings Scheme (RGESS)
- r. Rajiv Gandhi Equity Savings Scheme (RGESS)
- s. Reporting the quarterly details of transactions of dealing in securities by Trustees
- t. Timelines for issuance of Consolidated Account Statement (CAS)
- u. Investment in Non-Convertible Preference Shares (NCPs)
- v. Change in Nomenclatures
- w. Auditor of a Mutual Fund
- x. Applicability of Exit Load

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/mar-2021/circular-on-mutual-funds_49393.html

4. Guidelines for votes cast by Mutual Funds

On **March 05, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29** prescribed guidelines for votes cast by Mutual Funds to further improve transparency as well as encourage Mutual Funds/AMCs to diligently exercise their voting rights in best interest of the unitholders. The Circular shall come into effect from April 01, 2021 except for para 2 which shall be effective from April 01, 2022.

The circular states in case of all the resolutions, Mutual Funds including their passive investment schemes like Index Funds, Exchange Traded Funds etc. shall be required to cast votes compulsorily.

However it does clarify that if the Mutual Funds have no economic interest on the day of voting, it may be exempted from compulsorily casting of votes.

Circular states that the vote shall be cast at Mutual Fund Level however in case of votes against between two or more funds manager voting shall be subject to scheme level. The Fund Managers have to submit a declaration on quarterly basis to the Trustees that the votes cast by them have not been influenced by any factor other than the best interest of the unit holders. Further, Trustees have to confirm the same in their Half Yearly Trustee Report to SEBI.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/mar-2021/circular-on-guidelines-for-votes-cast-by-mutual-funds_49405.html

5. Circular on Review of norms regarding investment in debt instruments with special features, and the valuation of perpetual bonds.

On **March 10, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/032** has issued circular regarding investment in debt instruments and the valuation of perpetual bonds.

- a. Review of Norms of Investment in Instruments having Special Features;

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- b. Provisions for Segregated Portfolio in the Scheme Information Document; and
- c. Valuation of Perpetual Bonds.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/mar-2021/review-of-norms-regarding-investment-in-debt-instruments-with-special-features-and-the-valuation-of-perpetual-bonds_49463.html

6. Circular on Streamlining the process of IPOs with UPI in ASBA and redressal of Investor Grievances

On **March 16, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M** has issued framework to Stream the process of IPOs with Unified Payment Interface (UPI) in Application Supported by Blocked Amount (ASBA) and redressal of Investor Grievances.

The said Circular was earlier issued on November 01, 2018 which has introduced the **use of UPI** as an additional payment mechanism with ASBA for Retail Individual Investors along with timelines for listing within six days of closure of issue (T+6) and the same was operated in Phase I.

In Phase II, SEBI vide Circular No. **SEBI/HO/CFD/DIL2/CIR/P/2019/76** dated June 28, 2019 has mandated UPI for applications made by Retail Individual Investors through Intermediaries. Further, SEBI vide Circular **SEBI/HO/CFD/DCR2/CIR/P/2019/133** on November 08, 2019 had prescribed the detailed timelines of T+6 listing, compliance, reconciliation process and reporting standards that has to be followed by Intermediaries.

After gaining experience with the use of the current UPI system, certain issues have been identified and addressed based on the consultation with market participants.

In view of the same, measures have been introduced to have a uniform policy and streamline the reconciliation process among intermediaries.

Streamlining the IPO Process:

Lead Manager have been authorized to act as a Nodal entity for any issues arising out of a public issuance process and the timelines, processes and compensation policy by intermediaries.

For ensuring timely response in the IPO process, Self Certified Syndicate Bank (SCSBs) to identify the nodal officer for IPO applications processed through UPI as a payment mechanism and submit the details in the format prescribed in **Annexure I** to SEBI within 7 working days from the issuance of the circular.

For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock. The SMS shall include the details as prescribed in **Annexure II**.

Re-initiations of UPI Bids:

The facility of re-initiation provided to Syndicate Members preferably be allowed only once per bid/batch and as deemed fit by the concerned Stock Exchange, after bid closure time to avoid duplication.

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Cancelled/Withdrawn/Deleted applications:

SCSB's shall unblock applications which are cancelled/withdrawn/deleted as received by Registrars to an Issue (RTI) by the closing hours of the bank day and submit the confirmation to Lead Managers and RTA on daily basis, as per the format prescribed in **Annexure III**.

Unblocking of UPI Mandates:

SCSB's to ensure that unblock for non-allotted/partial-allotted applications is completed by the closing hours of bank day on Basis of Allotment (BOA) +1. SCSB's shall submit the confirmation on the same, to Lead Managers and RTA, not later than BOA+1 in the format prescribed in **Annexure IV**.

For the protection of the interests of investors and to avoid any opportunity loss, the compensation structure has been prescribed in **Annexure V**. SCSBs to compensate the investor, immediately on the date of receipt of complaint from the investor.

Any delay in resolving the grievance beyond the date of receipt of complaint from investor, for each day delay, the compensation is prescribed in **Annexure VI**.

This Circular shall come into force for IPOs opening on/after May 01, 2021 and the provisions of this circular shall become part of the offer documents, DRHP and RHP.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/mar-2021/streamlining-the-process-of-ipos-with-upi-in-asba-and-redressal-of-investors-grievances_49522.html

7. Circular on Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIIs)

On **March 22, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/MRD1/DTCS/CIR/P/2021/33** has modified a framework for Business Continuity Plan (BCP) and Disaster Recovery Site (DRS) for Stock Exchanges, Depositories and Clearing Corporations which was earlier prescribed vide Circular **SEBI/HO/MRD/DMS1/CIR/P/2019/43** on March 26, 2019.

With advancement in technology and improved automation of processes, the said framework has been re-examined to reduce the time periods specified for moving from Primary Data Centre (PDC) to DRS.

The modified framework for BCP and DR shall include the following:

- a. Configuration of DRS/NS with PDC
- b. DR drills/Testing
- c. BCP –DR Policy Document

In view of the above modification in the framework, Stock Exchanges, Clearing Corporations and Depositories are advised to submit their revised BCP–DR policy to SEBI within 3 months from the date of this circular.

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The link for the Circular is as below:

<https://www.sebi.gov.in/legal/circulars/mar-2021/guidelines-for-business-continuity-plan-bcp-and-disaster-recovery-dr-of-market-infrastructure-institutions-miis-49601.html>

8. Circular on Clarification on the Valuation of Bonds issued under Basel III framework

On **March 22, 2021** Securities and Exchange Board of India (SEBI) has issued a Circular on Clarification on the Valuation of bonds under Basel III framework vide **Circular No.: SEBI/HO/IMD/DF4/CIR/P/2021/034**

SEBI vide Circular No. **SEBI/HO/IMD/DF4/CIR/P/2021/032** on March 10, 2021 stated that the maturity of all perpetual bonds shall be treated as 100 years from the date of issuance of the bond for the purpose of valuation.

On the representation made by Mutual Fund Industry and at the request of other stakeholders, the deemed residual maturity for the purpose of valuation of existing as well as new bonds issued under Basel III framework shall be as below:

Time Period	Deemed Residual Maturity of Basel III AT-1 bonds (Years)	Deemed Residual Maturity of Basel III Tier 2 Bonds (Years)
Till March 31, 2022	10	10 years or Contractual Maturity whichever is earlier
April 01, 2022 –September 30, 2022	20	Contractual Maturity
October 01, 2022 –March 31, 2023	30	Contractual Maturity
April 01, 2023 onwards	100*	Contractual Maturity

*100 years from the date of issuance of the bond.

Macaulay Duration for bonds issued under Basel III framework shall be calculated based on the deemed residual maturity as mentioned in the above table.

Association of Mutual Funds in India (AMFI) are advised to issue detailed guidelines with respect to valuation of bonds issued under Basel III framework, which shall be implemented by April 01, 2021.

The link for the Master Circular is as below:

<https://www.sebi.gov.in/legal/circulars/mar-2021/clarification-on-the-valuation-of-bonds-issued-under-basel-iii-framework-49604.html>

9. Circular on Review of delivery default norms

On **March 23, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/CDMRD/DRMP/CIR/P/2021/35** prescribed provisions for the levy of penalty in the event of delivery default.

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SEBI had received representations from market participants in the commodity derivatives segment for standardization of delivery default norms, strengthening the deterrent mechanism and ensuring adequate compensation to the non-defaulting counterparty.

In view of the aforesaid, the extant delivery default norms were examined in consultation with Clearing Corporations and the following has been decided:

- In agricultural commodities, the penalty for delivery default by seller shall now be 4% of the settlement price plus replacement cost.
- In non-agricultural commodities, the penalty for delivery default by seller shall remain at 3 % of settlement price plus replacement cost.
- In agricultural as well as non-agricultural commodities, the provisions for levy of penalty on delivery default by buyer.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/mar-2021/review-of-delivery-default-norms_49610.html

10. SEBI advises registered entities including MIIs to comply with TRAI's TCCCP Regulations, 2018

On **March 23, 2021** SEBI vide Press release no. **PR No.14/2021** advises registered entities including Market Infrastructure Institutions (MIIs) to comply with TRAI's TCCCP Regulations, 2018.

All SEBI registered entities including MIIs which use bulk SMS for providing their services to the investors are advised to ensure strict compliance with the Telecom Regulatory Authority of India's (TRAI) Telecom Commercial Communications Customer Preference Regulations, 2018 (TCCCP Regulations).

Non-compliance with the provisions of said regulations may result in disruption of delivery of their messages to the investors.

TRAI had notified TCCCP Regulations in July 2018 to, inter alia, curb the problem of unsolicited commercial communication. These new regulations have a provision for Principal Entities (PE) (i.e. entities who intend to send bulk SMS) to register with the telecom service providers and are also required to register the template of the message. It may be noted that effective implementation of these new regulations will help to protect investors and the general public from unsolicited and often misleading messages.

It has come to the notice of SEBI that unsolicited messages containing stock tips/ investment advice with respect to listed companies are increasingly being circulated through bulk SMS, inducing investors and the general public to invest in or purchase the stocks of certain listed companies.

The link of the Press Release is as below:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-advises-registered-entities-including-miis-to-comply-with-trai-s-tcccp-regulations-2018_49619.html

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11. SEBI Board Meeting

On **March 25, 2021** Securities and Exchange Board of India (SEBI) issued a **Press release PR No. 15/2021** regarding the meeting of the Board members of SEBI. In the Board Meeting the following decisions were taken:

1. Review of framework of Innovators Growth platform (IGP) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

SEBI Board has approved proposal with respect to **Innovators Growth Platform (IGP)** with an objective to make platform more accessible to **Start-up Companies for going public**. In the said meeting proposals were made to relax certain criteria regarding eligibility requirement, pre- issue capital, capital on open offer, discretionary allotment, Delisting and migration to main Board etc.

2. Business Responsibility and Sustainability Reporting by Listed Entities

SEBI Board has decided to introduce new Report **Business Responsibility and Sustainability Reporting (BRSR)** in substitution of Business Responsibility Reporting (BRR) which shall become applicable **to top 1000 listed companies** on a voluntary basis for FY 2021-22 and on mandatory basis from FY 2022-23.

The new reporting in **Business Responsibility and Sustainability Reporting (BRSR)** provides greater transparency enabling market participants to identify and assess sustainability related risk and opportunities. These requirements set the stage for taking a leap for better disclosures in the ESG (Environmental, Social, and Governance) space in India.

3. SEBI (Alternative Investment Funds) Regulations, 2012

SEBI Board has approved proposal to amend SEBI (Alternative Investment Funds) Regulations, 2012 to include the **definition of 'start-up'** for the purpose of investment by Angel Funds, provide flexibility in making investment to Venture Capital Undertaking registered under Category I Alternative Investment Funds, allowing AIFs and funds of AIFs to invest in units of other AIFs and in securities of investee companies, provide clarity on scope of responsibilities of Managers and members of Investment Committee and prescribe Code of Conduct for AIF, Trustees and Directors of the Trustee/ Designated Partners / Directors of AIF and other personnel.

4. Review of regulatory framework for reclassification of promoter/ promoter group entities

SEBI Board has approved proposal for certain modifications in regulatory framework to ease the **re-classification process of promoter/ promoter group entities**.

5. Review of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI Board has approved several amendments in SEBI (LODR), 2015 and some of the key amendments are:

- a. Formulation of **Dividend Distribution Policy** has been extended to top 1000 listed companies from 500 listed companies.
- b. **Board Meeting held for more than one day**, the financial results is to be disclosed within 30 minutes of end of the day of Board Meeting in which financial results are considered.

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- c. Provisions of LODR Regulations applicable to a company based on market capitalisation shall continue even if the **market capitalisation falls below** the threshold limit and companies to whom LODR 2005 is applicable based on paid up capital and net-worth shall continue to apply unless the paid up capital and net-worth falls below the threshold limit for **three consecutive years**.
- d. No approval of Stock Exchange is required for the **change of name of listed entity**
- e. Timeline for submission of periodic reports viz. Statement of Investor Complaints, Corporate Governance Report and Shareholding Pattern has been harmonized **to 21 days from the end of each quarter**.
- f. Frequency of submission of compliance certificates relating to share transfer facility and issuance of share certificates within 30 days of lodgement for transfer, sub-division, etc. is revised from **half-year to annual**.
- g. **Newspaper advertisement for Notice of Board Meeting** for financial results and for quarterly statement on deviation/ variation in use of funds has been dispensed with.

6. Applicability, constitution and role of the Risk Management Committee

SEBI Board has approved amendments to SEBI (LODR), 2015 in relation to applicability, constitution and role of the Risk Management Committee (RMC) of listed entities.

- The **requirement** for constitution of RMC has been extended **to top 1000 listed entities** from 500 listed entities by market capitalization.
- The RMC should have at least **three members** with a majority of them being members of the Board of Directors including at least one Independent Director.
- **The quorum of RMC** shall be either 2 members or 1/3rd of the members of RMC, whichever is higher, including at least one member of the Board of Directors in attendance
- The **role of the RMC** has been specified which, inter-alia, includes formulation of a detailed Risk Management Policy and monitoring its implementation, periodic review of such policy; review of the appointment, removal and terms of remuneration of the Chief Risk Officer (if any), etc.

7. Review of disclosures in respect of Analyst/ Institutional Investor meets by listed entity

SEBI Board has approved amendment to the present regulation of disclosing the schedule of analyst/ institutional investors meet and presentations made in such meetings, to the stock exchanges and on website of the Company.

- The amended regulation states that **audio/ video recording** of analyst/ institutional investors meet should be disclosed before next trading day or within 24 hours, whichever is earlier;
- **Written transcripts of Investor meetings to be disclosed within 5 working days** to the stock exchanges and on the website of the Company.

8. SEBI (Delisting of Equity Shares) Regulations, 2009

SEBI Board has approved amendments in SEBI (Delisting of Equity Shares) Regulations, 2009 to make the delisting process transparent and efficient. Some of the key amendments are:

- Promoter/Acquirer will be required to **disclose their intention** to delist the company by making an initial public announcement.
- **Committee of Independent Directors** will be required to provide their reasoned recommendations on the proposal for delisting.

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- **Timelines** for completion of various activities forming part of delisting process have been introduced / revised to make the process more efficient
- Promoter / acquirer will be permitted to specify an **indicative price** for delisting which shall not be less than the floor price.
- Promoter will be bound to accept the price discovered through **reverse book building** if the same is equal to the floor price / indicative price.
- **Role of Merchant Banker** involved in the delisting process has been elaborated.

9. Amendment to SEBI (Portfolio Managers) Regulations, 2020

SEBI Board has approved amendment to SEBI (Portfolio Managers) Regulations, 2020 , mandating Portfolio Managers to obtain **prior approval of SEBI for change in control**.

10. Online payment of application fee, registration fee, renewal fee and annual fees by Intermediaries

SEBI Board has approved the proposal for intermediaries to pay fees only **through online** payment gateway and doing away with physical mode of payment to encourage digital payment.

The link of the Press Release is as below:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-board-meeting_49648.html

12. Circular pertaining to Surrender of Foreign Portfolio Investors (FPIs) Registration

On **March 30, 2021** Securities and Exchange Board of India (SEBI) issued a **Circular No. SEBI/ HO/ IMD/ FPI&C/ CIR/ P/ 2021/ 045** pertaining to Surrender of Foreign Portfolio Investors (FPIs) Registration. Circular shall come into force with immediate effect.

Pursuant to SEBI (Foreign Portfolio Investors) Regulations, 2019, any FPI desirous of surrendering the Certificate of Registration may request for such surrender to the Designated Depository Participants (DDPs).

DDPs shall adhere to the certain additional guidelines while making an application to SEBI.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/mar-2021/circular-on-guidelines-pertaining-to-surrender-of-fpi-registration_49687.html

13. Circular pertaining to Reduction in unblocking/refund of Application Money

On **March 31, 2021** Securities and Exchange Board of India (SEBI) issued a **Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/47** regarding reduction in unblocking/refund of application money from 15 days to 4 days.

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Amita Desai & Co. Company Secretaries, Mumbai

In accordance with the SEBI(ICDR) Regulations, 2018, in case of non-receipt of minimum subscription, the issuer is mandated to refund all the application monies within a period of “**fifteen days**” from the closure of the issue.

Based on various consultations with the market participants it has been decided to reduce the timelines for refund of the moneys to the investors to “**4 days**”.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/mar-2021/reduction-in-unblocking-refund-of-application-money_49722.html

14. Bombay Stock Exchange (BSE) Circular on filing of Annual Secretarial Compliance Report in XBRL Mode by listed entities

On **March 31, 2021** Bombay Stock Exchange , circulated a Noticethat BSE has introduced facility with immediate effect for filing of Annual Secretarial Compliance Report as per Regulation 24A of LODR, 2015, in XBRL mode in addition to its filing in PDF mode. This disclosure to be made by listed entities within 60 days of end of the financial year to stock exchnages.

The Format is same as per SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 .

The link for the BSE Circular is as below:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20210331-2>

Compliances with stock exchange as per LODR 2015

Listed entity to file following returns/ documents with stock exchanges

- (a) **Regulation 7 (3)**- Submission of Compliance Certificate duly signed by both the Compliance Officer and Authorized Representative of RTA Certifying that compliances of all activities in relation to both physical and electronic share transfer facility are maintained by RTA or by Company in house—by 30th April, 2021
- (b) **Regulation 13 (3)**--Statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed off during the quarter and those remaining unresolved at the end of the quarter--- by 21st April, 2021
- (c) **Regulation 23 (3) (c) and (d)** -Audit Committee to review on quarterly basis the details of Related Party Transactions entered in to by listed entity pursuant to omnibus approval given.
- (d) **Regulation 23(9)**-- Disclose Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results and publish the same on its website ---within 30 days from the date of publication of its standalone and consolidated financial results for the half year.
- (e) **Regulation 24 A**- Disclose Annual Secretarial Compliance Report (SCR) in XBRL and pdf format – in 60days from end of FY – 30th May 2021
- (f) **Regulation 27 (2) (a)**--Quarterly Compliance Report on Corporate Governance.—by 15th April, 2021

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- (g) **Regulation 29 (1) (a)**-- Prior intimation for the date of Board Meeting in which Financial results viz quarterly, half yearly, or annual, as the case may be, is due to be considered. – two days prior to relevant BM date
- (h) **Regulation 30 (6)**—Disclose information as soon as reasonably possible and not later than 24 hours from the occurrence of event or information mentioned under. Part A of Schedule III .—in 24 hours
- (i) **Regulation 31 (1)**- a statement showing holding of securities and shareholding pattern separately for each class of securities—by 21st April 2021
- (j) **Regulation 33 (3) (d)**--Annual Audited Standalone Financial Result for the financial year along with the audit report and (statement on impact of Audit Qualification applicable only for audit report with modification opinion) provided that if listed entity has subsidiaries, it shall while submitting annual audited standalone financial result also submit annual audited consolidated financial result along with auditor report and (statement on impact of Audit Qualification applicable only for audit report with modification opinion) --- by 30th May 2021
**Along with the extent and nature of security created and maintained with respect its secured listed non-convertible debt securities*
- (k) **Regulation 40 (9)** –Certificate from a practicing company secretary certifying that all certificates have been issued within 30 days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies by share transfer agent and/or the in-house share transfer facility, as the case may be—by 30th April, 2021
- (l) **Regulation 47 (1) (a)**-Publish Notice in newspaper about meeting of Board of Directors where financial results shall be discussed ---simultaneously with the submission of the same to Stock Exchange
- (m) **Regulation 47 (1) (b)**-- Publish a copy of the financial results which were submitted to the Stock Exchange—in 48 hours from conclusion of Board Meeting
- (n) **Regulation 52 (2) (a)** -Un-audited financial result shall be accompanied by limited review report prepared by statutory auditors of the listed entity- within 45 days from the end of the half year –15th May 2021
**Along with the extent and nature of security created and maintained with respect its secured listed non-convertible debt securities*
- (o) **Regulation 57 (2)**- An undertaking on annual basis stating that all documents and intimations required to be submitted to Debenture Trustees in terms of Trust Deed and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
