

SEBI UPDATES

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

On **April 06, 2021** Securities and Exchange Board of India (SEBI) vide **Circular No. SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/0548** issued a Circular modifying Para 4 of earlier Circular of February 02, 2021 which was on the subject of Setting up of Limited Purpose Clearing Corporation by Asset Management Companies of Mutual Funds.

SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/17 dated February 02, 2021 stated that SEBI Board in its meeting held on September 29, 2020, approved a proposal to facilitate setting up of a LPCC for clearing and settling Repo transactions in corporate debt securities and has decided that Asset Management Companies (AMC) shall contribute INR 150 Cr. towards share capital of LPCC in proportion to the Asset Under Management (AUM) of open ended debt oriented mutual fund schemes (excluding overnight, gilt fund and gilt fund with 10 year constant duration but including conservative hybrid schemes) managed by them as on FY 2019-20. This was recommended as it was felt that mutual funds would be natural beneficiaries of such a clearing corporation

In consideration of the representation received from AMFI, paragraph 4 of SEBI Circular No. dated February 2, 2021 has been modified to the effect that the contribution of AMCs shall be based on Average AUM of debt oriented schemes for the Financial Year (FY) 2020-21 instead of FY 2019-20.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/setting-up-of-limited-purpose-clearing-corporation-lpcc-by-asset-management-companies-amcs-of-mutual-funds_49770.html

2. Chairman's speech at 14th CII Corporate Governance Summit

Mr. Ajay Tyagi, Chairman delivered a speech on **April 06, 2021** at 14th CII Corporate Governance Summit held on the topic of "Corporate Governance" (CG).

In his speech Mr. Tyagi shared his views that in case of listed corporates, which raise funds from public, having a credible and robust corporate governance framework is sacrosanct to ensure transparency, remove asymmetry of information and enhance investors' trust.

He said 'one size fits all' policy wouldn't work as CG depend upon level of development, maturity of corporate culture, stakeholders' perspectives, ownership structures, legacy issues etc.

In the conclusion of his speech he shared his view that rather than laying too much emphasis on **command and control mechanisms**, it is the **self-discipline and sincerity of boards** and other stakeholders in carrying out their responsibilities provide the bedrock for a clean, transparent and trustworthy corporate governance regime.

Amita Desai & Co. Company Secretaries, Mumbai

He touched upon various key pillars of Corporate Governance as detailed below in brief.

a. Independent Director

Mr. Tyagi admitted that notwithstanding various efforts made by SEBI in the past, it could not find the ideal solutions to issues such as – ‘ensuring independence of independent directors’, ‘selecting the best suited persons as independent directors’, ‘making their role more effective and meaningful’, etc

He also clarified that some articles have opined that there is a tendency of SEBI to portray the promoters in a bad light, however SEBI acknowledge the very important role played by the promoters and entrepreneurs in wealth creation. He said the problem arises when some of the errant controlling shareholders attempt to misuse their dominant position to the detriment of others. However at the same time he said SEBI has taken a number of steps to improve the ease of compliance by the promoters.

He also accepted that human behaviour cannot be fully regulated by norms. However, SEBI try, to bring in greater balance, transparency and quality in the selection of independent directors and functioning of the corporate boards.

b. Gender Diversity on the Boards

Mr. Tyagi said that there is an evidence-based research across the world which shows that companies having better gender diversity on their Board have generally outperformed financially those which did not have such diversity.

He gave the data that from around 5-6% women on Boards in 2014, the number increased to around 17% for top 500 companies today.

c. Separation of roles of Chairperson and MD / CEO

Mr. Tyagi said that this idea of separation of role of Chairperson and MD/CEO is not to weaken the position of promoter, but to improve corporate governance. He said globally in Germany and Netherlands it has two-tier board structure, separating the roles of board and management

He further clarified that this regulation will now be applicable to the top 500 listed entities by market capitalization, with effect from April 01, 2022 instead of April 01, 2020.

d. Stewardship Code

Mr. Tyagi explained ‘Stewardship Responsibilities’ means responsibilities of Institutional Investors (banks, insurance companies and pension funds etc) towards their clients / beneficiaries and a meaningful engagement with the investee companies including their credible monitoring.

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

He further said that SEBI prescribed in December 2019, a Stewardship Code for all Mutual Funds and all categories of AIFs in relation to their investments in listed equities.

This code has been implemented from July 01, 2020. In order to further improve transparency, SEBI has recently mandated mutual funds to cast votes compulsorily in respect of company resolutions on some specified matters.

e. ESG Framework

Mr. Tyagi shared his view that Covid-19 pandemic has heightened the focus on sustainability related risks and Companies across the globe are facing pressure from their investors and increasingly from regulators to disclose their ESG related risks and opportunities.

He said taking the cognizance of the global trend, SEBI revamped the Business Responsibility Reporting (BRR) which has been in place since 2012, and expanded its scope.

SEBI Board has recently approved a new framework for Business Responsibility and Sustainability Reporting ("BRSR") for top 1000 listed entities by market capitalisation, for reporting on a voluntary basis from FY 2021-22 and on mandatory basis from FY 2022-23.

f. COVID changed the outlook and role of Boards

Mr. Tyagi highlighted that a critical area that emerged during this pandemic was the need to provide adequate level of disclosures to stakeholders about the health and performance of the company amid the uncertainty. To which the company Boards should ensure that adequate disclosures are provided timely to stakeholders and there is no asymmetry of information. SEBI had issued an advisory last year, providing an illustrative list of information that should be disclosed relating to the impact of the CoVID-19 crisis.

He also emphasised that due to Pandemic the Risk assessment has emerged as another prime issue. SEBI has recently decided to enhance the applicability of Risk Management Committee (RMC) to top 1000 listed entities by market capitalization from the existing top 500 companies.

He also drew attention that in view of the increasing use of technology, sound digital infrastructure and high standards relating to data protection / cyber-security, are of utmost importance.

The link for the Speech is as below:

https://www.sebi.gov.in/media/speeches/apr-2021/chairman-s-speech-dated-april-06-2021-at-14th-cii-corporate-governance-summit_49762.html

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

3. Regulatory Reporting by Alternative Investment Funds (AIFs)

Alternative Investment Funds (AIF) are required to submit periodical reports to SEBI relating to their activity as per SEBI Circular no. CIR/IMD/DF/10/2013 dated July 29, 2013.

However, for providing ease of compliances on regulatory reporting by AIF. SEBI had issued a Circular **No. SEBI/HO/IMD/IMD-I/DOF6/CIR/2021/549** dated **April 07, 2021**

SEBI issued this circular based on consultation with various stakeholders and recommendation of Alternative Investment Policy Advisory Committee.

This Circular states that:

- (a) **all AIFs** shall submit report to SEBI for the quarter ending December 31, 2021 onwards on their activity on **quarterly basis** within 10 calendar days from the end of each quarter in the revised formats as specified in **Annexure I to the Circular dated April 07, 2021**.
- (b) **Category III AIFs** shall submit report to SEBI on **quarterly basis** for the quarter ending December 31, 2021 onwards, on leverage undertaken in the revised formats as specified in **Annexure II to the Circular dated April 07, 2021**.
- (c) All AIFs are required to submit these reports online through **SEBI intermediary Portal**
- (d) Further, any changes in terms of **private placement memorandum** and in the **documents of the fund/scheme** shall be intimated to investors and SEBI on a consolidated basis, within 1 month of the **end of each financial year** and the provisions shall come into effect immediately.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/circular-on-regulatory-reporting-by-aifs_49788.html

4. Circular on Reporting Formats of Mutual Funds

On **April 12, 2021** SEBI had issued Circular No. **SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/550** by which it has revised format of various reporting under SEBI (Mutual Funds) Regulations, 1996.

The formats for the following reports i.e. reports to be submitted by AMCs to Trustees, by AMCs to SEBI and by Trustees to SEBI have been reviewed and revised as under:

- 1. **Reporting by AMCs to Trustees:** The Compliance Certificate to be submitted by the Asset Management Company (AMC) to the Trustees on a **Bi-monthly and Half- yearly basis shall be discontinued**. AMC shall submit Quarterly Report to the Trustees on its activities and the compliance with Regulations and various circulars thereunder as per the format prescribed in **Annexure I** of the Circular, by 21st calendar day of succeeding month for the quarters ending March, June, September and December. This shall come into effect for reporting from the quarter ending June, 2021.

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

2. **Reporting by AMCs to SEBI:** Instead of exceptional reporting complete Compliance Test Report (CTR) shall be submitted by AMC to SEBI on a quarterly basis by 21st calendar day of succeeding month for the quarters ending March, June, September and December. The revised format of CTR is prescribed under **Annexure II** of the Circular and this shall come into effect for reporting from the quarter ending June, 2021.
3. **Reporting by Trustees to SEBI:** Half Yearly Trustee Report (HYTR) containing the broad coverage of report of trustees to SEBI has been revised & prescribed as **Annexure III** of the Circular which shall be submitted within two months from the end of the half year. Trustees are also required to submit corrective steps taken with respect to any non-compliance reported in Half Yearly Trustee Report. Trustees shall continue to submit HYTR for the half year ending September and March within two month from the end of the half year. This shall come into effect for reporting from the half year ending March, 2021.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/circular-on-reporting-formats-for-mutual-funds_49813.html

5. SEBI cautions investors against impersonation

On **April 12, 2021** SEBI vide Press release no. **PR No.16/2021** cautions investors against that unscrupulous elements who are cheating investors / public using the name of SEBI.

These fraudsters are reported to have sent emails impersonating employees of SEBI / posing as officials / posing as official communication channels of SEBI and offer to help investors to resolve their complaints. Often, investors are made to part with money in the name of processing fee, other fees, etc.

SEBI cautions investors against such impersonations and further advises as under:

- i. Beware of emails / any other communication impersonating employees of SEBI and refrain from responding to such emails / communication. The only official and genuine website of SEBI, where an investor can file his/her complaint is <https://scores.gov.in> and members of public are advised to be careful and not get misled by fake websites with similar addresses, fake logos / similar looking domains and email ids, etc.
- ii. Inform the local police or cybercrime authority about such frauds immediately.

Investors to note that SEBI does not seek money or fees in any form for resolution of complaints. Investors/public are advised to exercise caution and not fall prey to fraudulent emails/ communication in the name of SEBI or its officials.

The link for the Press Release is as below:

https://www.sebi.gov.in/media/press-releases/apr-2021/sebi-cautions-investors-against-impersonation_49823.html

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

6. SEBI issues guidelines on warehousing norms for agricultural/agri-processed goods and non-agricultural goods (only base/industrial metals) underlying a commodity derivatives contract having the feature of physical delivery

On **April 16, 2021** SEBI vide Circular No. **SEBI/HO/CDMRD/DMP/P/CIR/2021/551** has issued a guideline on warehousing norms for agricultural/agri-processed goods and non-agricultural goods for base / industrial metal underlying a commodity derivatives contract having the feature of physical delivery.

Warehousing or Storage infrastructure and its ancillary services play a critical role in the delivery mechanism of the Commodity Derivatives Market. As per the Regulation 43A of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("SECC Regulations") provides that every recognized Clearing Corporation which provides clearing and settlement services for commodity derivatives shall ensure guarantee for settlement of trades including good delivery. It is therefore, required to have comprehensive framework of norms for adherence by the Warehouse Service Providers ("WSP") for ensuring good delivery.

The Clearing Corporations are at liberty to prescribe additional norms for compliance by their accredited WSPs, warehouses and assayers for ensuring good delivery of commodities by them. Further, the Clearing Corporations to ensure that in the event of bankruptcy or insolvency of the WSP or other such contingency, there must be no restrictions placed upon owners/depositors of the commodity desiring to take possession of their individually identified commodity and remove it from the accredited Warehouse(s).

With this Circular, there will be uniformity in requirements for agricultural and agri-processed commodities and base/industrial metals, ease of doing business, rationalized regulatory compliance costs etc. The norms laid down in this Circular shall come into effect from **June 01, 2021**.

The Stock Exchanges and Clearing Corporations are advised to:

- a. bring the provisions to the notice of the members of the Exchange/Clearing Corporations and to disseminate the same on their website.
- b. communicate the status of the implementation of the provisions of this Circular in the Monthly Development Reports to SEBI.
- c. make necessary amendments to the relevant bye-laws, rules and regulations.

The link for the Circular is as below:

<https://www.sebi.gov.in/legal/circulars/apr-2021/circular-on-guidelines-for-warehousing-norms-for-agricultural-and-agri-processed-goods-and-non-agricultural-goods-only-base-and-industrial-metals-49838.html>

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

7. Circular on Relaxations relating to procedural matters –Issues and Listing.

On **April 22, 2021** SEBI vide Circular No. **SEBI/HO/CFD/DIL2/CIR/P/2021/552** has granted further relaxations for **Rights Issues opening up to September 30, 2021** provided the issuer along with the Lead Manager(s) shall continue to comply point (v) of the SEBI Circular No. SEBI/ HO/CFD /DIL2 / CIR /P/2020/78 dated May 06, 2020 which is as follows:

That the issuer along with Lead Manager(s) shall ensure the following as per clause (v) of SEBI circular dt May 06, 2020:

- (a) The mechanism(s) of relaxation given by SEBI vide Circular dt May 06, 2020 shall only be an additional option and not a replacement of the existing process. As far as possible, attempts will be made to adhere to the existing prescribed framework.
- (b) The mechanism(s) shall be transparent, robust and have adequate checks and balances. It should aim at facilitating subscription in an efficient manner without imposing any additional costs on investors. The issuer along with lead manager(s), and registrar shall satisfy themselves about the transparency, fairness and integrity of such mechanism.
- (c) An FAQ, online dedicated investor helpdesk, and helpline shall be created by the issuer company along with lead manager(s) to guide investors in gaining familiarity with the application process and resolve difficulties faced by investors on priority basis.
- (d) The issuer along with lead manager(s), registrar, and other recognized intermediaries (as incorporated in the mechanism) shall be responsible for all investor complaints.

Apart from above the issuer along with Lead Manager(s), Registrar, and other recognized intermediaries shall also ensure the following:

- (a) *As per Clause (iv) of SEBI Circular dated May 06, 2020*, that an application for a rights issue shall be made only through **ASBA facility**. In view of the difficulties faced due to COVID-19 pandemic and the lockdown measures, and in order to ensure that all eligible shareholders are able to apply to rights issue during such times, **institute an optional mechanism (non- cash mode only) to accept the applications** of the shareholders subject to ensuring that no third party payments shall be allowed in respect of any application.
- (b) Refund for un-allotted / partial allotted application shall be completed on or before T+1 day (T: Basis of allotment day).
- (c) Registrar to the issue, shall ensure that all data with respect to refund instructions is error free to avoid any technical rejections. Further, in case of any technical rejection of refund instruction, same shall be addressed promptly.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/relaxations-relating-to-procedural-matters-issues-and-listing_49900.html

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

8. Circular on Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments

On **April 27, 2021** SEBI vide Circular No. **SEBI/ HO/ MIRSD/ MIRSD CRADT/ P/ CIR/ 2021/ 554** advised Credit Rating Agencies to frame detailed policy on provisional ratings.

In order to strengthen and standardize the policies on provisional rating, it has been decided after subsequent consultation with various stakeholders to prescribe as under:

- a. **Rating Symbol**: All Provisional Ratings ('long term' or 'short term') for debt instruments shall be prefixed as 'Provisional' before the rating symbol in all communications viz. rating letter, press release / rating rationale, etc.
- b. **Standardized Term**: A rating shall be considered as provisional, and not final, when it is contingent upon occurrence following steps or execution of following documents, as applicable:
- 1) execution of letter of comfort, corporate guarantee, or other forms of explicit third-party support;
 - 2) execution of documents such as debenture trust deed/ debenture trustee agreement, legal agreements/ opinions, representations and warranties, final term sheet;
 - 3) assignment of loan pools or finalisation of cash flow escrow arrangements;
 - 4) setting up of debt service reserve account;
 - 5) opening of escrow account; or
 - 6) For a proposed Real Estate Investment Trust (REIT) or Infrastructure Investment Trust (InvIT), pending formation of a trust - only after receipt of SEBI Registration. However, the process of obtaining rating may commence at the stage of the sponsor filing with SEBI for the registration of the Trust, subject to declaration from the sponsor to this effect being submitted to the credit rating agency.

In no case shall a rating, including provisional rating, be assigned by a credit rating agency for an issuer/ client evaluating strategic decisions, such as funding mix for a project, acquisition, debt restructuring, scenario-analysis in loan refinancing, etc.

c. **Validity period**:

- 1) The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the debt instrument. The final rating assigned after end of 90 days shall be consistent with the available documents or completed steps, as applicable.
- 2) An extension of 90 days may be granted on a case-to-case basis by the CRA's rating committee(s), in accordance with the policy framed by the credit rating agency in this regard.
- 3) No CRA shall assign any provisional rating to a debt instrument upon the expiry of 180 days from the date of its issuance.

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

- d. **Disclosures in the press release / rating rationale:** Certain additional disclosures made by Credit Rating Agencies, shall also be included in press release / rating rationale while assigning provisional ratings.
- e. **Unaccepted provisional rating:** In case the provisional rating assigned is not accepted by the issuer, then the following supplementary disclosures shall be provided:
- 1) the details of the steps taken for assigning the provisional rating.
 - 2) rating that would have been assigned in absence of the said steps/ documentation would not result in any rating being assigned by the CRA.

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/standardizing-and-strengthening-policies-on-provisional-rating-by-credit-rating-agencies-cras-for-debt-instruments_49951.html

9. Circular on Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes

On **April 28, 2021** SEBI vide Circular No. **SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/553** has issued a guideline on compensation of Key Employees of Mutual Fund. The provisions of this circular shall be applicable with effect from **July 01, 2021**.

In order to align the interest of the Key Employees of the AMCs with the unitholders of the mutual fund schemes, it has been decided that a part of compensation of the Key Employees of the AMCs shall be paid in the form of units of the scheme(s), as under:

- i. A **minimum of 20%** of the salary/ perks/ bonus/ non-cash compensation (gross annual CTC) net of income tax and any statutory contributions (i.e. PF and NPS) of the Key Employees of the AMCs shall be paid in the form of units of Mutual Fund schemes in which they have a role/ oversight.
- ii. The compensation paid in the form of units shall be **proportionate to the AUM** of the schemes in which the Key Employee has a role/oversight.
 - (a) For this purpose, Exchange Traded Funds (ETFs), Index Funds, Overnight Funds and existing close ended schemes shall be excluded.
 - (b) It shall be paid proportionately over 12 months on the date of payment of such salary/ perks/ bonus/ non-cash compensation.
 - (c) In case of compensation paid in the form of employee stock options, the date of exercising such option shall be considered as the date of such payment.
 - (d) Further, the compensation paid as mutual fund units will be locked-in for a minimum period of 3 years or tenure of the scheme, whichever is less.

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

- iii. In case of dedicated fund managers managing only a single scheme / single category of schemes, 50 % compensation shall be by way of units of the scheme/category managed by the fund manager and the remaining 50% can be by way of units of those schemes whose risk value as per the risk-o-meter is equivalent or higher than the scheme managed by the fund manager.
- iv. No redemptions of the units shall be allowed during the lock-in period.
- v. AMC may decide to have a provision of borrowing from the AMC by Key Employees against such units in exigencies such as medical emergencies or on humanitarian grounds.
- vi. No redemption of such units shall be allowed within the lock-in period in case of resignation or retirement before attaining the age of superannuation as defined in the AMC service rules.
- vii. In case of retirement on attaining the superannuation age, such units shall be released from the lock-in and the Key Employee shall be free to redeem the units, except for the units in close ended schemes where the units shall remain locked in till the tenure of the scheme is over.
- viii. **Clawback:** In the event of violation of Code of Conduct, fraud, gross negligence by Key Employees, the Units allotted to them shall be subject to clawback as determined by SEBI. Upon clawback, the units shall be redeemed and amount shall be credited to the scheme.
- ix. **Oversight:** Compliance of this circular shall be ensured by the AMCs and monitored by the Trustees. In case of any non-compliance, shall be reported in the quarterly CTR and half yearly Trustee Report. Every scheme shall disclose the 'compensation, in aggregate, paid in the form of units to the Key Employees' on the website of the AMC.
- x. **Key Employees:**
Key Employees of the AMCs shall include:
 - a. Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Chief Information Security Officer (CISO), Chief Operation Officer (COO), Fund Manager(s), Compliance Officer, Sales Head, Investor Relation Officer(s) (IRO), heads of other departments, Dealer(s) of the AMC;
 - b. Direct reportees to the CEO (excluding Personal Assistant/Secretary);
 - c. Fund Management Team and Research team;
 - d. Other employees as identified & included by AMCs and Trustees.
- xi. This circular shall not be applicable to Key Employees having role/ oversight only over Exchange Traded Funds (ETFs), Index Funds, Overnight Funds and existing close ended schemes .

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/alignment-of-interest-of-key-employees-of-asset-management-companies-amcs-with-the-unitholders-of-the-mutual-fund-schemes_49979.html

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

10. Circular on disclosure of the schemes relating to risk-o-meter of the scheme and the benchmark along with the performance disclosure of the scheme vis-à-vis benchmark and details of the portfolio which are subscribed by the investor:

On **April 29, 2021** SEBI vide Circular No. **SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/555** decided on disclosure of portfolio and performance of the scheme to Investors.

Based on the recommendation of Mutual Fund Advisory Committee (MFAC) and to enhance the quality of disclosure w.r.t. risk and performance and portfolio of the schemes, it has been decided that the following disclosures shall be made to the investor only for the schemes in which the unitholders are invested:

- a. Mutual Fund/AMCs shall disclose risk-o-meter of the scheme and benchmark while disclosing the performance of scheme vis-à-vis benchmark and
- b. Mutual Funds/ AMCs shall send the details of the scheme portfolio while communicating the fortnightly, monthly and half-yearly statement of scheme portfolio via email.

The provisions of this Circular shall be applicable with effect from **June 1, 2021**.

The link for the Circular is as below:

<https://www.sebi.gov.in/legal/circulars/apr-2021/disclosure-of-the-following-only-w-r-t-schemes-which-are-subscribed-by-the-investor-a-risk-o-meter-of-the-scheme-and-the-benchmark-along-with-the-performance-disclosure-of-the-scheme-vis-vis-ben-49992.html>

11. Circular on Relaxation from compliance by listed entities with certain provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 due to the CoVID-19 Pandemic

On **April 29, 2021** SEBI vide Circular No. **SEBI/HO/CFD/CMD1/P/CIR/2021/556** has granted the following relaxations from compliance with certain provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 due to the ongoing second wave of CoVID-19 Pandemic and restrictions imposed by various State Governments.

Sr. No.	Regulation	Requirement	Due Date	Extended deadline for the quarter / half year / year ending March 31, 2021
1	Regulation 24A read with circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 relating to Annual Secretarial Compliance report	60 days from end of the financial year	May 30, 21	June 30, 2021

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

2	Regulation 33 (3) - Quarterly financial results / Annual audited financial results	45 days/ 60 days from end of the quarter or from end of the financial year, respectively	May 15, 21 / May 30, 21	June 30, 2021
3	Regulation 32 (1) read with SEBI circular No. CIR/CFD/CMD1/162/2019 dated December 24, 2019 on Statement of deviation or variation in use of funds	Along with the financial results (within 45 days of end of each quarter/60days from end of the financial year)	May 15, 21 / May 30, 21	June 30, 2021

Further, all the listed entities are permitted to use digital signature certifications for authentication/ certification of filings/submissions made to the stock exchanges under the LODR Regulations for all filings until **December 31, 2021.**

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-disclosure-requirements-regulations-2015-due-to-the-covid-19-pandemic_50000.html

12. Circular on Relaxation from compliance by debt listed entities with certain provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 / other applicable circulars due to the CoVID-19 pandemic

On **April 29, 2021** SEBI vide Circular No. **SEBI/HO/DDHS/DDHS Div1/P/CIR/2021/557** has granted the following relaxations from compliance with certain provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 / other applicable circulars due to the ongoing second wave of CoVID-19 Pandemic and restrictions imposed by various State Governments.

Sr. No.	Regulation	Requirement	Due Date	Extended deadline for the quarter / half year / year ending March 31, 2021
1	For entities that have listed their debt securities under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Non-convertible Redeemable Preference Shares Regulations, 2013, and SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008			

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

	Regulation 52 (1) - Half-yearly financial results	45 days/ 60 days from end of the quarter or end of the financial year, respectively	May 15, 2021/ May 30, 2021	June 30, 2021
	Regulation 52 (2) - Annual audited financial results			
2	Regulation 52 (7) read with SEBI circular no. SEBI/HO/DDHS/08/2020 dated January 17, 2020 on Statement of deviation or variation in use of funds	Along with the financial results (within 45 days/60 days from end of each quarter or end of the financial year, respectively)	May 15, 2021/ May 30, 2021	June 30, 2021
3	For entities that have listed their bonds under the SEBI (Issue and Listing of Municipal Bonds) Regulations, 2015			
	Requirements as per circular no. SEBI/HO/DDHS/CIR/P/134/2019 dated November 13, 2019 Annual audited financial results	60 days from end of the financial year	May 30, 2021	June 30, 2021
4	For entities that have listed Commercial Paper			
	Requirements as per SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019			
	Half Yearly financial results	45 days from end of the Half Year /	May 15, 2021/	June 30, 2021
	Annual audited financial results	60 days from end of the financial year	May 30, 2021	

Further, all the listed entities are permitted to use digital signature certifications for authentication/ certification of filings/submissions made to the stock exchanges under the LODR Regulations for all filings until **December 31, 2021.**

Also, entities that have listed their municipal bonds and Commercial Paper may also opt to use digitally signed documents for making filings with Stock Exchanges.

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-disclosure-requirements-regulations-2015-other-applicable-circulars-due-to-the-covid-19-pandemic_50001.html

13. Addendum to SEBI Circular on “Relaxation in adherence to prescribed timelines issued by SEBI due to Covid-19” dated April 13, 2021

On **April 29, 2021** SEBI vide Circular No. **SEBI/HO/MIRSD/RTAMB/P/CIR/2021/558** has issued an addendum to the earlier Circular dated April 13, 2021 on “Relaxation in adherence to prescribed timelines” for carrying out various shareholder requests and for other regulatory filings granted to RTAs in view of the Covid-19 pandemic.

1. Processing of Remat Requests
2. Processing of Transmission Requests
3. Processing of request for Issue of Duplicate Share Certificates
4. Processing of Requests for Name Deletion / Name Change / Transposition / Pending Share Transfers (Re-lodgement cases in the case of share transfers)
5. Processing of Requests for Consolidation / Split / Replacement of Share Certificates / Amalgamation of Folios
6. Handling Investor Correspondence / Grievances / SCORES complaint
7. Submission of Half Yearly Report to SEBI pursuant to Circular No. CIR/MIRSD/7/2012 dated July 5, 2012
8. Compulsory Internal Audit of RTAs by CA / CS / CMA holding Certificate of Practice and Certified Information Systems Auditor (CISA) / Diploma Information Systems Auditor (DISA) pursuant to Circular dated April 20, 2018, issued by SEBI
9. Submission of Audit Report by CISA / CISM qualified or equivalent auditor by QRTAs to SEBI along with comments of the Board pursuant to Circular dated September 8, 2017 issued by SEBI on Cyber Security and Cyber Security Resilience framework for QRTAs
10. Submission of Compliance Report by QRTAs duly reviewed by the Board of Directors of the QRTA to SEBI on Enhanced monitoring of QRTAs pursuant to Circular dated August 10, 2018 issued by SEBI
11. Regulation 74(5) of the SEBI (D & P) Regulations, 2018 w.r.t. verification and mutilation of share certificate
12. Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 w.r.t. audit of reconciliation of share capital and
- 13. Processing of the Demat requests**

Aforementioned Circular listed out 12 specific items wherein relaxation in prescribed timelines were granted. Now, it has been decided to include '**Processing of the demat requests**', to the list and accordingly the list of item 1-13 of Circular are eligible for relief.

In view of the Covid-19 situation, relaxation is hereby given to intermediaries / market participants w.r.t to compliance with the prescribed timelines which has been further extended to **July 31, 2021**. The aforesaid relaxation shall be applicable for items No. 1-13.

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

Additionally, regarding the half-yearly Internal Audit Report (IAR) to be submitted by RTAs within 45 days from the closure of the half year; it has now been decided that the timeline of May 15, 2021 for submission of IAR by RTAs for half year ended March 31, 2021 has been extended to **July 31, 2021** in view of the Covid-19 situation.

The link for the Circular is as below:

<https://www.sebi.gov.in/legal/circulars/apr-2021/addendum-to-sebi-circular-on-relaxation-in-adherence-to-prescribed-timelines-issued-by-sebi-due-to-covid-19-dated-april-13-2020-50006.html>

14. Relaxation in timelines for compliance with regulatory requirements

On **April 29, 2021** SEBI vide Circular No. **SEBI/HO/MIRSD/DOP/P/CIR/2021/559** has granted certain relaxation in timelines for compliance with regulatory requirements by

1. All Recognized Stock Exchanges and Clearing Corporations
2. All Depositories
3. Trading members / Clearing Members through Stock Exchanges / Clearing Corporations
4. Depository Participants through Depositories
5. KYC Registration Agencies

In view of the prevailing situation due to Covid-19 pandemic and representation received from the Association of National Exchanges Members of India (ANMI), Stock Exchanges and Depositories, it has been decided to extend the timelines for compliance with the following regulatory requirements by the Trading Members / Clearing Members / Depository Participants / KYC Registration Agencies, as under.

Stock Exchanges / Clearing Corporations and Depositories are directed to bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.

Sr. No.	Compliance	Extended timeline / Period of exclusion
1.	Maintaining call recordings of orders / instructions received from clients.	Till June 30, 2021
2.	KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days.	Till June 30, 2021, documents may be uploaded on to the system of KRA within 15 working days. * *A 30-day time period is provided to SEBI Registered Intermediary after June 30, 2021 to clear the backlog
3.	Issue of Annual Global Statement to clients	Till June 30, 2021. *Relaxation is provided only if the client has requested for a physical statement

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com

Amita Desai & Co. Company Secretaries, Mumbai

4.	Submission of Internal Audit Report for HYE March-2021	Till July 31, 2021
5.	Net worth certificate in Margin Trading for CM Segment for HYE March 31, 2021	Till July 31, 2021
6.	Net worth certificate for all members for HYE March 2021.	Till July 31, 2021
7.	Reporting of Risk based supervision	Till July 31, 2021
8.	Risk Assessment Template	Till July 31, 2021
9.	Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications	Till July 31, 2021
10.	Client Funding Reporting	Till July 30, 2021
11.	Submission of System Audit Report for the period ended March 2021	Till July 31, 2021
12.	Submission of Cyber Security & Cyber Resilience Audit Report for the period ended March 2021	Till July 31, 2021
13.	To operate the trading terminals from designated alternate locations.	Till July 30, 2021
14.	Compliance certificate for Margin Trading for CM Segment for HY ended March 31, 2021	Till July 31, 2021
15.	System Audit /Cyber Audit Report – Algo / Type III Members for the period ended March 31, 2021	Till July 31, 2021
16.	Action taken/follow-on audit report for System Audit /Cyber Audit Report for 2019-20	Till July 31, 2021

Relaxation in time period for certain activities carried out by Depository Participant:

Sr. No.	Compliance	Extended timeline / Period of exclusion
1.	BO Grievances Report	Till May 31, 2021 for the month of April 2021 and till June 30, 2021, for the month of May 2021.
2.	Redressal of investor grievances	During period from April 01, 2021 to June 30, 2021 timeline permitted for redressal of grievances extended to 30 days.
3.	Closure of demat account	During period from April 01, 2021 to June 30, 2021 may be excluded in timelines of 30 days provided no charges shall be levied for the period after receipt of closure request.
4.	Processing of the demat requests	During period from April 01, 2021 to July 31, 2021 timeline of 15 days

The link for the Circular is as below:

https://www.sebi.gov.in/legal/circulars/apr-2021/addendum-to-sebi-circular-on-relaxation-in-adherence-to-prescribed-timelines-issued-by-sebi-due-to-covid-19-dated-april-13-2020_50006.html

Off: 1005, Hubtown Solaris, Prof N. S. Phadke Marg, Andheri East, Mumbai – 400 069

Tel: 91 22 26845919/20/21 Cell: 09820177691

Website: www.amitadesai.com Email: info@amitadesai.com