

Outcome of SEBI Board Meeting- dt 06 August 2021--- Amita Desai & Co., Mumbai

On 06th August 2021 SEBI Board met in Mumbai under the chairmanship of Shri Ajay Tyagi. The Board took following decisions.

- 1. New SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021** The Board approved the merger of SEBI (Issue of Sweat Equity) Regulations, 2002 (“Sweat Equity Regulations”) and SEBI (Share Based Employee Benefits) Regulations, 2014 (“SBEB Regulations”) into a single regulation called the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- 2. Minimum lock-in of promoters shareholding** (20% of post issue capital) time period is reduced from current 3 years to 18 months and rest 80% shareholding of promoters will be lock –in for **6 months** instead of 12 months in certain cases.
- 3. Minimum lock-in of pre-IPO securities of any persons, other than promoters)** shall be locked-in for a period of 6 months instead of 1 years.
- 4. The period of holding of equity shares** for Venture Capital Fund or Alternative Investment Fund (AIF) of category I or Category II or a Foreign Venture Capital Investor shall be reduced to **6 months** from the date of their acquisition of such equity shares instead of existing 1 year.
- 5. Reduce the disclosure requirements at the time of IPO:**
 - (a) Definition of promoter group shall be rationalized, in case where the promoter of the issuer company is corporate body, to exclude companies having common financial investors.
 - (b) The disclosure in the offer documents, in respect of Group Companies of the issuer company, shall be rationalized to, inter-alia, exclude disclosure of financials of top 5 listed/unlisted group companies. These disclosures will continue to be made available on the website of the group companies.
- 6. In-principle approval to the proposal for shifting from **the concept of promoter to ‘person in control’ or ‘controlling shareholders’**** in a smooth, progressive and holistic manner.
- 7. Amendment to SEBI (Alternative Investment Funds) Regulations, 2012**
Provide investment flexibility and streamline regulatory processes
- 8. Review of SEBI (LODR) Regulations, 2015**
The Board considered and approved the proposals relating to review of SEBI (LODR) Regulations, 2015 pertaining to issuers who have listed **debt securities** to improve transparency, rationalization and removing of redundant provisions.
- 9. Facilitating Ease of Doing Business in MIs**
The stock exchanges, clearing corporations and depositories shall put in place appropriate mechanism to ensure compliance with **fit and proper criteria** as laid down in Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and SEBI (Depositories and Participants) Regulations, 2018.
- 10. Amendment to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”)**
On account of implementation of the System Driven Disclosures (“SDD”), effective from 01.04.2022, there will be no obligation of disclosure by acquirers/promoters, etc. on acquisition or disposal of shares aggregating to 5% & any change of 2% thereafter, annual shareholding disclosures and creation/invocation/release of encumbrance registered in depository systems under Takeover Regulations.