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Info Capsule

SEBI (FOREIGN PORTFOLIO INVESTORS) (AMENDMENT) REGULATIONS, 2017[1]

SEBI vide its circular dated May 29, 2017 inserted a **new clause in Regulation 22(1) of SEBI (Foreign Portfolio Investors) Regulations, 2014**. Regulation 22 provides conditions for issuance of offshore derivative instruments. Foreign portfolio investors may not issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

(a) Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;

(b) Such offshore derivative instruments are issued after compliance with 'know your client' norms.

After clause (b) the following clause has been inserted:

"(c) Such offshore derivative instruments shall not be issued to or transferred to persons who are resident Indians or non-resident Indians and to entities that are beneficially owned by resident Indians or non-resident Indians."

SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) (SECOND AMENDMENT) REGULATIONS, 2017[2]

SEBI has amended the SEBI (Issue of Capital and Disclosure Requirements) (Second amendment) Regulations, 2017 dated May 31, 2017, which are as follows:

- The definition of "**systemically important non-banking financial companies**" has been inserted under SEBI (ICDR), 2009.

  "(zla) "systemically important non-banking financial company" means a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements."

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[1] Available at : http://www.sebi.gov.in/legal/regulations/may-2017/sebi-foreign-portfolio-investors-third-amendment-regulations-2017_35030.html

[2] Available at : http://www.sebi.gov.in/legal/regulations/may-2017/sebi-issue-of-capital-and-disclosure-requirements-second-amendment-regulations-2017_35021.html

- **Regulation 16 is substituted with the following namely :**

  (1) If the issue size exceeds five hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a public financial institution or by one of the scheduled commercial banks named in the offer document as bankers of the issuer.

  Provided that nothing contained in this clause shall apply to an offer for sale or an issue of specified securities made by a bank or public financial institution 51[or an insurance company.

  (2) The monitoring agency shall submit its report to the issuer in the format specified in **Schedule IX** on a half yearly basis, till the proceeds of the issue have been fully utilised.

  “(3) The Board of Directors and the management of the company shall provide their comments on the findings of the monitoring agency as specified in Schedule IX.

  (4) The issuer shall, within forty five days from the end of each quarter, publically disseminate the report of the monitoring agency by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares are listed.”

- Regulation 70 provides that the provisions of Chapter VII of SEBI (ICDR), 2009 shall not apply where the preferential issue of equity shares is made.

  Sub-regulation (4) of regulation 70 is substituted with the following namely:

  “(4) The provisions of sub-regulation (2) of regulation 72 and sub-regulation (6) of regulation 78 shall not apply to a preferential issue of specified securities where the proposed allottee is a Mutual Fund registered with the Board or Insurance Company registered with Insurance Regulatory and Development Authority of India or a Scheduled Bank listed under the Second Schedule of the Reserve Bank of India Act, 1934 or a Public Financial Institution as defined in clause 72 of section 2 of the Companies Act, 2013.”

- **Existing Schedule IX has been amended.**

DAILY CONSUMER GOODS BEING USED BY THE COMMON MAN AMONG OTHERS TO BECOME CHEAPER AFTER GST[3]

Implementation of Goods and Services Tax (GST) on the following items will have zero rate after the GST Law comes into force on 1st July, 2017.

As a result of which these items will be available at cheaper rates to the common man at large:

1) Foodgrains and flours
   a. Cereals
   b. Pulses
   c. Atta
   d. Maida
   e. Besan

[3] Available at: http://pib.nic.in/newsite/erelease.aspx

Except branded ones with registered trade mark in whose case GST will be charged at the rate of 5 %.

2) Fresh milk
3) Fresh vegetables and fresh fruits
4) Puffed rice (muri)
5) Common salt
6) Animal feed
7) Organic manure
8) Fire wood
9) Raw silk/raw wool/jute
10) Hand operated agriculture equipments.

Due to no GST on these items, most of them are expected to become cheaper in the range of approximately 4-5% as compared to their existing prices.

Team ICSI