



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

SUPPLEMENT PROFESSIONAL PROGRAMME

for

December, 2022 Examination

**Corporate Funding and Listings in Stock
Exchanges**

MODULE 3, PAPER 7

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Students appearing in Examination shall note the following:

Students appearing in December, 2022 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by MCA, SEBI, RBI & Central Government upto 31st May, 2022.

The students are advised to acquaint themselves with the monthly and Regulatory updates published by the Institute.

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Lesson 1: Indian Equity- Public Funding

1. **SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 (January 14, 2022)**

SEBI vide its notification dated January 14, 2022, has amended the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, which has come into force on the date of their publication in the Official Gazette. Provided that the amendments to sub-regulation (3A) of regulation 32, regulation 49, regulation 129, regulation 145, clause (10) and clause (15) of Part A of Schedule XIII and Schedule XIV shall come into force from April 1, 2022, for issues opening on or after April 1, 2022.

The amendments *inter alia* provide that-

- In regulation 2(1)(III), in the definition the words “wilful defaulter” wherever it appears, shall be substituted with the words “wilful defaulter or a fraudulent borrower” and the words “wilful defaulters” shall be substituted with the words “wilful defaulters or fraudulent borrowers”.
- **General conditions for object of the issue for IPO/FPO/Right issue [Insertion: Regulation 7(3), 62(2A) and 104(3)]**

An issuer making an IPO/FPR/Right issue shall ensure that the amount for general corporate purposes and such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed 35% of the amount being raised by the issuer.

However, the amount raised for such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed twenty 25% of the amount being raised by the issuer.

Further, provided that such limits shall not apply if the proposed acquisition or strategic investment object has been identified and suitable specific disclosures about such acquisitions or investments are made in the draft offer document and the offer document at the time of filing of offer documents.

- Regulation (8A) is inserted prescribing the additional conditions for an offer for sale for issues under regulation 6(2).

Regulation (8A) - For issues where draft offer document is filed under sub-regulation (2) of regulation 6 of these regulations:

- a. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, shall not exceed more than fifty per cent of their pre-issue shareholding on fully diluted basis;
- b. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, less than twenty per cent of pre-issue shareholding of the issuer based on

fully diluted basis, shall not exceed more than ten per cent of pre-issue shareholding of the issuer on fully diluted basis;

- c. for shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, provisions of lock-in as specified under regulation 17 of these regulations shall be applicable, and relaxation from lock-in as provided under clause (c) of regulation 17 of these regulations shall not be applicable.

- **Lock-in period for venture capital fund or alternative investment fund [Amendment: Regulation 17(c)]**

The equity shares held by a venture capital fund or alternative investment fund of category I or Category II or a foreign venture capital investor shall be locked in for a period of at least 6 months from the date of purchase by the venture capital fund or alternative investment fund of Category I or Category II or foreign venture capital investor.

- **Price and Price Band [Insertion: Proviso to Regulation 29(2)]**

As per regulation 29(2), the cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to 120% of the floor price. **Provided that the cap of the price band shall be at least 105% of the floor price.**

- **Allocation in the net offer [Insertion: Regulation 32(3A) and 129 (3A)]**

In an issue made through book building process, the allocation in the non-institutional investors' category shall be as follows:

- (a) 1/3rd of the portion available to non-institutional investors shall be reserved for applicants with application size of more than Rs. 2 lakh and up to Rs. 10 lakh;

- (b) 2/3rd of the portion available to non-institutional investors shall be reserved for applicants with application size of more than Rs. 10 lakh.

Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b) may be allocated to applicants in the other sub-category of non-institutional investors.

- **Monitoring of utilization of IPO proceeds [Amendment: Regulation 41, 82 and 137]**

If the issue size exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored only by a credit rating agency registered with the SEBI instead of Scheduled commercial Banks and Public Financial Institutions. Monitoring of the funds raised by the issuer companies must be done for the entire proceeds instead of the erstwhile requirement of 95% of the amounts raised.

- **Refund of Application Money [Amendment: Regulation 45, 86 and 141]**

In the event of non-receipt of minimum subscription of 90%, all application monies received shall be refunded to the applicants forthwith, but not later than **4 days** (earlier 15 days) from the closure of the issue.

- **Release of subscription money [Amendment: Regulation 53(2) and Regulation 94(2)]**

In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were to be listed, it shall refund through verifiable means the entire monies received within **4 days** (earlier 7 days) of receipt of intimation from stock exchanges rejecting the application for listing of specified securities, and if any such money is not repaid within **4 days** (earlier 8 days) after the issuer becomes liable to repay it, the issuer and every director of the company who is an officer in default shall, on and from the expiry of the **4th day** (earlier 8th day), be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

- **Period of subscription [Amendment: Regulation 87]**

The rights issue shall be kept open for subscription for a minimum period of **7 seven days** (earlier 15 days) and for a maximum period of 30 days and no withdrawal of application shall be permitted after the issue closing date.

- **Eligibility requirements for further public offer [Amendment: Regulation 103]**

(1) An issuer shall be eligible to make a further public offer, if it has not changed its name in the last one year period immediately preceding the date of filing the relevant offer document:

Provided that if an issuer has changed its name in the last one year period immediately preceding the date of filing the relevant offer document, such an issuer shall make further public offer if at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by its new name.

(2) An issuer not satisfying the condition stipulated in the proviso to sub-regulation (1), shall make a further public offer only if the issue is made through the book building process and the issuer undertakes to allot at least seventy five per cent. of the net offer, to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers.

- **Issuers Ineligible to Make a Preferential Issue [Regulation 159]**

a. Amendment to Regulation 159(1)

Preferential issue of specified securities shall not be made to any person who has sold or transferred any equity shares of the issuer during the **90 trading days** (earlier six months) preceding the relevant date.

b. Regulation 159(4) has been inserted as:

An issuer shall not be eligible to make a preferential issue if it has any outstanding dues to the Board, the stock exchanges or the depositories. However, this shall not be applicable in a case where such outstanding dues are the subject matter of a pending appeal or proceeding(s), which has been admitted by the relevant Court, Tribunal or Authority, as the case may be.

- **Conditions for preferential issue [Insertion: Regulation 160(f)]**

The issuer has made an application seeking in-principle approval to the stock exchange, where its equity shares are listed, on the same day when the notice has been sent in respect of the general meeting seeking shareholders' approval by way of special resolution.

- **Tenure of convertible securities [Insertion: 162(2)]**

Upon exercise of the option by the allottee to convert the convertible securities within the tenure, the issuer shall ensure that the allotment of equity shares pursuant to exercise of the convertible securities is completed within 15 days from the date of such exercise by the allottee.

- **Disclosures to Shareholders [Regulation 163]**

a. Amendment to Regulation 163(2)

The issuer shall place a copy of the certificate of a **practicing company secretary** before the general meeting of the shareholders considering the proposed preferential issue, certifying that the issue is being made in accordance with the requirements of the SEBI (ICDR) Regulations, 2018.

b. Amendment to Regulation 163(3)

Specified securities may be issued on a preferential basis for consideration other than cash: Provided that consideration other than cash shall comprise only swap of shares pursuant to a valuation report by an independent registered valuer, which shall be submitted to the stock exchange(s) where the equity shares of the issuer are listed.

- **Lock-in [Amendment: Regulation 167]**

Lock in requirement for securities allotted to promoters/ promoter group (upto 20% of the post issue capital) has been reduced to 18 months. For allotment exceeding 20% of the post issue capital, lock in period has been reduced to 6 months. Lock in requirement for allotment to persons other than promoters and promoter group has been reduced to 6 months.

- **Pledge of locked-in specified securities [Insertion: Regulation 167A]**

167A. Specified securities, except SR equity shares, held by the promoters and locked-in under the provisions of these regulations, may be pledged as collateral for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company:

Provided that the loan has been granted to the issuer or its subsidiary(ies) for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the conditions for sanction of the loan:

Provided further that the lock-in on the specified securities shall continue pursuant to the invocation of the pledge and the entity invoking the pledge shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.

For details: https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-amendment-regulations-2022_55351.html

2. Disclosures in the abridged prospectus and front cover page of the offer document (Circular No. SEBI/HO/CFD/SSEP/CIR/P/2022/14 dated February 04, 2022)

Background

Section 2(1) of the Companies Act, 2013 defines an abridged prospectus as *a memorandum containing such salient features of a prospectus as may be specified by the Securities and Exchange Board India by making regulations in this behalf.*

In terms of Regulation 34(1) SEBI (Issue of Capital and Disclosure Requirements), 2018, abridged prospectus shall contain the disclosures as specified in Annexure I of Part E of Schedule VI of ICDR Regulations.

Further, Section 33(1) of the Companies Act stipulates that that every application form for the purchase of any securities of a company shall be accompanied by an abridged prospectus.

Brief Analysis

In order to further simplify, provide greater clarity and consistency in the disclosures across various documents and to provide additional but critical information in the abridged prospectus, the format for disclosures in the abridged prospectus has been revised and is placed at Annexure A of this Circular. This Circular shall be applicable for all issues opening after the date of this Circular. While the disclosures in the abridged prospectus shall be as per Annexure A of this Circular instead of Annexure I of Part E of Schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the disclosure on front outside cover page shall be as per Annexure B of this Circular.

For details: https://www.sebi.gov.in/legal/circulars/feb-2022/disclosures-in-the-abridged-prospectus-and-front-cover-page-of-the-offer-document_55920.html

3. SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022 (April 27, 2022)

SEBI has notified the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette. Vide this notification it is provided that the amendments relating to regulations 32(3A), 49, 129, 145, clause (10) and clause (15) of Part A of Schedule XIII and Schedule XIV carried out by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 shall come into force in the following manner: -

(a) for public issues of a size less than Rs. 10,000 crore and opening on or after April 1, 2022; with effect from April 1, 2022;

(b) for public issues of a size equal to or more than Rs. 10,000 crore and opening on or after April 1, 2022; with effect from July 1, 2022.

For details: https://www.sebi.gov.in/legal/regulations/apr-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-second-amendment-regulations-2022_58496.html

**4. Processing of ASBA applications in Public Issue of Equity Shares and Convertibles
(Circular No. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022)**

SEBI has reviewed the processing of Application Supported by Blocked Amount (ASBA) applications in the Public Issues by market intermediaries and Self-Certified Syndicate Banks (SCSBs) as a part of the continuing efforts to further streamline the bidding process and to ensure the orderly development of securities market.

SEBI vide this circular has provided that the ASBA applications in Public Issues shall be processed only after the application monies are blocked in the investor's bank accounts. Accordingly, all intermediaries / market infrastructure institutions are advised to ensure that appropriate systemic and procedural arrangements are made within three months from the date of issuance of this circular.

Further provided that the Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular shall be applicable for all categories of investors viz. Retail, QIB, NII and other reserved categories and also for all modes through which the applications are processed and for public issues opening on or after September 01, 2022.

For details: https://www.sebi.gov.in/legal/circulars/may-2022/processing-of-asba-applications-in-public-issue-of-equity-shares-and-convertibles_59338.html

**5. Streamlining the Process of Rights Issue
(Circular No. SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022)**

SEBI has streamlined the rights issue process and provided that the trading in Right Entitlements (REs) on the secondary market platform of stock exchanges commence along with the opening of the right issue and has to be closed at least three working days prior to the closure of the rights issue. Earlier, the requirement was four days. SEBI received representation from the market that in case there are trading holidays between the last date of REs trading date and issue closure, the provision of the minimum gap of four days may not always ensure that there are adequate days for settlement, as minimum 2 working days are required for the settlement of REs traded on last day of REs trading window. REs traded on the exchange platform have a T+2 rolling settlement.

For details: https://www.sebi.gov.in/legal/circulars/may-2022/streamlining-the-process-of-rights-issue_59023.html

Lesson 2: Real Estate Investment Trusts

Lesson 3: Infrastructure Investment Trusts

1. Framework for conversion of Private Listed InvIT into Public InvIT

(Circular No. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/15 dated February 09, 2022)

The Securities and Exchange Board of India (SEBI) vide this circular has published a framework for conversion of Private Listed infrastructure investment trust (InvIT) into a Public InvIT. A Private Listed InvIT may convert into a Public InvIT on making a public issue of units through a fresh issue and/or an offer for sale in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 33 and Regulation 34 of InvIT Regulations.

Units held by an existing unit holder of a Private Listed InvIT may be offered for sale in the public issue in accordance with Regulation 14(4)(v) of the InvIT Regulations. Provided that such units shall be free from any encumbrance or lock-in on the date of filing of draft offer document. Provided further that unitholders, other than the sponsor(s), its related parties and its associates, who offer units towards the offer for sale shall not be eligible to participate in the public issue.

The Minimum sponsor(s) contribution for the public issue of units shall be either to the extent of 15% of the units issued through the public issue or to the extent of 15% of the post-issue capital. Further the Units held by the sponsor(s) in excess of minimum sponsor(s) contribution, shall be locked-in for a period of one year from the date of listing of units allotted in the public issue.

The Maximum subscription from any investor other than sponsor(s), its related parties and its associates, in initial offer shall not be more than 25 percent of the total unit capital on post-issue basis.

For details: https://www.sebi.gov.in/legal/circulars/feb-2022/framework-for-conversion-of-private-listed-inv-it-into-public-inv-it_55971.html

2. Reduction of timelines for listing of units of Real Estate Investment Trust (REIT) Infrastructure Investment Trust (InvIT)

(Circular No. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/54 and SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/55 dated April 28, 2022)

As a part of the continuing endeavour to streamline the process of public issue of units of Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvIT), SEBI has reduced the time taken for allotment and listing after the closure of issue to 6 working days as against the present requirement of within 12 working days. SEBI vide this circular has prescribed the indicative timelines from issue closure till listing. The provisions of this circular shall be applicable to a public issue of units of REIT and InvIT under the SEBI (Real Estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014 which opens on or after June 01, 2022.

For details:

<https://www.sebi.gov.in/legal/circulars/apr-2022/reduction-of-timelines-for-listing-of-units-of-infrastructure-investment-trust-invlt-58517.html>

<https://www.sebi.gov.in/legal/circulars/apr-2022/reduction-of-timelines-for-listing-of-units-of-real-estate-investment-trust-reit-58515.html>

3. SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2022 (May 04, 2022)

SEBI has notified the SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette.

Vide this notification, the following amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, have been made:

• **In Schedule II, paragraph 4 has been substituted with the following:**

With respect to privately placed InvIT, the InvIT shall pay non-refundable filing fees of:

- i. 0.1% in case of initial offer; and
- ii. 0.05% in case of rights issue,

of the total issue size including green shoe option, if any, at the time of filing of draft placement memorandum or letter of offer, as applicable, with the Board.

For details: <https://www.sebi.gov.in/legal/regulations/may-2022/securities-and-exchange-board-of-india-infrastructure-investment-trusts-amendment-regulations-2022-58820.html>

Lesson 4: Indian Equity- Private Funding

1. Introduction of Special Situation Funds as a sub-category under Category I AIFs

SEBI has notified the SEBI (Alternative Investment Funds) (Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette.

The amendment inserted Chapter III-B on Special Situation Fund in the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Meaning: “special situation fund” means a Category 1 Alternative Investment Fund that invests in special situation assets in accordance with its investment objectives and may act as a resolution applicant under the Insolvency and Bankruptcy Code, 2016.

Applicability: The provisions of this Chapter shall apply to special situation funds and schemes launched by such special situation funds.

Investment in special situation funds

- (1) Each scheme of a special situation fund shall have a corpus as may be specified by the SEBI.
- (2) The special situation fund shall accept from an investor, an investment of such value as may be specified by the SEBI.
- (3) The special situation fund shall not accept investments from any other Alternative Investment Fund other than a special situation fund.

Investment by special situation funds

- (1) Special situation funds shall invest only in special situation assets and may act as a resolution applicant under the Insolvency and Bankruptcy Code, 2016. However, the special situation fund shall not invest in,
 - i. its associates; or
 - ii. the units of any other Alternative Investment Fund other than the units of a special situation fund; or
 - iii. units of special situation funds managed or sponsored by its manager, sponsor or associates of its manager or sponsor.
- (2) Any investment by a special situation fund in the stressed loan acquired under clause 58 of the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 as amended from time to time shall be subject to lock-in period as may be specified by the SEBI.

In this context, SEBI vide its Circular No. SEBI/HO/IMD-I/DF6/P/CIR/2022/009 dated January 27, 2022 has specified the following:

- (a) Each scheme of SSF shall have a corpus of at least 100 crore rupees.
- (b) SSF shall accept an investment of value not less than 10 crore rupees from an investor. In case of an accredited investor, the SSF shall accept an investment of value not less than 5 crore rupees. Further, in case of investors who are employees or directors of the SSF or employees or directors of the manager of the SSF, the minimum value of investment shall

be 25 lakh rupees.

(c) SSF intending to act as a resolution applicant under the Insolvency and Bankruptcy Code, 2016 shall ensure compliance with the eligibility requirement provided thereunder.

For details: https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-alternative-investment-funds-amendment-regulations-2022_55525.html

https://www.sebi.gov.in/legal/circulars/jan-2022/introduction-of-special-situation-funds-as-a-sub-category-under-category-i-aifs_55625.html

2. SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2022 (March 16, 2022)

SEBI has notified the SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette.

Vide this notification, clause (d) of regulation 15(1) regarding general investment conditions, has been substituted which provides that-

“Category III Alternative Investment Funds shall invest not more than ten per cent of the investable funds in an Investee Company, directly or through investment in units of other Alternative Investment Funds and the large value funds for accredited investors of Category III Alternative Investment Funds may invest up to twenty per cent of the investable funds in an Investee Company, directly or through investment in units of other Alternative Investment Funds:

Provided that for investment in listed equity of an Investee Company, Category III Alternative Investment Funds may calculate the investment limit of ten per cent of either the investable funds or the net asset value of the scheme and large value funds for accredited investors of Category III Alternative Investment Funds may calculate the investment limit of twenty per cent of either the investable funds or the net asset value of the scheme, subject to the conditions specified by the Board from time to time.”

For details: https://www.sebi.gov.in/legal/regulations/mar-2022/securities-and-exchange-board-of-india-alternative-investment-funds-second-amendment-regulations-2022_56966.html

Lesson 11: Non-Convertible Redeemable Preference Shares

1. **Revision to Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper (Circular No. SEBI/HO/DDHS/P/CIR/2022/0028 dated March 8, 2022)**

SEBI vide its circular dated August 10, 2021, provided the procedures pertaining to issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper. The said Circular, inter-alia, provides an option to investors to apply in public issues of debt securities with the facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto Rs. 2 lakh.

In order to bring about uniformity in the requirements and for ease of investment for investors, the limit for investment through **UPI mechanism to Rs. 5 lakh has been increased**. This will be applicable to public issues of debt securities which open on or after May 1, 2022.

For details: <https://www.sebi.gov.in/legal/circulars/mar-2022/change-in-upi-limits-revision-to-operational-circular-for-issue-and-listing-of-non-convertible-securities-securitised-debt-instruments-security-receipts-municipal-debt-securities-and-commercial-p-56665.html>

2. **SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2022 (April 11, 2022)**

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette.

Vide this Notification the following amendments have been made:

- Regulation 23 which specify “Obligations of the Issuer”, sub-regulation (5) has been substituted with the following, namely, -

“(5) The issuer shall ensure that the secured debt securities are secured by hundred percent security cover or higher security cover as per the terms of the offer document and/or Debenture Trust Deed, sufficient to discharge the principal amount and the interest thereon at all times for the issued debt securities.”

- Regulation 38 which specify “Other Obligations of the Lead Manager”, sub-regulation (2) has been substituted with the following, namely, -

“(2) The lead manager shall ensure that the secured debt securities are secured by hundred percent security cover or higher security cover as per the terms of the offer document and/or

Debenture Trust Deed, sufficient to discharge the principal amount and the interest thereon at all times for the issued debt securities.201D

- Regulation 40 shall be substituted with the following, namely, -

“Due Diligence by Debenture trustee

40. The debenture trustee shall, at the time of filing the draft offer document with the stock exchange(s) and prior to opening of the public issue of debt securities, furnish to the Board and stock exchange(s), a due diligence certificate:

- (a) in case of secured debt securities, in the format as specified in Schedule IV of these regulations; and
- (b) in case of unsecured debt securities, in the format as specified in Schedule IVA of these regulations.”

For details: https://www.sebi.gov.in/legal/regulations/apr-2022/sebi-issue-and-listing-of-non-convertible-securities-amendment-regulations-2022_57986.html

Lesson 13: Listing-Indian Stock Exchanges

1. **SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2022 (January 24, 2022)**

SEBI vide its notification dated January 24, 2022, has amended the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall come into force on the date of their publication in the Official Gazette. The amendments inter alia provide that-

- The listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors **or as a manager** is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. **[Regulation 17(1C)]**
- The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders. Further, the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of directors for recommending such a person for appointment or re-appointment. **[Insertion: Proviso to Regulation 17(1C)]**
- Where the listed entity has appointed a monitoring agency to monitor the utilisation of proceeds of a public or rights issue, the monitoring report of such agency shall be placed before the audit committee on a **quarterly basis**, promptly upon its receipt. **[Regulation 32(7)]**
- Issuance of duplicates or new certificates in cases of loss or old decrepit or worn out certificates in dematerialised form. This will improve ease, convenience and safety of transactions for investors. **[Regulation 39(2)]**
- The requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Further, transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. **[Substitution: Proviso to 40(1)]**

For details: https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2022_55526.html

2. **SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2022 (March 22, 2022)**

SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2022 on March 22, 2022, which shall come into force on the date of their publication in the Official Gazette. SEBI vide this notification has omitted the regulation 17(1B) related to separation of role of Chairperson and MD/CEO. It is provided that this provision may not be retained as a mandatory requirement and instead be made applicable to the listed entities on a voluntary basis.

For details:

https://www.sebi.gov.in/legal/regulations/mar-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2022_57098.html

3. SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2022 (April 11, 2022)

SEBI dated April 11, 2022, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette.

Vide this notifications SEBI has amended the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to align the framework and terminology with respect to 'Security Cover' wherein the term 'Asset Cover' has been substituted with term 'Security Cover' in regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, it is prescribed that the maintenance of security cover is sufficient to discharge both principal **and interest thereon** in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For details: https://www.sebi.gov.in/legal/regulations/apr-2022/sebi-listing-obligations-and-disclosure-requirements-third-amendment-regulations-2022_57988.html

4. Simplification of procedure and standardization of formats of documents for issuance of duplicate securities certificates

(Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/70 dated May 25, 2022)

With a view to make issuance of duplicate securities more efficient and investor friendly, SEBI has simplified the procedure and documentation requirements for issuance of duplicate securities.

The requirements are as specified below:

1. Submission by the security holder of copy of FIR including e-FIR/Police complaint/Court injunction order/copy of plaint, necessarily having details of the securities, folio number, distinctive number range and certificate numbers.
2. Issuance of advertisement regarding loss of securities in a widely circulated newspaper. However, there shall be no requirement to comply with above mentioned Para 1 and 2, if the value of securities as on the date of submission of application, along with complete documentation as prescribed by the SEBI does not exceed Rs.5 Lakhs.
3. Submission of Affidavit and Indemnity bond as per the format prescribed by the SEBI. There shall be no requirement of submission of surety for issuance of duplicate securities

4. In case of non-availability of Certificate Nos./Distinctive Nos./ Folio nos., the RTA (upon written request by the security holder) shall provide the same, to the security holder only where the signature and the address of the security holder matches with the RTA / listed company's records. In case the signature and/or the address do not match, the security holder shall first comply with the KYC procedure and then only the details of the securities shall be provided to the security holder by the RTA/listed company.
As mandated vide SEBI Circular dated January 25, 2022, duplicate securities shall be issued in dematerialized mode only.

For details: https://www.sebi.gov.in/legal/circulars/may-2022/simplification-of-procedure-and-standardization-of-formats-of-documents-for-issuance-of-duplicate-securities-certificates_59173.html