



**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 (NEW SYLLABUS)**

*for*

***June, 2025 Examinations***

***(Amendments covering June 01, 2024 to November 30, 2024)***

## **STRATEGIC MANAGEMENT & CORPORATE FINANCE**

### **GROUP 2, PAPER 5**

*Disclaimer: This document has been prepared purely for academic purposes only and it does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*

***Students appearing in Examination shall note the following:***

*Students appearing in June, 2025 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by MCA, SEBI, RBI & Central Government upto November 30, 2024.*

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

*This supplement is to be read with the SMCF study material new Syllabus updated up to May, 2024.*

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## LESSON 8

### RAISING OF FUNDS FROM EQUITY AND PROCEDURAL ASPECTS- PUBLIC FUNDING

#### **(1) Enabling T+2 trading of Bonus shares where T is the record date (September 16, 2024)**

As a part of the continuing endeavor to streamline the process of Bonus issue of equity shares, SEBI has decided to reduce the time taken for credit of bonus shares and trading of such shares, from the record date of the Bonus Issue under SEBI (ICDR) Regulations, 2018. The operational procedure to implement T+2 trading of Bonus shares is given below:

- The issuer must apply for in-principle approval for the bonus issue under Regulation 28(1) of SEBI (LODR) within 5 working days of the board approving the bonus.
  - The Issuer while fixing and intimating the record date (T day) to the Stock Exchange as required under Regulation 42(1) of SEBI (LODR) Regulations, 2015, for the proposed bonus issue, shall also take on record deemed date of allotment on next working date of record date (T+1 day). Once the stock exchange accepts the record date and requisite documents, it will notify the market, including the deemed date of allotment (T+1).
  - Upon receipt of intimation of the record date (T Day) and requisite documents from the Issuer, the Stock Exchange(s) shall issue notification accepting the record date and notifying the number of shares considered in the bonus issue. The notification shall include the deemed date of allotment (T+1 day).
  - By 12 PM on the T+1 day, issuers must ensure the required documents are submitted to depositories for crediting the bonus shares.
  - The issuer must upload the distinctive number ranges before the shares are credited.
  - The newly allotted bonus shares will be available for trading on the T+2 day.
  - Bonus shares will be directly credited to the existing ISIN without using a temporary ISIN.
- This new process is mandatory for all bonus issues announced on or after October 1, 2024 .

For details: [https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi\\_data/attachdocs/sep-2024/1726484230463.pdf#page=1&zoom=page-width,-15,842](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/sep-2024/1726484230463.pdf#page=1&zoom=page-width,-15,842)

#### **(2) Usage of UPI by individual investors for making an application in public issue of securities through intermediaries (September 24, 2024)**

In order to streamline and align the process of applying in the public issue of debt securities, non-convertible redeemable preference shares, municipal debt securities and securitized debt instruments with that of public issue of equity shares and convertibles, SEBI has decided that all individual investors applying in public issues of such securities through intermediaries (viz. syndicate members, registered stock brokers, registrar to an issue and transfer agent and depository participants), where the application amount is upto Rs. 5 Lakh, shall only use UPI for the purpose of blocking of funds and provide his/ her bank account linked UPI ID in the bid-cum-application form submitted with intermediaries. These provisions shall apply starting from November 01, 2024. Further, individual investors shall continue to have the choice of availing other modes (viz. through SCSBs and Stock Exchange Platform) for making an application in the public issue.

For details: [https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi\\_data/attachdocs/sep-2024/1727178794123.pdf#page=1&zoom=page-width,-15,781](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/sep-2024/1727178794123.pdf#page=1&zoom=page-width,-15,781)

**(3) Trading supported by Blocked Amount in Secondary Market (November 11, 2024)**

In a view to promote the UPI-based block mechanism in the secondary market, the SEBI directed qualified stock brokers (QSBs) to offer either the facility of trading supported by block amount in the cash segment or the 3-in-1 trading account facility to their clients.

Clients of the QSBs will have the option, to either continue with the existing facility of trading by transferring funds to Trading Members or opt for either of the facilities stated above, as provided by the QSBs. The provisions of this circular will come into effect from February 01, 2025.

For details: <https://www.sebi.gov.in/legal/circulars/nov-2024/trading-supported-by-blocked-amount-in-secondary-market-88339.html>

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**LESSON 9 - REAL ESTATE INVESTMENT TRUST  
AND  
LESSON 10- INFRASTRUCTURE INVESTMENT TRUST**

**(1) Amendment to Master Circular for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) dated May 15, 2024 – Board nomination rights to unitholders of REITs/InvITs (August 06, 2024)**

SEBI vide these circulars has revised the board nomination rights to unitholders of REITs and InvITs. As per the master circulars Eligible Unitholder(s) shall be entitled to nominate only one Unitholder Nominee Director, subject to the unitholding of such Eligible Unitholder(s) exceeding the specified threshold. If the right to nominate one or more directors on the Board of Directors of the Manager is available to any entity (or to an associate of such entity) in the capacity of shareholder of the Manager or lender to the Manager or the REIT (or its HoldCo(s) or SPVs), then such entity in its capacity as unitholder, shall not be entitled to nominate or participate in the nomination of a Unitholder Nominee Director. These circulars have relaxed the above restrictions if the right to appoint a nominee director is available in terms of clause (e) of sub-regulation (1) of regulation 15 of the SEBI (Debtenture Trustees) Regulations, 1993

[https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-reits\\_85493.html](https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-reits_85493.html)

[https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-infrastructure-investment-trusts-invits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-invits\\_85491.html](https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-infrastructure-investment-trusts-invits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-invits_85491.html)

**(2) Amendment to Master Circular for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) dated May 15, 2024 - Review of statement of investor complaints and timeline for disclosure of statement of deviation(s) (August 22, 2024)**

To improve ease of doing business related to activities of InvITs and REITs and to align with the provisions of SEBI LODR Regulations, SEBI has amended its Master Circular for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) dated May 15, 2024. It is prescribed that the Trustee and the Board of Directors/Governing Body of the Manager shall ensure that all investor complaints are redressed by the Manager in timely manner and statement shall be placed, on a quarterly basis, before the Board of Directors/Governing Body of the Manager and the Trustee for review. Further provided that statement of deviation shall also be placed before the Trustee and the Board of Directors/Governing Body of the Manager for review. Pursuant to such review, the statement shall be submitted to the stock exchange. Such submission to the Stock Exchange shall be made along with the submission of financial results.

For details: [https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-infrastructure-investment-trusts-invits-dated-may-15-2024-review-of-statement-of-investor-complaints-and-timeline-for-disclosure-of-statement-of-deviation-s-\\_86047.html](https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-infrastructure-investment-trusts-invits-dated-may-15-2024-review-of-statement-of-investor-complaints-and-timeline-for-disclosure-of-statement-of-deviation-s-_86047.html)

[https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024-review-of-statement-of-investor-complaints-and-timeline-for-disclosure-of-statement-of-deviation-s-\\_86045.html](https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024-review-of-statement-of-investor-complaints-and-timeline-for-disclosure-of-statement-of-deviation-s-_86045.html)

**(3) (Real Estate Investment Trusts) (Third Amendment) Regulations, 2024 and (Infrastructure Investment Trusts) (Third Amendment) Regulations, 2024 (September 27, 2024)**

SEBI vide e-gazette notification dated September 27, 2024 brought out the amendments in SEBI (Real Estate Investment Trusts) Regulations, 2014 and (Infrastructure Investment Trusts)

Regulations, 2014. The amendments inter-alia include the reduction of the timeline for payment distribution to unit holders, requiring it within five working days from the record date, instead of fifteen. It also modifies voting provisions to calculate thresholds based on total votes cast rather than votes against, facilitating smoother unit holder meetings. A provision mandates video conferencing option for meetings and remote electronic voting. Additional regulations ensure that adequate backup systems and data integrity measures are in place for electronically maintained records. Overall, the amendments aim to enhance transparency, efficiency, and accessibility within the REIT/InvIT framework, aligning with evolving market practices and stakeholder needs.

**(4) Relaxation from certain provisions for units allotted to an employee benefit trust for the purpose of a unit based employee benefit scheme, Alignment of timelines for making distribution by REITs and Format of Quarterly Report and Compliance Certificate - Real Estate Investment Trusts (REITs) [November 13, 2024]**

SEBI vide these circulars relaxed specific lock-in and allotment requirements for units assigned to employee benefit trusts under unit-based employee benefit (UBEB) schemes, promoting operational ease for such trusts aligning with REIT/InvIT regulations.

Further, Indian REITs Association (“IRA”)/Bharat InvITs Association (“BIA”), in consultation with SEBI, shall specify the format of quarterly report and compliance certificate required to be submitted by the Manager of the REIT/ Investment Manager of the InvIT to the Trustee under Regulation 10(18)(a) and Regulation 9(3) of the REIT /InvIT Regulations respectively, and publish it on its website. Any future changes to this format shall be made by IRA/BIA in consultation with SEBI, prior to implementation. Also, SEBI updated the timeline requirements for distributions by REITs/InvITs, aligning them with recent amendments to REIT/InvIT regulations. To address unclaimed distributions, any unpaid amounts will now be transferred to an Escrow Account termed as the “Unpaid Distribution Account.”

These circulars shall be applicable from immediate effect.

For details: <https://www.sebi.gov.in/legal/circulars/nov-2024/relaxation-from-certain-provisions-for-units-allotted-to-an-employee-benefit-trust-for-the-purpose-of-a-unit-based-employee-benefit-scheme-alignment-of-timelines-for-making-distribution-by-reits-and-88471.html>

<https://www.sebi.gov.in/legal/circulars/nov-2024/relaxation-from-certain-provisions-for-units-allotted-to-an-employee-benefit-trust-for-the-purpose-of-a-unit-based-employee-benefit-scheme-alignment-of-timelines-for-making-distribution-by-invits-and-88472.html>

## LESSON 11

### RAISING OF FUNDS – PRIVATE FUNDING

#### (1) **Information to be filed by schemes of AIFs availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs (July 09, 2024)**

SEBI vide this circular specified the Information to be filed by schemes of AIFs availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs.

##### **A. Information Memorandum for schemes of AIFs entering into Dissolution Period–**

The information memorandum for a scheme of an AIF entering into dissolution period shall be submitted to SEBI (in terms of Regulation 29B(2) of SEBI AIF Regulations) before expiry of the liquidation period or additional liquidation period of the scheme, as the case may be. SEBI has also specified the format for information memoranda and due diligence certificate.

##### **B. Information to be submitted by schemes of AIFs availing additional liquidation period –**

In terms of regulation 29(9A) of AIF Regulations, if the liquidation period for a scheme of an AIF has expired or is expiring within three months from the date of notification of the SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2024 (i.e., on or before July 24, 2024), such schemes may be granted an additional liquidation period, subject to conditions and in the manner as may be specified by SEBI.

In this regard, Schemes of AIFs which are intending to avail the additional/fresh liquidation period in terms of aforesaid provisions, shall submit information to SEBI regarding the same as per the prescribed format given in the circular for grant of the additional liquidation period.

##### **C. In specie distribution of investments of AIFs –**

With respect to carry out *in specie* distribution of investments of a scheme of an AIF in terms of Regulation 29(8) of AIF Regulations, it is clarified that such *in specie* distribution (other than the aforesaid mandatory *in specie* distribution), shall be carried out after obtaining approval of at least 75% of the investors by value of their investment in the scheme of the AIF.

The manager, trustee and key management personnel of AIF and manager shall be responsible for compliance with the provisions prescribed above.

For details: [https://www.sebi.gov.in/legal/circulars/jul-2024/information-to-be-filed-by-schemes-of-aifs-availing-dissolution-period-additional-liquidation-period-and-conditions-for-in-specie-distribution-of-assets-of-aifs\\_84676.html](https://www.sebi.gov.in/legal/circulars/jul-2024/information-to-be-filed-by-schemes-of-aifs-availing-dissolution-period-additional-liquidation-period-and-conditions-for-in-specie-distribution-of-assets-of-aifs_84676.html)

#### (2) **Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 (July 11, 2024)**

Vide this notification a new category has been introduced called “migrated venture capital fund, means a fund that was previously registered as a venture capital fund under the SEBI (Venture Capital Funds) Regulations, 1996 and subsequently registered under these regulations as a sub-category of Venture Capital Fund under Category I -Alternative Investment Fund.

The second proviso of Regulation 3(2) has been substituted which provides that ‘*venture capital funds may seek registration under these regulations as migrated venture capital funds in terms of Chapter III-D, within twelve months from the date of this notification.*

After second proviso, a new proviso is added as ‘*Provided further that the Board may specify enhanced regulatory reporting and other measures for the venture capital funds that do not seek registration as a migrated venture capital fund in terms of Chapter III-D*’



### **Insertion of Chapter III -D**

It provides applicability guidelines for the registration, operation, and reporting requirements for these migrated funds. Key changes include new definitions, applicability, eligibility criteria, private placement restrictions, and investment conditions. The regulations also address the procedures for fund registration and the prohibition on public solicitations for subscriptions.

For details: [https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2024\\_84929.html](https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2024_84929.html)

### **(3) SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024 (Notification No. SEBI/LADNRO/GN/2024/198 dated August 05, 2024)**

SEBI has notified the SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification the following amendments have been made:

- Alternative Investment Funds to seek registration in Category II Alternative Investment Fund which does not fall in Category I and III and which does not undertake leverage or borrowing other than as permitted in these regulations. The words “to meet day to-day operational requirements and” have been omitted. [Regulation 3(4)(b)]
- The first proviso to Regulation 13(5) has been amended to specify that a large value fund for accredited investors may be permitted to extend its tenure for up to five years subject to the approval of two-thirds of the unit holders by value of their investment in the large value fund for accredited investors.
- The amendments have been carried out in regulation 16(1)(c) relating to investment conditions for Category I Alternative Investment Funds and in regulation 17(c) relating to investment conditions for Category II Alternative Investment Funds. It is provided that Category I Alternative Investment Funds or Category II Alternative Investment Funds shall not borrow funds or engage in any leverage for the purpose of making investments or otherwise, except for borrowing funds to meet temporary funding requirements and day-to-day operational requirements.

For details: [https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2024\\_85550.html](https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2024_85550.html)

### **(4) SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024 (August 06, 2024)**

SEBI vide this notification amended Regulation 13(5) of SEBI (Alternative Investment Funds) Regulations, 2012 by permitting a large value fund for accredited investors to extend its tenure up to five years subject to the approval of two-thirds of the unit holders by value of their investment in the large value fund for accredited investors.

Earlier, permission could have been given for an extension of tenure beyond two years, subject to the terms of the contribution agreement, other fund documents, and conditions by the Board.

However, the extension in tenure of any existing scheme of a large value fund for accredited investors shall be subject to such conditions as may be specified by the SEBI from time to time.

Also, the investment conditions for Category I and II of Alternative Investment Funds as provided in Regulation 16(1)(c) and Regulation 17 (c) have also been modified with ‘Category I Alternative Investment Funds [Regulation 16(1)(c)]/ Category II Alternative Investment Funds [Regulation 17(c)]/ shall not borrow funds directly or indirectly or engage in any leverage for the purpose of

making investments or otherwise, except for borrowing funds to meet temporary funding requirements and day-to-day operational requirements for not more than 30 days, on not more than four occasions in a year and not more than ten percent of the investable funds and subject to such conditions as may be specified by the SEBI from time to time'. Earlier, the purpose was not specified in the provision.

[https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2024\\_85550.html](https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2024_85550.html)

**(5) Modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012 (August 19, 2024)**

SEBI has issued the modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012 and stipulates that the application for seeking registration as a Migrated Venture Capital Fund shall be made to SEBI and while applying to SEBI for migration to AIF Regulations as "Migrated VCFs", VCFs shall submit the original certificate of registration issued under VCF Regulations and requisite information as per the format specified in Annexure I to the circular.

In terms of Regulation 19V(1) of AIF Regulations, "Migrated Venture Capital Fund" means a fund that was previously registered as a Venture Capital Fund under the VCF Regulations and subsequently registered under AIF Regulations as a sub-category of Venture Capital Fund under Category I - Alternative Investment Fund. While opting for migration to AIF Regulations, VCFs having only schemes whose liquidation period (in terms of Regulation 24(2) of VCF Regulations) has not expired and shall be subject to the prescribed conditions.

For VCFs with schemes whose liquidation periods have not yet expired, the tenure of the schemes will be determined based on the Private Placement Memorandum (PPM). If the PPM disclosed a definite tenure, it remains unchanged post-migration. If the PPM did not specify a tenure, the remaining tenure will be determined with the approval of 75% of investors by value.

**Conditions for Schemes with Expired Liquidation Periods**

For VCFs that have at least one scheme with an expired liquidation period, migration is allowed only if there are no pending investor complaints regarding non-receipt of funds or securities. A one-time additional liquidation period of one year is available for schemes with expired liquidation periods, allowing them to wind up by July 19, 2025.

**Post-Migration Provisions**

Upon migration, the investors, investments, and units of the VCF or its schemes registered under VCF Regulations will be deemed as those of the Migrated VCF under AIF Regulations. Additionally, the applicability of the SEBI Master Circular for AIFs (dated May 7, 2024) and subsequent circulars will extend to Migrated VCFs, as detailed in Annexure II of the notification.

**Non-Migrating VCFs**

For VCFs that choose not to migrate, Schemes with unexpired liquidation periods will be subject to enhanced regulatory reporting. Schemes with expired liquidation periods will face appropriate regulatory action if they continue operating beyond their original tenure. VCFs that have wound up all their schemes or have made no investments must apply to SEBI to surrender their registration by March 31, 2025. Failure to do so will result in the cancellation of their registrations.

<https://www.sebi.gov.in/legal/circulars/aug-2024/modalities-for-migration-of-venture->

**(6) Guidelines for borrowing by Category I and Category II AIFs and maximum permissible limit for extension of tenure by LVFs (August 19, 2024)**

SEBI has issued Guidelines for borrowing by Category I and Category II AIFs and maximum permissible limit for extension of tenure by LVFs. In order to facilitate ease of doing business and provide operational flexibility, it has been decided to allow Category I and Category II AIFs to borrow for the purpose of meeting temporary shortfall in amount called from investors for making investments in investee companies ('drawdown amount').

Category I and Category II AIFs may borrow for the purpose of meeting shortfall in drawdown amount, subject to the following additional conditions:

1. If AIF intends to borrow funds for meeting shortfall in draw down amount, the same shall be disclosed in the PPM of the scheme.
2. Such borrowing shall be done only in case of emergency and as a last recourse, when the investment opportunity is imminent to be closed and the drawdown amount from investor(s) has not been received by the AIF before the date of investment, in spite of best efforts by manager to obtain the drawdown amount from the delaying investor(s).
3. The amount borrowed shall not exceed twenty per cent of the investment proposed to be made in the investee company, or ten per cent of the investable funds of the scheme of AIF, or the commitment pending to be drawn down from investors other than the investor(s) who has failed to provide the drawdown amount, whichever is lower.
4. The cost of such borrowing shall be charged only to investor(s) who failed to provide the drawdown amount for making investments.
5. The flexibility of borrowing to meet shortfall in drawdown amount shall not be used as a means to provide different drawdown timelines to investors.
6. The manager shall disclose the details with respect to amount borrowed, terms of borrowing and repayment to all the investors of the AIF/scheme, on a periodic basis as per the terms of agreement with the investors of the AIF.

Further, all Category I and Category II AIFs shall maintain thirty days cooling off period between two periods of borrowing as permissible under AIF Regulations. The cooling off period of thirty days shall be calculated from the date of repayment of previous borrowing.

With regard to Maximum permissible limit for extension of tenure by LVFs, Existing LVF schemes who have not disclosed definite period of extension in their tenure in the PPM or whose period of extension in tenure is beyond the permissible five years, shall align the period of extension in tenure with the amended requirement within three months from the date of this circular, i.e., on or before November 18, 2024.

Such LVF schemes shall update their revised period of extension in tenure in the quarterly report submitted on the SEBI Intermediary Portal (SI Portal) for the quarter ending December 31, 2024.

While realigning the period of extension in tenure, LVF schemes shall have the flexibility to revise their original tenure subject to the consent of all the investors of the scheme. Such LVF schemes shall submit an undertaking to SEBI on or before November 18, 2024, stating that consent of all the investors of the scheme has been obtained for revising the original tenure.

For details: <https://www.sebi.gov.in/legal/circulars/aug-2024/guidelines-for-borrowing-by->

[category-i-and-category-ii-aifs-and-maximum-permissible-limit-for-extension-of-tenure-by-lvfs\\_85909.html](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/sep-2024/1726747283181.pdf#page=1&zoom=page-width,-16,800)

**(7) Modification in framework for valuation of investment portfolio of AIFs (September 19, 2024)**

SEBI vide this circular has modified the framework for valuation of investment portfolio of AIFs (Provided in Chapter 22 of Master Circular for AIFs dated May 07, 2024) as under:

- Valuation of securities, other than unlisted securities and listed securities which are non-traded and thinly traded, for which valuation norms have been prescribed under SEBI (Mutual Funds) Regulations, 1996 ('MF Regulations'), shall be carried out as per the norms prescribed under MF Regulations.
- Further, valuation of thinly-traded and non-traded securities will be harmonized across Sebi-regulated entities by March 31, 2025.
- Changes in valuation methods to comply with these rules will not be considered "material changes," but must be disclosed to investors.
- With regards to independent valuers, the framework for independent valuers of AIF portfolios now requires that the registered valuer shall have the membership of ICAI, ICSI or ICMAI or a CFA Charter.

Further, AIFs will now have seven months, as compared to six earlier, to report valuations based on audited data from investee companies.

For details:

[https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi\\_data/attachdocs/sep-2024/1726747283181.pdf#page=1&zoom=page-width,-16,800](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/sep-2024/1726747283181.pdf#page=1&zoom=page-width,-16,800)

**(8) Specific due diligence of investors and investments of AIFs (October 08, 2024)**

SEBI vide this circular, issued guidelines on the specific due diligence as per Regulation 20(20) of SEBI (AIF) Regulations, 2012 requiring Alternative Investment Fund ("AIFs"), managers of AIFs ("Managers") and their Key Management Personnel ("KMPs"), to exercise specific due diligence with respect to their investors and investments to prevent facilitation of circumvention of such laws as may be specified by SEBI from time to time. It inter-alia prescribes the following:

**1 Investors availing benefits designated for Qualified Institutional Buyers ("QIBs")/ Qualified Buyers ("QBs") through AIFs:**

**Applicability:** For every scheme of AIFs which: (i) has an investor or investors belonging to the same group; and (ii) such investor or investors contribute(s) 50% (fifty percent) or more to the corpus of the scheme.

**Compliance:** Necessary due diligence as per the implementation standards formulated by Standard Setting Forum for AIFs ("SFA") shall be carried out prior to –

- availing benefits available to QIBs under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other regulations formulated by SEBI.
- making any investments in security receipts issued by asset reconstruction companies or availing benefits designated for QBs under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

**2. RBI regulated lenders/ entities ever-greening their stressed loans/ assets through AIFs:**

**Applicability:** For every scheme of an AIF:

- i. whose manager or sponsor is an entity regulated by the Reserve Bank of India (“RBI”);
- ii. that has investors regulated by RBI who: (a) individually or along with investors of the same group contribute(s) 25% (twenty five percent) or more to the corpus of the scheme; or (b) is an associate of the manager/sponsor of the AIF; or (c) by itself, or through its representative(s)/ nominee(s), has majority or veto power in voting over decisions of the investment committee set up by the manager to approve investment decisions of the scheme.

**Compliance:**

- i. Necessary due diligence as per the implementation standards formulated by SFA shall be carried out.
- ii. If an investor of the scheme is an AIF, or a fund set up outside India or in International Financial Services Centres (IFSC) in India, then the criteria check for investor(s) regulated by RBI shall be carried out on a look through basis.
- iii. The manager shall ensure that the scheme does not make any investment that would lead to the RBI regulated lender/entity acquiring or holding an interest/exposure in the investee company indirectly (that is, through investment in a scheme of an AIF), that they are not permitted to acquire or hold directly.

**1. Consequences of failure to satisfy the due diligence checks specified by SFA:**

Schemes falling under the ambit of the provisions discussed in paragraph A and B hereinabove, shall proceed with proposed investment in accordance with the respective implementation standards as formulated by SFA. If the proposed investment does not satisfy the due diligence checks specified by SFA then:

- a. either such investor or investors of same group as specified above, shall be excluded from the investment, subject to necessary disclosure in the PPM for exclusion of investors; or
- b. the investment shall not be made.

**4. Applicability to existing investments held by the schemes as on the date of the Circular:**

For schemes falling under the ambit of the provisions discussed in paragraph A and B hereinabove, due diligence checks are also required to be carried out for existing investments as per the implementation standards formulated by SFA. Basis the due-diligence checks for such existing investments:

- a. *Any existing investment not satisfying the due diligence checks:* details of such investment to be reported to the custodian of the AIF, on or before April 7, 2025, in the format specified in Annexure I of the Circular.
- b. *All existing investments satisfy the due diligence checks:* the manager of the AIF shall submit an undertaking to that effect to the custodian, on or before April 7, 2025.
- c. Custodians shall compile the information reported in sub-paragraph (a) and (b) and furnish the same to SEBI on or before May 7, 2025.

**5. Investment from countries sharing land borders with India through AIFs:**

- a. **Applicability:** For every scheme of AIFs where 50% (fifty percent) or more of the corpus of the scheme is contributed by investors –

- i. who are citizens of/are from/are situated in a country which shares land border with India, or
- ii. whose beneficial owners, as determined in terms of sub-rule (3) of Rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, are citizens of/are from/are situated in a country which shares land border with India.

**b. *Compliance:***

- i. Necessary due diligence as per the implementation standards formulated by SFA, shall be carried out prior to making any investment.
- ii. Upon carrying out the necessary due diligence, such schemes shall report details of its investment, which would result in the scheme holding 10% (ten percent) or more of equity/equity-linked securities issued by an investee company (on a fully-diluted basis), to its custodian within 30 (thirty) days of investment, in the format as may be specified by SFA. Custodians shall compile such information received from AIFs on a monthly basis and report to SEBI within 10 (ten) working days from the end of the month.

For Such schemes shall also report to their custodians on or before April 07, 2025 in a format specified by SFA, details of their existing investments where the scheme holds 10% (ten percent) or more of equity/ equity-linked securities issued by an investee company (on a fully-diluted basis). The custodians shall compile and share the information with SEBI on or before May 7, 2025.

For details: [https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi\\_data/attachdocs/oct-2024/1728389873479.pdf#page=1&zoom=page-width,-15,850](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/oct-2024/1728389873479.pdf#page=1&zoom=page-width,-15,850)

**LESSON 13**  
**AN OVERVIEW OF LISTING AND ISSUANCE OF SECURITIES IN**  
**INTERNATIONAL FINANCIAL SERVICES CENTRE**

**(1) IFSCA (Listing) Regulations, 2024 (August 30, 2024)**

The IFSCA (Listing) Regulations, 2024 (“New Listing Regulations”) providing a unified regulatory framework for listing of securities and other permitted financial products. Highlights of New Listing Regulations are as under:

**Listing of Securities**

- (a) The IFSCA (Issuance and Listing of Securities) Regulations, 2024 enables the following type of listing:
- i. an initial public offer of specified securities by an unlisted entity;
  - ii. a follow-on public offer of specified securities by a Listed Entity;
  - iii. an initial public offer of specified securities by a Special Purpose Acquisition Company;
  - iv. a rights issue or a preferential issue or a qualified institutions placement of specified securities by a Listed Entity;
  - v. issuance and listing of depository receipts by an entity;
  - vi. issue and listing of debt securities by an entity;
  - vii. secondary listing of securities by an entity;
  - viii. listing of Commercial Paper or Certificates of Deposit or other financial products as permitted by the IFSCA.
- (b) The following entities would be eligible for listing of securities on the recognised stock exchanges in IFSC:
- i. A company incorporated in an IFSC;
  - ii. A company incorporated in India; and
  - iii. A company incorporated in a foreign jurisdiction.
- (c) Further, in respect of listing of debt securities, the following entities are also eligible to list on the recognised stock exchanges in IFSC:
- i. any supranational, multilateral or statutory institution.
  - ii. any municipality or any similar body
  - iii. An entity which offers or proposes to offer sovereign debt securities.

**A. Listing of specified securities through IPO**

The salient features for raising of capital through IPOs on a recognized stock exchange in IFSC are as follows:

**a) Eligibility**

An issuer shall be eligible to make an initial public offer of specified securities, only if:

- a) the issuer has an operating revenue, based on consolidated audited accounts, of at least USD twenty million in the last financial year or averaged over the last three financial years;
- b) the issuer has a pre-tax profit, based on consolidated audited accounts, of at least USD one million in the last financial year or averaged over the last three financial years; or
- c) The issuer has a post issue market capitalization of at least USD twenty five million; or
- d) It qualifies under any other eligibility criteria specified by the IFSCA.



#### **b) Filing of Offer Document**

An Issuer is required to file offer document with IFSCA for observations. Issuers with issue size of USD 50 million or less are exempted from filing offer document with IFSCA.

#### **c) Offer Timing**

The offer shall be made by the issuer within a period of not more than twelve months from the date of issuance of observations by the Authority.

#### **d) Offer Period**

The initial public offer shall be kept open for at least one working day and not more than ten working days.

#### **e) Minimum Public Offer**

2. Where the issuer is a company incorporated in India, including in an IFSC, such issuer shall comply with the minimum offer and allotment to public and minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957.
3. Where the issuer is a company incorporated outside India, the minimum offer and allotment to public shall be at least ten per cent. of the post issue capital and such issuer shall also maintain the minimum public shareholding of ten per cent. of the post issue capital on a continuous basis.

#### **f) Minimum subscription**

An offer shall be considered successful only if the minimum subscription as disclosed in the offer document is received.

#### **g) Lockup of securities**

The pre-issue shareholding of promoters and controlling shareholders of the issuer shall be locked-up for a period of 180 days from the date of allotment in the initial public offer.

### **B. Further Public Offer**

A Listed Entity may make a follow-on public offer of specified securities in the manner provided in IFSCA ( Issuance and Listing of Securities) Regulations, 2024.

### **C. Listing of SPAC**

A SPAC is eligible to raise capital through initial public offer of specified securities on the recognised stock exchange(s), only where:

- a) The target business combination has not been identified prior to the IPO;
- b) The SPAC has the provisions for redemption and liquidation in line with these Regulations; and
- c) The sponsor of the SPAC has a good track record in SPAC transactions, business combinations, fund management or investment banking activities and the same shall be disclosed in the offer document.

Here, sponsor shall mean a person sponsoring the formation of the SPAC and shall include



persons holding any specified securities of the SPAC prior to the IPO.

The salient features of the framework for listing of SPACs are as follows:

**Offer size:** Not less than USD 50 million or any other amount as may be specified by the Authority from time to time. Further, the sponsors shall hold at least 15% and not more than 20% of the post issue paid up capital;

**Minimum Application Size:** The minimum application size in an initial public offer of SPAC shall be USD 100,000. Allotment to investors shall be on proportionate basis or discretionary basis, as disclosed in the offer document

**SPAC Specific Obligations:** Requirements have also been prescribed with respect to maintenance of escrow account, eligible investments pending utilisation, acquisition timeline of 3 years, right of disenting shareholders, liquidation provisions etc.

#### **D. Rights Issue or a Preferential Issue or a Qualified Institutions Placement**

A Listed Entity may make rights issues, preferential issues or qualified institutions placement of specified securities, subject to compliance with the requirements that may be specified by the IFSCA.

#### **E. Public Offer of Depository Receipts**

An issuer incorporated outside an IFSC shall be eligible to make an issue of depository receipts only if -

- (i) It is authorised to issue depository receipts as per the applicable laws of its home jurisdiction;
- (ii) The underlying securities represented by such depository receipts is in dematerialised form, fully paid and free from all encumbrances.

The salient features of the framework for Public Offer of Depository Receipts are as under:

**Offer size:** Not less than USD 7,00,000 or any other amount as may be specified by the Authority from time to time.

**Minimum Subscription:** The listing of DRs shall be permitted only if the subscription in the offer is not less than USD 700,000 or any other amount as may be specified by IFSCA.

**Pricing:** The price of the DRs can be determined through consultation with the lead managers(s) through fixed price or through book building process.

**Allotment:** The allotment, payments and refunds must be completed within 5 working days from the date of closure of the issue.

#### **F. Listing of Debt Securities**

An issuer may list its debt securities on a recognised stock exchange: The debt securities proposed to be issued and listed on a recognised stock exchange may be offered on a standalone basis or through a series of issuances (including medium term note programme).

The minimum subscription amount for an investor in case of private placement shall be disclosed in the offer document.

In respect of a public issue of debt securities on a recognised stock exchange, the issuer shall comply with requirements such as appointment of trustee, creation of debenture redemption reserve and such other requirements as may be specified by the Authority or the recognised stock exchange(s).

#### **G. Secondary Listing of Specified Securities**

##### **Secondary Listing without public offer**

An issuer, having its specified securities listed in a jurisdiction outside IFSC, may list those specified securities on a recognised stock exchange(s), without making public offer, subject to the

following conditions:

- (a) It shall file listing application, in the manner specified by the recognised stock exchange(s); and
- (b) It shall comply with the listing requirements of the recognised stock exchange(s) and such other conditions as may be specified by the IFSCA.

#### **Listing with public offer**

- 1) An issuer, having its specified securities listed in a jurisdiction outside IFSC, may list the specified securities on a recognised stock exchange(s) through a public offer.
- 2) The provisions relating to appointment of lead manager, in-principle approval from recognised stock exchanges, filing of offer document, offer timing, disclosures in offer document, reservations, pricing, offer period, minimum public offer, minimum subscription, anchor investor, underwriting, monitoring agency, allotment, listing, post-issue report, price stabilisation through green shoe option, lockup of securities, other responsibilities of lead manager and prohibition on payment of incentives provided for Initial Public Offers under PART A of Chapter III shall *mutatis mutandis* apply to listing by way of public offer.
- 3) A public Indian company, with dual listing in IFSC and in India, shall comply with the additional regulatory requirements as may be specified by the Authority.

### **H. Listing of Commercial Paper or Certificates of Deposit or other financial products**

An issuer may list commercial paper, certificate of deposit and other financial product on a recognised stock exchange in such manner and subject to such conditions as may be specified by the IFSCA. Further, an issuer may list a fund or an investment trust on a recognised stock exchange in terms of IFSCA (Fund Management) Regulations, 2022.

#### **a) Commercial Paper**

**Depository:** The issuer shall ensure that the CP listed on a recognised stock exchange in the IFSC is in demat form and held with a recognised depository in the IFSC or an international central securities depository.

**Maturity:** The issuer shall ensure that the maturity of the CP proposed to be listed on a recognised stock exchange in the IFSC is not less than 7 days and not more than 1 year.

#### **Other conditions:**

- a. CP shall be issued at a discount to face value.
- b. The issuance of a CP with options (call/put) is not permitted.
- c. The issuance of a CP is not permitted to be underwritten or co-accepted.

#### **Listing Application**

An issuer desirous of listing its CP on a recognised stock exchange shall file the listing application along with a copy of offer document or information memorandum, as applicable, with the recognised stock exchange in accordance with the requirements specified by the exchange.

The application shall be accompanied with regulatory fee of USD 1000. The regulatory fees received by the stock exchange shall be remitted to the Authority.

#### **b) Certificate of Deposits**

**Depository:** The issuer shall ensure that the CD listed on a recognised stock exchange in the IFSC is in demat form and held with a recognised depository in the IFSC or an international central securities depository.

#### **Listing Application**

An issuer desirous of listing its CD on a recognised stock exchange shall file the listing application along with a copy of the offer document or information memorandum, as

applicable, with the recognised stock exchange in accordance with the requirements specified by the exchange. The application shall be accompanied with regulatory fee of USD 1000. The regulatory fees received by the stock exchange shall be remitted to the Authority <https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2Fifsc-listing-regulations-202430082024045210.pdf&Title=%20IFSCA%20%28Listing%29%20Regulations%2C%202024&Date=30%2F08%2F2024>

**(2) Listing of Debt Securities on the recognised stock exchanges in the IFSC (September 11, 2024)**

The IFSCA (Listing) Regulations, 2024 (“Listing Regulations”) have been notified providing the regulatory framework inter alia for listing of debt securities on the recognised stock exchanges in the IFSC. In terms of regulation 72 of the Listing Regulations, an issuer is required to obtain credit rating for its debt securities proposed to be listed on a recognised stock exchange from a credit rating agency registered either with IFSCA or with a regulator in a Foreign Jurisdiction.

The market participants have represented that there are some transactions wherein the issuers are already at an advanced stage of getting their debt securities listed on the recognised stock exchanges and it may be difficult for such issuers to obtain credit rating in a short time frame.

In view of the above, after careful consideration of the representations received, it has been decided that it shall be mandatory for issuers to obtain credit rating for the debt securities proposed to be listed on the recognised stock exchanges with effect from October 01, 2024.

<https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2FListing-of-debt-securities-on-the-recognised-stock-exchanges-in-the-ifsc11092024111414.pdf&Title=Listing%20of%20Debt%20Securities%20on%20the%20recognised%20stock%20exchanges%20in%20the%20IFSC&Date=11%2F09%2F2024>

**(3) Listing of Commercial Paper and Certificates of Deposit on the recognised stock exchanges in the IFSC (October 17, 2024)**

IFSCA has notified the IFSCA (Listing) Regulations, 2024 in August 2024 providing the regulatory framework for listing of securities and other permitted financial products on the recognised stock exchanges in the IFSC. Regulations 80 and 81 of the Listing Regulations enable listing of Commercial Paper (CP) and Certificates of Deposit (CD) respectively in such manner and subject to such conditions as may be specified by IFSCA.

Accordingly, IFSCA has issued this circular on “Listing of Commercial Paper and Certificates of Deposit on the recognised stock exchanges in the IFSC” to enable listing of new products on the stock exchanges in the IFSC for providing an opportunity to the investors to invest in short term instruments in the IFSC.

The Circular provides the regulatory requirements for facilitating issuers to list CP and CD in an efficient and transparent manner ensuring that adequate material information is made available to the investors for making informed decision. The Circular, inter-alia, specifies the conditions for issuance of CP and CD, eligible issuers, eligible investors, disclosures in the offer document, continuous disclosures etc.

<https://ifsc.gov.in/Legal/Index?Mid=-fAcdq-6O6w=>

## **LESSON 14**

### **RAISING OF FUNDS FROM DEBTS AND PROCEDURAL ASPECTS**

#### **(1) Reduction in denomination of debt securities and non-convertible redeemable preference shares (July 03, 2024)**

SEBI vide circular dated July 03, 2024 modifies the relevant clauses of Chapter V (Denomination of issuance and trading of Non-convertible Securities) of the Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024, ('Master Circular') issued by SEBI which prescribes provisions pertaining to denomination of issuance and trading of non-convertible securities.

Market participants have expressed that lower ticket size of debt securities may encourage more non-institutional investors to participate in the corporate bond market which in turn may also enhance liquidity.

SEBI vide this circular has made the following changes:

1. This amendment inserts a provision allowing the issuance of debt securities or non-convertible redeemable preference shares at a face value of Rs. 10,000 on a private placement basis, subject to specific conditions that include the appointment of at least one Merchant Banker, ensuring the security is interest/dividend bearing with fixed maturity, and allowing various credit enhancements like guaranteed bonds, SBLC backed securities, and others.
2. The amendment permits several credit enhancements to make these securities more attractive to investors. These include guaranteed bonds, partially guaranteed bonds, SBLC backed securities, debt backed by pledges of shares or other assets, and more. Credit Rating Agencies (CRAs) are tasked with verifying the documentation related to these enhancements to ensure they are unconditional, irrevocable, legally enforceable, and that the support provider has a lower probability of default compared to the issuer.
3. For issuers with valid shelf placement memoranda or General Information Documents (GID) as of the effective date of the circular, funds can be raised through tranche placement memoranda or Key Information Documents at a face value of Rs. 10,000, provided due diligence is carried out by a Merchant Banker.

#### **Deletion of Clauses:**

The circular deletes clauses 2.1 and 2.2 of Chapter V of the Master Circular, which previously mandated face values of Rs. 1 lakh and Rs. 1 crore for listed securities traded on stock exchanges or OTC basis, respectively. Clause 2.3 is modified to state that the trading lot of listed debt securities and non-convertible redeemable preference shares issued on a private placement basis will always be equal to their face value.

For details: [https://www.sebi.gov.in/legal/circulars/jul-2024/reduction-in-denomination-of-debt-securities-and-non-convertible-redeemable-preference-shares\\_84573.html](https://www.sebi.gov.in/legal/circulars/jul-2024/reduction-in-denomination-of-debt-securities-and-non-convertible-redeemable-preference-shares_84573.html)

#### **(2) SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/190 dated July 8, 2024)**

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment)

Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this Notification, the following amendments have been made in the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021:

Regulation 23(7) has been inserted which states that the issuer shall fix a record date for the purposes of payment of interest, dividend and payment of redemption or repayment amount or for such other purposes as specified by the SEBI. Such record date shall be fixed at 15 days prior to the due date of payment interest or dividend, repayment of principal or any other corporate actions.

Regulation 40 and 44 (3) has been substituted pertaining to 'Due Diligence Certificate by Debenture Trustee'. New provisions specify the formats to be used in cases of secured and unsecured debt securities at the time of filing the draft offer document and at the time of filing of the listing application by the issuer. Also, the formats for due diligence certificate which is to be submitted by debenture to the stock exchange has been specified.

Schedule I of the Regulations has been amended by adding a provision that the issuers whose non-convertible securities are listed on the date of filing of the offer document or placement memorandum may provide a web link and a static QR code of the audited financial statements subject to certain conditions.

Schedule IV has been amended which provides for the format of the due diligence certificate to be given by the debenture trustee to be divided into two parts: Part A– provides the format in which the Debenture Trustee has to give the Certificate of Due Diligence at the time of filing of draft offer document and before opening of the issue. Part B- provides the format in which the Debenture Trustee has to give the Certificate of Due Diligence at the time of filing of listing application by issuer.

Also, Schedule IV-A has been inserted which provides for the format of the due diligence certificate to be given by the debenture trustee: Part A: at the time of filing of draft offer document and before opening of the issue. Part B: at the time of filing of listing applications by issuer.

For details: [https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-amendment-regulations-2024\\_84775.html](https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-amendment-regulations-2024_84775.html)

**(3) SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024 (Notification No. SEBI/LADNRO/GN/2024/205 dated September 17, 2024)**

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. With a view to facilitate ease of doing business and provide flexibility to Issuers, SEBI has amended the provisions of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to streamline the public issue process for debt securities and Non-Convertible Redeemable Preference share to provide:

- Reduction in the period for seeking public comments on the draft offer documents from 7 working days to 5 days.
- A proviso to Regulation 27 (2) has been inserted which states that the issuers whose specified securities are listed on the recognized stock exchange and have nationwide trading terminals, will post the draft offer document for 1 day immediately after the date of filing the draft offer document with the stock exchange.
- A proviso to Regulation 30 (1) has been inserted providing flexibility to issuers by providing discretion to issuers with regard to advertisement of public issue through electronic modes subject to containing a QR Code and Link to complete advertisement in newspapers.

- Regulation 33 A relating to “Period of Subscription” has been revised. The period for which the public issue of debt of securities or non-convertible redeemable preference shares were kept open for a minimum of 3 working days has now been reduced to 2 working days.
- Also, in case of a revision in the price band or yield, the issuer shall extend the bidding (issue) period is closed in the offer document for a minimum period of one working day. Earlier It was 3 working days.

**(4) Reduction in the timeline for listing of debt securities and Non-convertible Redeemable Preference Shares to T+3 working days from existing T+6 working days [September 26, 2024]**

SEBI vide this circular has reduced the timeline for listing of debt securities and Non-convertible Redeemable Preference Shares to T+3 working days from existing T + 6 working days (as an option to issuers for a period of one year and on a permanent basis thereafter such that all listings occur on a T+3 basis). Further, to ensure ease of compliance for issuers, the listing timeline of T+3 working days is introduced as an option to issuers for a period of one year and on a permanent basis thereafter such that all listings occur on a T+3 basis. Accordingly, during the period of voluntary applicability of the listing timeline of T+3 working days, the provisions of regulation 37 (2) of NCS Regulations shall become applicable only after T+6 working day, even in cases where issuer has chosen T+3 as the listing timeline but fails to meet the same. The provisions of this circular shall be applicable on voluntary basis to public issues of debt securities and NCRPS opening on or after November 01, 2024 and mandatory for public issues of debt securities and NCRPS opening on or after November 01, 2025.

For details: [https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi\\_data/attachdocs/sep-2024/1727346960726.pdf#page=1&zoom=page-width,-15,842](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/sep-2024/1727346960726.pdf#page=1&zoom=page-width,-15,842)

**(5) Introduction of Liquidity Window facility for investors in debt securities through Stock Exchange mechanism (October 16, 2024)**

SEBI has introduced Liquidity Window facility for investors in debt securities through Stock Exchange mechanism which allows investors holding listed debt securities to sell them back to the issuer using a put option on specific dates, ensuring liquidity. It is felt that establishing a framework of providing a Liquidity Window facility by the issuers through use of put options exercisable on pre-specified dates or intervals will provide uniform norms for such issuer(s) to consider adopting Liquidity Window facility in the manner specified. The provisions of this circular shall be applicable on and from November 01, 2024

The circular inter-alia covers the following features and the conditions governing the Liquidity Window facility:

**Issuer Discretion and Prospective Applicability:** The Liquidity Window can only be provided at the discretion of the Issuer. Further, this option is only available for prospective issuances either by way of public issue or private placement.

**Eligible securities:** All listed debt securities governed by the SEBI NCS Regulations are eligible for the Liquidity Window Facility.

**Prior approval of the board of directors** of the issuer is required to provide the Liquidity Window.

**Stakeholders Relationship Committee (SRC):** For entities which have listed their specified securities, the implementation and outcome of the Liquidity Window shall be monitored by the SRC. However, for entities which only have listed debt securities (for whom constitution of SRC is not mandatory), the monitoring of the implementation and outcome of the Liquidity Window

shall be under the aegis of the board of directors, or such board-level committee as determined by the board of directors.

**Eligible Investors:** The issuers have the option to specify the classes of investors for whom the Liquidity Window shall be provided.

**Minimum Holding Period:** The Liquidity Window can only be offered to investors after the expiry of one year from the date of issuance of the debt securities.

**Period of Liquidity Window:** The issuers offering the Liquidity Window shall keep it open for a minimum of three working days. The Liquidity Window facility can be provided on a monthly or quarterly basis, but the schedule of such facility shall be provided upfront in the offer documents

**Reporting and Disclosure Requirements:** After closure of a Liquidity Window, the issuer is required to submit a report to the stock exchanges on which such debt securities are listed. However, the form and manner of such disclosures are yet to be specified by the stock exchanges in consultation with SEBI.

For details: [https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi\\_data/attachdocs/oct-2024/1729080300145.pdf#page=1&zoom=page-width,-15,842](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/oct-2024/1729080300145.pdf#page=1&zoom=page-width,-15,842)



## LESSON 17

### ROLE OF INTERMEDIARIES IN FUND RAISING

**(1) SEBI (Research Analysts) (Second Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/ 2024/199 dated August 19, 2024)**

SEBI has notified the SEBI (Research Analysts) (Second Amendment) Regulations, 2024 on August 19, 2024, which shall come into force on the date of their publication in the Official Gazette. Vide this notification, SEBI has inserted new regulation 15A prescribing the provisions pertaining to fee and provides that the Research Analyst will be entitled to charge fees for providing research services from a client including an accredited investor in the manner as specified by SEBI.

For details: [https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-research-analysts-second-amendment-regulations-2024\\_86005.html](https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-research-analysts-second-amendment-regulations-2024_86005.html)

**(2) Annual Compliance Certificate for Client Level Segregation by non-individual Investment Advisers and Timeline for submission of periodic reports (October 25, 2024)**

SEBI has already specified that a non-individual investment adviser (IA) shall maintain on record an annual certificate from its statutory auditor confirming compliance with the client level segregation requirements as specified in Regulation 22 of the IA Regulations. Now, it has been decided to allow a non-individual IA to obtain annual compliance certificate from any auditor.

Further, SEBI has specified periodic reporting format for IAs. As a step towards ease of doing business, it has been decided to grant a period of 30 days from the end of the half-yearly period to make submission of periodic reports to Investment Adviser Administration and Supervisory Body (IAASB).

For details: [https://www.sebi.gov.in/legal/circulars/oct-2024/annual-compliance-certificate-for-client-level-segregation-by-non-individual-investment-advisers-and-timeline-for-submission-of-periodic-reports\\_87975.html](https://www.sebi.gov.in/legal/circulars/oct-2024/annual-compliance-certificate-for-client-level-segregation-by-non-individual-investment-advisers-and-timeline-for-submission-of-periodic-reports_87975.html)