



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*

*June, 2023 Examination*

**Corporate Funding and Listings in Stock  
Exchanges**

**MODULE 3, PAPER 7**

*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, 2023 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by MCA, SEBI, RBI & Central Government upto 30<sup>th</sup> November, 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) (Third Amendment) Regulations, 2022 (Notification No. SEBI/LAD-NRO/GN/2022/90 dated July 25, 2022)**

SEBI vide its notification dated July 25, 2022, has amended the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, which shall come into force on the date of their publication in the Official Gazette.

Vide this notification SEBI has prescribed the framework for Social Stock Exchange and inserted a separate Chapter X-A under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

#### **Social Stock Exchange-Meaning**

Social Stock Exchange means a separate segment of a recognized stock exchange having nationwide trading terminals permitted to register Not for Profit Organizations and / or list the securities issued by Not for Profit Organizations in accordance with provisions of these regulations.

#### **Applicability of the Chapter**

The provisions of the above mentioned Chapter shall apply to

- a Not for Profit Organization seeking to only get registered with a Social Stock Exchange;
- a Not for Profit Organization seeking to get registered and raise funds through a Social Stock Exchange; and
- a For Profit Social Enterprise seeking to be identified as a Social Enterprise under the provisions of this Chapter.

**Access to Social Stock Exchange:** A Social Stock Exchange shall be accessible only to institutional investors and non-institutional investors. However, the SEBI may permit other class(es) of investors, as it deems fit, for the purpose of accessing Social Stock Exchange.

**Social Stock Exchange Governing Council:** Every Social Stock Exchange shall constitute a Social Stock Exchange Governing Council to have an oversight on its functioning. The composition and terms of reference for such Governing Council shall be specified by the SEBI from time to time. **(Specified by SEBI vide its Circular No. SEBI/HO/MRD/MRD-RAC-2/P/CIR/2022/141 dated October 13, 2022)**

#### **Eligibility conditions for being identified as a Social Enterprise:**

- A Not for Profit Organization or a For Profit Social Enterprise, to be identified as a Social Enterprise, shall establish primacy of its social intent.
- In order to establish the primacy of its social intent, such Social Enterprise shall meet the prescribed eligibility criteria and shall be indulged in at least one of the activities such as

eradicating hunger, poverty, malnutrition and inequality; promoting health care including mental healthcare, sanitation and making available safe drinking water; promoting education, employability and livelihoods; protection of national heritage, art and culture etc.

**Requirements relating to registration for a Not for Profit Organization:**

A Not for Profit Organization shall mandatorily seek registration with a Social Stock Exchange before it raises funds through a Social Stock Exchange. Provided that a Not for Profit Organization may choose to register on a Social Stock Exchange and not raise funds through it.

- The minimum requirements for registration of a Not for Profit Organization on a Social Stock Exchange shall be specified by the SEBI from time to time.
- The Social Stock Exchange may specify the eligibility requirements for registration of a Not for Profit Organization in addition to the minimum requirements specified by the SEBI.

**Fund raising by Social Enterprises:**

A Not for Profit Organization may raise funds on a Social Stock Exchange through:

- issuance of Zero Coupon Zero Principal Instruments to institutional investors and/or non-institutional investors in accordance with the applicable provisions of this Chapter;
- donations through Mutual Fund schemes as specified by the SEBI;
- any other means as specified by the SEBI from time to time.

A For Profit Social Enterprise may raise funds through:

- issuance of equity shares on the main board, SME platform or innovators growth platform or equity shares issued to an Alternative Investment Fund including a Social Impact Fund;
- issuance of debt securities;
- any other means as specified by the SEBI from time to time.

**Framework on Social Stock Exchange (“SSE”)**

SEBI vide its circular No. SEBI/HO/CFD/PoD-1/P/ CIR/2022/120 dated September 19, 2022 has issued a detailed framework for social stock exchange, specifying minimum requirements for a Not-for-Profit Organisation (NPO) for registering with the Stock exchange and disclosure requirements. This circular has specified minimum requirements to be met by a NPO for registration with SSE, disclosure requirement for NPOs raising funds through the issuance of zero-coupon zero principal instruments and put in place annual disclosure requirements that needs to be made by NPOs on SSE.

**Governing Council for Social Stock Exchange**

SEBI vide its Circular No. SEBI/HO/MRD/MRD-RAC-2/P/CIR/2022/141 dated October 13, 2022 has prescribed a framework for governing council of the Social Stock Exchange (SSE). Every SSE is required to constitute a Social Stock Exchange Governing Council (SGC) which will have an oversight on the functioning of the Board. The SGC shall comprise of individuals

with relevant experience who can contribute to the development of the Social Stock Exchange. SGC will have a minimum of 7 members having representation from non-profit organisations, Stock exchange, Social impact investors, Philanthropic and social sectors, Information Repositories, Social Audit Profession and Capacity Building Fund. The same shall be supported by the administrative staff from SSE. The SGC is expected to provide oversight and guidance to facilitate the smooth functioning of the operations of the Social Stock Exchange, with regard to registration, fund raising and disclosures by Social Enterprises.

For details: [https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2022\\_61171.html](https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2022_61171.html)

[https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange\\_63053.html](https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html)

## **2. SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022**

**(Notification No. SEBI/LAD-NRO/GN/2022/107 dated November 21, 2022)**

The SEBI on November 21, 2022, has notified the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022 which shall come into force on the date of their publication in the Official Gazette. Vide this Notification, the following has been amended-

- In regulation 25(1) the words “with the concerned regional office of the Board (SEBI) under the jurisdiction of which the registered office of the issuer company is located” shall be substituted with the words “with the Board (SEBI)” with reference to filing of draft offer document and offer document.
- New Chapter IIA “Initial public offer on the main board through the pre-filing of the draft offer document” has been inserted.

For details: [https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-fourth-amendment-regulations-2022\\_65407.html](https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-fourth-amendment-regulations-2022_65407.html)

## Lesson 2 and 3

### Real Estate Investment Trusts and Infrastructure Investment Trusts

#### 1. Introduction of Unified Payments Interface (UPI) mechanism for Real Estate Investment Trusts

(Circular No. SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/086 dated June 24, 2022)

SEBI vide its Circular dated January 15, 2019 lays down the process for payment for applications in public issue of units of Real Estate Investment Trust (REIT) through the facility of ASBA.

SEBI vide this circular has provided an additional option to individual investors to apply in public issues of units of REITs with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto Rs. 5 Lac. The process flow for availing the option of blocking funds through UPI mechanism is placed at Annex I to this Circular.

The provisions of these circular shall be applicable to a public issue of units of the SEBI (Real estate Investment Trusts) Regulations, 2014 which opens on or after August 01, 2022.

For details: <https://www.sebi.gov.in/legal/circulars/jun-2022/introductionof-unified-paymentsinterface-upimechanism-for-realestate-investmenttrusts-reits-60070.html>

#### 2. Introduction of Unified Payments Interface (UPI) mechanism for Infrastructure Investment Trusts

(Circular No. SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/085 dated June 24, 2022)

SEBI vide its Circular dated January 15, 2019 lays down the process for payment for applications in public issue of units of Infrastructure Investment Trust (InvIT) through the facility of ASBA.

SEBI vide this circular has provided an additional option to individual investors to apply in public issues of units of InvITs with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto Rs. 5 Lac. The process flow for availing the option of blocking funds through UPI mechanism is placed at Annex I to this Circular.

The provisions of this circular shall be applicable to a public issue of units of InvIT under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 which opens on or after August 01, 2022.

For details: <https://www.sebi.gov.in/legal/circulars/jun-2022/introduction-of-unified-payments-interface-upi-mechanism-for-infrastructure-investment-trusts-invits-60072.html>

#### 3. Reduction of timelines for listing of units of privately placed Infrastructure Investment Trust (InvIT)

(Circular No. SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/087 dated June 24, 2022)

Regulation 16(8)(a) of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations) provides that the listing of privately placed units shall be done within thirty working days from the date of allotment. These timelines prescribed in the InvIT Regulations are indicative. Considering the time taken for listing of units of privately placed InvIT in recent past, it was decided to examine the reduction of timelines for listing of units of privately placed InvIT.

Hence, as a part of the continuing endeavor to streamline the process of allotment and listing of units, it has been decided to reduce the time taken for allotment and listing of units of privately placed Infrastructure Investment Trust (InvIT), after the closure of issue to six working days as against the present requirement of thirty working days.

For details:

[https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi\\_data/attachdocs/jun-2022/1656069414462.pdf#page=1&zoom=page-width,-16,792](https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/jun-2022/1656069414462.pdf#page=1&zoom=page-width,-16,792)

**4. Amendments to guidelines for preferential issue and institutional placement of units by a listed REIT/InvIT (Circular No. SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/0115 and SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/0116 dated August 26, 2022)**

The Securities and Exchange Board of India on 26th August 2022, issued a circular amending its Guidelines for preferential issue and institutional placement of units by a listed Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs).

Vide this circular, it is provided that post allotment, the REIT/InvIT shall make an application for listing of the units to the stock exchange and the units shall be listed within 2 working days from the date of allotment. However, where the REIT/InvIT fails to list the units within the specified time, the monies received shall be refunded through verifiable means within 4 working days from the date of the allotment, and if any such money is not repaid within such time after the issuer becomes liable to repay it, the REIT/InvIT, the manager of the REIT/InvIT and its director or partner who is an officer in default shall, on and from the expiry of the fourth working day, be jointly and severally liable to repay that money with interest at the rate of fifteen percent per annum.

For details: [https://www.sebi.gov.in/legal/circulars/aug-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-invit\\_62399.html](https://www.sebi.gov.in/legal/circulars/aug-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-invit_62399.html)

[https://www.sebi.gov.in/legal/circulars/aug-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-reit\\_62396.html](https://www.sebi.gov.in/legal/circulars/aug-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-reit_62396.html)

**5. Issue and listing of Commercial Paper by listed REITs and InvITs (September 22, 2022) (SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/ 123 dated September 22, 2022) (SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/ 122 dated September 22, 2022)**



In terms of Reserve Bank Commercial Paper Directions, 2017 dated August 10, 2017 REIT and InvIT having net worth of INR 100 Crore or higher are eligible to issue commercial paper.

It has been decided that REITs and InvITs may issue listed commercial papers subject to certain conditions, including REITs and InvITs need to abide by the guidelines prescribed by the Reserve Bank of India (RBI) for issuances of commercial papers, conditions of listing norms prescribed by SEBI under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the issuance of listed CPs shall be within the overall debt limit permitted under SEBI REITs and InvITs Regulations.

For details: [https://www.sebi.gov.in/legal/circulars/sep-2022/issue-and-listing-of-commercial-paper-by-listed-reits\\_63264.html](https://www.sebi.gov.in/legal/circulars/sep-2022/issue-and-listing-of-commercial-paper-by-listed-reits_63264.html)

[https://www.sebi.gov.in/legal/circulars/sep-2022/issue-and-listing-of-commercial-paper-by-listed-invits\\_63263.html](https://www.sebi.gov.in/legal/circulars/sep-2022/issue-and-listing-of-commercial-paper-by-listed-invits_63263.html)

**6. SEBI issues Amendment to guidelines for preferential issue and institutional placement of units by a listed InvIT/ REIT (September 28, 2022)**

**(Circular No. SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/129 dated September 28, 2022)**

SEBI vide this circular has amended the guidelines for preferential issue and institutional placement of units by listed InvITs/ REITs which were issued vide circular dated 27-11-2019. Through this circular, the bar for minimum listing period of 12 months required in case of issuance of units through institutional placement is removed and the unsubscribed portion of the units can be allotted to the sponsors fulfilling the following conditions:

- a) Atleast 90% of the issue size has been subscribed;
- b) The issue should be made for acquisition of assets from that sponsor;
- c) Units allotted should be locked in for a period of 3 years from the date of trading approval granted for the units.
- d) Approval of unit holders has been taken before allotting the unsubscribed portion of the unit.

For details: [https://www.sebi.gov.in/legal/circulars/sep-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-invitee\\_63450.html](https://www.sebi.gov.in/legal/circulars/sep-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-invitee_63450.html)

**7. Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2022 (November 11, 2022)**

The SEBI vide e-gazette notification dated November 09, 2022 amended the (Real Estate Investment Trusts) Regulations, 2014 as under:

Regulation 11(3) has been substituted with the following sub-regulation, -

“The sponsor(s) and sponsor group(s) shall collectively hold a **minimum of fifteen percent** of the total units of the REIT for a period of at least three years from the date of listing of such units pursuant to initial offer on a post-issue basis:

Provided that any holding of the sponsor(s) and sponsor group(s) exceeding the minimum holding, shall be held for a period of at least one year from the date of listing of such units.”

Regulation 11(4) has been inserted after Regulation 11(3) as under:

“Notwithstanding anything contained in any contract or agreement, the sponsor(s) and the sponsor group(s) shall continue to be liable to the REIT, trustees and unit holders for all acts of commission or omission, representation or covenants related to the formation of the REIT and the sale or transfer of assets or holdco or SPV to the REIT.

These regulations shall come into force on the date of their publication in the Official Gazette. For details: [https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-real-estate-investment-trusts-amendment-regulations-2022\\_64911.html](https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-real-estate-investment-trusts-amendment-regulations-2022_64911.html)

## **8. Securities and Exchange Board of India (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2022 (November 11, 2022)**

The SEBI vide e-gazette notification dated November 09, 2022 amended the SEBI (Infrastructure Investment Trusts), 2014. These Regulations shall come into force on January 1, 2023.

As per the amended Regulations, No InvIT shall undertake any activity under Chapter VIA which deals with Framework for Private Placement of units of InvITs which are not listed. Hence, No InvIT shall make a private placement of unlisted shares.

In regulation 26F, (a) the provision of regulation 26F shall be numbered as sub -regulation (1); and after sub- regulation (1), the following shall be inserted, namely -

“Notwithstanding anything contained in these regulations, the Board may grant any exemptions to the InvITs which have issued units in terms of the provisions of this Chapter, from these regulations, for the purpose of facilitating listing the units of such InvITs on a recognized stock exchange having nationwide trading terminals.”

For details: [https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-infrastructure-investment-trusts-second-amendment-regulations-2022\\_64909.html](https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-infrastructure-investment-trusts-second-amendment-regulations-2022_64909.html)

## Lesson 4

### Indian Equity- Private Funding

**1. Guidelines for Large Value Fund for Accredited Investors under SEBI (Alternative Investment Funds) Regulations, 2012 and Requirement of Compliance Officer for Managers of all AIFs (Circular No. SEBI/HO/AFD/RAC/CIR/2022/088 dated June 24, 2022)**

#### **Background**

Pursuant to introduction of framework for “Accredited Investors” in the securities market, SEBI (Alternative Investment Funds) Regulations, 2012 (‘AIF Regulations’) have been amended to provide certain relaxations from regulatory requirements to ‘Large Value Fund for Accredited Investors’ (LVF).

#### **Brief of the Circular**

In terms of proviso to Regulation 12 of AIF Regulations, LVFs are exempt from filing their placement memorandum with SEBI through Merchant Banker and incorporate comments of SEBI, if any, in their placement memorandum i.e. LVFs can launch their scheme under intimation to SEBI.

While filing the placement memorandum for LVF schemes with SEBI, a duly signed and stamped undertaking by CEO of the Manager to the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager to the AIF shall be submitted in the format as mentioned at Annexure A to this circular.

Further, all AIFs shall ensure that Manager to AIF designates an employee or director as Compliance Officer who shall be a person other than CEO of the Manager (or such equivalent role or position depending on the legal structure of Manager). The compliance officer shall be responsible for monitoring compliance with the provisions of the SEBI Act, AIF Regulations and circulars issued thereunder.

For details: [https://www.sebi.gov.in/legal/circulars/jun-2022/guidelines-for-large-value-fund-for-accredited-investors-under-sebi-alternative-investment-funds-regulations-2012-and-requirement-of-compliance-officer-for-managers-of-all-aifs\\_60104.html](https://www.sebi.gov.in/legal/circulars/jun-2022/guidelines-for-large-value-fund-for-accredited-investors-under-sebi-alternative-investment-funds-regulations-2012-and-requirement-of-compliance-officer-for-managers-of-all-aifs_60104.html)

**2. SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2022 (July 25, 2022)**

SEBI vide its notification dated July 25, 2022, has amended the provisions of SEBI (Alternative Investment Funds) Regulations, 2015, which shall come into force on the date of their publication in the Official Gazette.

Vide this notification SEBI has introduced the definition “social impact fund” and “social units”. Social impact fund means an Alternative Investment Fund which invests primarily in securities, units or partnership interest of social ventures or securities of social enterprises and which satisfies the social performance norms laid down by the fund.

Social units means units issued by a social impact fund or schemes of a social impact fund to investors who have agreed to receive only social returns or benefits and no financial returns against their contribution.

In regulation 10, which deals with Investment in Alternative Investment Fund, it is provided that the Alternative Investment Fund may raise funds from any investor whether Indian, foreign or non-resident Indians by way of issue of units. Provided that a social impact fund or schemes of a social impact fund may also issue social units. Each scheme of the Alternative Investment Fund shall have corpus of at least twenty crore rupees. Provided that each scheme of the social impact fund shall have a corpus of at least five crore rupees. [Insertion: Proviso to 10(a) and 10(b)].

In regulation 16, which deals with Conditions for Category I Alternative Investment Funds, in sub-regulation (4), clause (a) has been substituted with the following, namely,-

- (a) at least seventy-five percent of the investable funds shall be invested in unlisted securities or partnership interest of social ventures or in units of social ventures or in securities of social enterprises.

Provided that an existing social impact fund may invest the remaining investable funds in securities of not for profit organizations registered or listed on a social stock exchange with the prior consent of atleast 75% of the investors by value of their investment.

For details: [https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2022\\_61156.html](https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2022_61156.html)

### **3. Guidelines for overseas investment by Alternative Investment Funds (AIFs) / Venture Capital Funds (VCFs) (August 17, 2022)**

In terms of Regulation 12(ba) of erstwhile SEBI (Venture Capital Funds) Regulations 1996 and Regulation 15(1)(a) of SEBI (Alternative Investment Funds) Regulations, 2012, AIFs/VCFs may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and SEBI from time to time. SEBI vide this circular has issued Guidelines for overseas investment by AIFs /VCFs. It is specified that AIFs/VCFs shall file an application to SEBI for allocation of overseas investment limit in the format specified at Annexure A to this circular.

For details: <https://www.sebi.gov.in/legal/circulars/aug-2022/guidelines-for-overseas-investment-by-alternative-investment-funds-aifs-venture-capital-funds-vcfs-62020.html>

### **4. SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022 (Notification No SEBI/LAD-NRO/GN/2022/105 dated November 15, 2022)**

The SEBI vide notification dated 15th November, 2022 has issued the SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022 which shall come into force on the date of their publication in the Official Gazette. Vide this notifications, the new sub-regulation 16 has been inserted which provides that—

- the Manager and

- either the trustee or
- the trustee company or
- the Board of Directors or
- designated partners

of the Alternative Investment Fund, as the case may be, shall ensure that the assets and liabilities of each scheme of an Alternative Investment Fund are segregated and ring-fenced from other schemes of the Alternative Investment Fund; and bank accounts and securities accounts of each scheme are segregated and ring-fenced.

For details: [https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2022\\_65161.html](https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2022_65161.html)

## Lesson 11

### Non-Convertible Redeemable Preference Shares

**1. Operational Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitised Debt Instruments and/ or Commercial Paper (Circular No. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/0000000103 dated July 29, 2022)**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), prescribes the continuous disclosure requirements for issuers of listed Non-convertible Securities, Securitised Debt Instruments and Commercial Paper. Multiple circulars have been issued, over the years, covering the operational and procedural aspects thereof. For effective regulation of the corporate bond market and to enable the issuers and other market stakeholders to get access to all the applicable circulars at one place, this Operational Circular has been prepared.

This Operational Circular is a compilation of the relevant existing circulars, with consequent changes. Accordingly, the circulars listed at Annex - 1 stand superseded by this Operational Circular.

For details: [https://www.sebi.gov.in/legal/circulars/jul-2022/lodr-single-operational-circular-for-listing-obligations-and-disclosure-requirements-for-non-convertible-securities-securitized-debt-instruments-and-or-commercial-paper\\_61345.html](https://www.sebi.gov.in/legal/circulars/jul-2022/lodr-single-operational-circular-for-listing-obligations-and-disclosure-requirements-for-non-convertible-securities-securitized-debt-instruments-and-or-commercial-paper_61345.html)

**2. SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2022 (Notification No. SEBI/LAD-NRO/GN/2022/102 dated November 09, 2022)**

The SEBI on November 09, 2022 has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2022 which shall come into force on the date of their publication in the Official Gazette. Vide this notification SEBI has prescribed a framework for entities operating/ desirous of operating as Online Bond Platforms (OBPs) under regulation 51A of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

For details: [https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-second-amendment-regulations-2022\\_64912.html](https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-second-amendment-regulations-2022_64912.html)

**3. Review of timelines for listing of securities issued on Private Placement basis (Circular No. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/167 dated November 30, 2022)**

In order to bring about clarity and standardization in the process of issuance and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts and Municipal Debt Securities, on private placement basis, a list of the steps involved, pre-listing and post-listing, and relevant timelines have been detailed, both through Electronic Book Provider (EBP)

platform and otherwise. Further, to bring about efficacy in the listing process and to expedite the availability of securities for trading by the investors, the timeline for listing is being reduced from T+4 to T+3 days (wherein T refers to issue closure date).

Additionally, in terms of Regulation 6 of the SEBI (Issue and listing of Non- convertible Securities) Regulations, 2021 and Regulation 4A of the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, timelines for making an application for in-principle approval to the stock exchange where the issuer intends to list its securities and/ or receipt of in-principle approval from the stock exchange(s), are being incorporated. Accordingly, the extant Chapter VII (Standardization of timelines for listing of securities issued on a private placement basis) of the aforementioned Operational Circular is being replaced with a revised Chapter, as enclosed herewith, Annex – A.

The provisions of this circular shall come into effect from January 1, 2023.

For details: <https://www.sebi.gov.in/legal/circulars/nov-2022/review-of-timelines-for-listing-of-securities-issued-on-private-placement-basis-chapter-vii-of-the-operational-circular-issued-under-sebi-issue-and-listing-of-non-convertible-securities-regulation-65659.html>

## Lesson 13

### Listing-Indian Stock Exchanges

#### 1. **SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2022** **(Notification No. SEBI/LAD-NRO/GN/2022/88 dated July 25, 2022)**

SEBI vide its notification dated July 25, 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.

Vide this notification SEBI has inserted “Zero Coupon Zero Principal Instruments” in the definition of Designated Securities and notified a new chapter IX-A which deals with obligations of social enterprises.

#### **Applicability:**

The provisions of this Chapter IX-A shall apply to a “For Profit Social Enterprise” whose designated securities are listed on the applicable segment of the Stock Exchange(s) and a “Not for Profit Organizations” that is registered on the Social Stock Exchange(s).

#### **Disclosures by a For Profit Social Enterprise and Not for Profit Organization:**

A For Profit Social Enterprise whose designated securities are listed on the Stock Exchange(s) shall comply with the disclosure requirements contained in these regulations with respect to issuers whose specified securities are listed on the Main Board or the SME Exchange or the Innovators Growth Platform, as the case may be.

A Not for Profit Organization registered on the Social Stock Exchange(s), including a Not for Profit Organization whose designated securities are listed on the Social Stock Exchange(s), shall be required to make annual disclosures to the Social Stock Exchange on matters specified by the SEBI, within 60 days from the end of the financial year or within such period as may be specified by the SEBI.

#### **Intimations and disclosures by Social Enterprise of events or information to Social Stock Exchange(s) or Stock Exchange(s):**

- A Social Enterprise whose designated securities are listed on the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, shall frame a policy for determination of materiality, duly approved by its board or management, as the case may be, which shall be disclosed on the Social Stock Exchange(s) or the Stock Exchange(s).
- The board and management of the Social Enterprise shall authorize one or more of its Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, under this regulation and the contact details of such personnel shall also be disclosed to the Social Stock Exchange(s) or the Stock Exchange(s).



- A Social Enterprise whose designated securities are listed on the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, shall disclose to the Social Stock Exchange(s) or the Stock Exchange(s) where it is registered or has listed its specified securities, as the case may be, any event that may have a material impact on the planned achievement of outputs or outcomes.
- The disclosure shall be made as soon as reasonably possible but not later than seven days or within such period as may be specified by the Board, from the occurrence of the event and shall comprise details of the event including the potential impact of the event and the steps being taken by the Social Enterprise to address the same.
- The Social Enterprise shall provide updates on a regular basis along with relevant explanations in respect of the disclosures required in sub-regulation (3) till the time the concerned event remains material.
- The Social Enterprise shall provide specific and adequate reply to all queries raised by the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, with respect to any events or information. However, the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, shall disseminate the information and clarification as soon as reasonably practicable.
- The Social Enterprise may suo moto confirm or deny any reported event or information to Social Stock Exchange(s) or the Stock Exchange(s), as the case may be.
- The Social Enterprise shall disclose on its website all such events or information which have been disclosed to the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, under this regulation.

**Disclosures by a Social Enterprise in respect of social impact:**

A Social Enterprise, which is either registered with or has raised funds through a Social Stock Exchange or a Stock Exchange, as the case may be, shall be required to submit an annual impact report to the Social Stock Exchange or the Stock Exchange in the format specified by the Board from time to time. The annual impact report shall be audited by a Social Audit Firm employing Social Auditor. The Social Stock Exchange(s) may specify parameters, in addition to those specified by the Board, which shall be required to be disclosed by a Social Enterprise on an annual basis.

**Statement of utilisation of funds:**

A listed Not for Profit Organization shall submit to the Social Stock Exchange(s) the following statement in respect of utilisation of the funds raised, on a quarterly basis:-

- (a) category-wise amount of monies raised;
- (b) category-wise amount of monies utilised;
- (c) balance amount remaining unutilised.

The unutilised amount shall be kept in a separate bank account and shall not be co-mingled with other funds. The statement required shall be given till the time the issue proceeds have been fully utilised or the purpose for which they were raised, has been achieved.

For details: [https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fifth-amendment-regulations-2022\\_61169.html](https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fifth-amendment-regulations-2022_61169.html)

**2. SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2022 (Notification No. SEBI/LAD-NRO/GN/2022/103 dated November 14, 2022)**

The SEBI on November 14, 2022, notified the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2022 which shall come into force on the date of their publication in the Official Gazette.

The following amendments have been made under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: –

(1) In Regulation 25 pertaining to “Obligations with respect to Independent Directors”, in sub-regulation (2A), the following provisos have been inserted, namely, -

“Provided that where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made under sub-regulation (2A):

Provided further that an independent director appointed under the first proviso shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.”

(2) In Regulation 32, in sub-regulation (6) and in sub-regulation (7), the words “public or rights issue” have been substituted with the words “public issue or rights issue or preferential issue or qualified institutions placement”.

According to the amendment in Regulation 32, listed entities are mandated to submit a quarterly statement of deviation(s) or variation(s) to stock exchanges indicating if they have deviated or varied in using the proceeds from issue of the object stated for the issue, till the complete use of fund from proceed. Earlier to the amendment this statement had to be submitted for public, rights and preferential issues. With the amendment, SEBI had broadened the scope of disclosure and submission of such statement even in funds raised from Qualified Institutional Placements.

For details: [https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-sixth-amendment-regulations-2022\\_65048.html](https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-sixth-amendment-regulations-2022_65048.html)

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