

## **Supplement**

### **Guidance for December 2020 Examinations**

#### **CORPORATE FUNDING & LISTINGS IN STOCK EXCHANGES**

#### **PROFESSIONAL PROGRAMME, NEW SYLLABUS**

### **Lesson 1**

#### **Indian Equity – Public Funding**

##### **Relaxations in respect of the timelines for activities of the Depository Participants ("DPs"), RTAs, Issuers, KYC Registration Agencies ("KRAs"), Stock Brokers.**

Vide a Circular dated April 16, 2020, SEBI has provided for certain relaxations in the timelines of some compliance requirements relating to DPs, RTAs, issuers, KRAs, and stock brokers. The Circular prescribes that the time period between March 23, 2020 and May 17, 2020, would now be excluded while computing timelines for the following activities:

- Processing of the dematerialisation request form; and
- Uploading the Know Your Client ("KYC") application form and other relevant and supporting documents on the system of the KRAs.

Further, a period of 15 days from May 17, 2020, has also been granted to SEBI intermediaries so as to clear their backlog.

#### **Primary Markets**

##### ***Rights Issue***

Securities and Exchange Board of India (SEBI) has issued circular No. SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 regarding Streamlining the Process of Rights Issue by amending SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

This circular shall be applicable for all rights issues and fast track rights issue where Letter of Offer (LoF) is filed with the stock exchanges on or after February 14, 2020.

The Securities and Exchange Board of India (SEBI), has simplified the rights issue process to make it more efficient and effective, by amending the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"). Accordingly, following changes are made with respect to the Rights Issue process :

1.1. The period for advance notice to stock exchange(s) under Regulation 42(2) of LODR Regulations has been reduced from at least 7 working days to at least 3 working days (excluding the date of intimation and the record date), for the purpose of rights issue.

1.2. Issuance of newspaper advertisement disclosing date of completion of dispatch and intimation of same to the stock exchanges for dissemination on their websites, as per Regulation 84 (1) of ICDR Regulations, shall be completed by the issuer at least 2 days before the date of opening of the issue.

1.3. Introduction of dematerialized Rights Entitlements (REs) –

1.3.1. In the letter of offer and the abridged letter of offer, the issuer shall disclose the process of credit of REs in the demat account and renunciation thereof.

1.3.2. REs shall be credited to the demat account of eligible shareholders in dematerialized form. 1.3.3. In REs process, the REs with a separate ISIN shall be credited to the demat account of the shareholders before the date of opening of the issue, against the shares held by them as on the record date.

1.3.4. Physical shareholders shall be required to provide their demat account details to Issuer / Registrar to the Issue for credit of REs not later than two working days prior to the issue closing date, such that credit of REs in their demat account takes place at least one day before the issue closing date.

1.4. Trading of dematerialized REs on stock exchange platform –

1.4.1. REs shall be traded on secondary market platform of Stock exchanges, with T+2 rolling settlement, similar to the equity shares. Trading in REs on the secondary market platform of stock exchanges shall commence along with the opening of the issue and shall be closed at least four days prior to the closure of the rights issue.

1.4.2. Investors holding REs in dematerialized mode shall be able to renounce their entitlements by trading on stock exchange platform or off-market transfer. Such trades will be settled by transferring dematerialized REs through depository mechanism, in the same manner as done for all other types of securities.

1.5. Payment mode - Application for a rights issue shall be made only through ASBA facility.

1.6. No withdrawal of application shall be permitted by any shareholder after the issue closing date. 2. The detailed procedures on the Rights Issue process are given at Annexure I for due compliance.

3. This circular shall be applicable for all rights issues and fast track rights issue where Letter of Offer (LoF) is filed with the stock exchanges on or after February 14, 2020.

4. All entities involved in the Rights Issue process are advised to take necessary steps to ensure compliance with this circular including the procedures stated at Annexure I of this circular.

5. This circular is being issued in exercise of the powers under section 11 read with section 11A of the Securities and Exchange Board of India Act, 1992.

For more details please refer: SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)) under the categories “Legal Framework / Circulars”.

### **Additional relaxations in relation to the SEBI listing regulations**

Vide Circulars dated April 17, 2020, and April 23, 2020, SEBI has issued further relaxations and clarifications in respect of certain compliances, required under SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) to the listed entities. The key features of the Circular dated April 17, 2020 have been outlined herein:

- Minimum prior intimation to stock exchanges under Regulation 29, LODR of a minimum of 5 days for a board meeting where financial results are to be considered, has now been reduced to 2 days (whether or not working days) for board meetings that would be held until July 31, 2020;
- Delay by listed companies in informing stock exchanges, beyond the stipulated time period of 2 days from receipt of information, regarding loss of share certificates and issue of duplicate certificates would now not attract specified penal provisions for intimations that were made between March 1, 2020 and May 31, 2020;
- Digital signature certifications can/may be used for authentication of any filing and, or submissions made to the stock exchanges under the LODR till June 30, 2020;
- Entities consisting of listed non-convertible debentures and/or non-convertible redeemable preference shares shall be exempted from requirement of publishing advertisements in newspapers relating to its half yearly and annual financial results under Regulation 52(8), LODR until May 15, 2020.

Further, in the Circular dated April 23, 2020, SEBI also relaxed the requirements of holding annual general meeting (“AGM”) by the top 100 listed entities (in terms of market capitalization) while allowing such companies, whose financial year (“FY”) ended on December 31, 2019, to hold its AGM within a period of 9 months (earlier 5 months) from the closure of the FY i.e. up to September 30, 2020.

For more details, you may access SEBI website : <https://www.sebi.gov.in/>

### **Relaxations with respect to a Rights Issue**

SEBI, vide its Circular dated April 21, 2020, introduced temporary relaxations for companies undertaking a Rights issue. Relaxations granted are in respect of: (i) minimum subscriptions; (ii) minimum threshold for filing the draft letter of offer with SEBI; and (iii) the eligibility conditions for companies undertaking a fast track rights issue.

These relaxations would be applicable for rights issue that may open on or before March 31, 2021. In terms of the above noted Circular, companies undertaking a Rights issue, the criteria for the minimum subscription has now been reduced to 75% from the earlier existing requirement of 90%. Furthermore, the companies would not be required to file a draft letter of offer with SEBI (as is/was required), if the issue size for a Rights issue is up to INR 25 crore, in contrast to the existing minimum threshold of INR 10 crore.

The SEBI Circular also offers the following additional relaxations to the eligibility requirements for a company undertaking a fast track rights issue:

- The period of: (a) having the equity shares listed on stock exchange; (b) having complied with either the listing agreement or the requirements in accordance with the LODR immediately preceding the reference date; and (c) the equity shares not being suspended from trading of the equity shares as a disciplinary measure immediately preceding the reference date; now stands reduced to 18 months, which was previously 3 years;
- The minimum average market capitalization of public shareholding of the issuer has now been reduced to INR 100 crore, previously 250 crore;
- In cases of show cause notices, excluding the ones required under adjudication proceedings, issued by SEBI against the issuer/ promoters / whole-time directors as on the reference date such issuers would now be eligible to apply in fast track Rights issue. Furthermore, adequate disclosures with regards to: (a) show cause notices issued by SEBI in adjudication proceedings; and (b) prosecution proceedings initiated by SEBI, against the issuer, promoters, directors or group companies, are required to be made in the letter of offer along with due consideration to its potential impact on the issuer;
- The issuers, promoters, promoter groups or the directors who have fulfilled the settlement terms or have adhered to the directions of the settlement order issued by SEBI through consent or settlement mechanism, would now be eligible to participate; and
- Where financial statements of the issuers, as disclosed in the letter of offer, consists of any/all audit qualifications, such issuer may now include the restated financial statements in the letter of offer, while adjusting the impact of these audit qualifications. Further, where the impact of such audit qualifications cannot be clearly ascertained, the same would now have to be disclosed appropriately in the letter of offer.

For more details, you may access SEBI website: <https://www.sebi.gov.in/>

### **One-time relaxations relating to the validity of SEBI observations in case of a Public Issue and a Rights Issue**

Vide a Circular dated April 21, 2020, SEBI decided to extend the validity of SEBI observations on all public issues/ rights issues by a period of 6 months from the date of expiry for issuers whose observation has expired or will expire between March 1, 2020 to September 30, 2020. Currently, a public issue / rights issue may/can be opened within a span of 12 months from the date of issuance of observations by SEBI. This is permitted provided an undertaking from a lead manager of the issue confirming compliance with Schedule XVI, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, while submitting its updated offer document with SEBI.

Further, an issuer, whose offer document is pending receipt of SEBI observation, would also be permitted to increase or decrease the fresh issue size of the estimated issue size to up to

50% (present limit 20%) without requiring to file a fresh draft offer document with SEBI. The relaxation would be applicable for all offer documents pending receipt of SEBI observations till December 31, 2020.

For more details, you may access SEBI website: <https://www.sebi.gov.in/>

### **SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2020**

On 16 June 2020, SEBI issued the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2020 which came into force from 16 June 2020. The amendment has been made to sub-clause (3) in Regulation 172 (Eligibility conditions for qualified institutions placement (QIP)) wherein the issuer shall not make any subsequent QIP until the expiry of two weeks (prior to the amendment, this time period was until the expiry of six months) from the date of the prior QIP made pursuant to one or more special resolutions.

For more details, please refer SEBI website: <https://www.sebi.gov.in/>

### **Securities and Exchange Board of India (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2020**

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- a. de-classification of the status of a sponsor(s) of an Infrastructure Investment Trusts (InvIT) whose units have been listed on the stock exchanges for a period of three years shall be permitted upon receipt of an application from the InvIT and subject to compliance with the following conditions:
  - i. The unit holding of such sponsor and its associates taken together does not exceed 10% of the outstanding units of the InvIT;
  - ii. The investment manager of the InvIT is not an entity controlled by such sponsor or its associates;
  - iii. Approval of unit holders has been obtained in accordance with sub-regulation 4 of Regulation 22 (related to rights and meetings of unit holders).
- b. No person, other than sponsor(s), its related parties and its associates, shall acquire units of an InvIT which taken together with units held by such person and by persons acting in concert with such person in such InvIT, exceeds 25% of the value of outstanding InvIT units unless approval from 75% of the unit holders by value excluding the value of units held by parties related to the transaction, is obtained. Provided that if the required approval is not received, the person acquiring the units shall provide an exit option to the dissenting unit holders to the extent and in the manner as may be specified by the Board.

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  - ii. The investment manager of the InvIT is not an entity controlled by such sponsor or its associates;
  - iii. Approval of unit holders has been obtained in accordance with sub-regulation 4 of Regulation 22 (related to rights and meetings of unit holders).
- b. No person, other than sponsor(s), its related parties and its associates, shall acquire units of an InvIT which taken together with units held by such person and by persons acting in concert with such person in such InvIT, exceeds 25% of the value of outstanding InvIT units unless approval from 75% of the unit holders by value excluding the value of units held by parties related to the transaction, is obtained. Provided that if the required approval is not received, the person acquiring the units shall provide an exit option to the dissenting unit holders to the extent and in the manner as may be specified by the Board.

For details, please refer: [https://www.sebi.gov.in/legal/regulations/jun-2020/securities-and-exchange-board-of-india-infrastructure-investment-trusts-second-amendment-regulations-2020\\_46886.html](https://www.sebi.gov.in/legal/regulations/jun-2020/securities-and-exchange-board-of-india-infrastructure-investment-trusts-second-amendment-regulations-2020_46886.html)

### **Framework for Regulatory Sandbox**

On 5 June 2020, the Securities and Exchange Board of India (“SEBI”) introduced a framework for “Regulatory Sandbox”. Under this sandbox framework, entities regulated by SEBI shall be granted certain facilities and flexibilities to experiment with financial technologies (“FinTech”) solutions in a live environment and on limited set of real customers for a limited time frame. These features shall be fortified with necessary safeguards for investor protection and risk mitigation

SEBI believes that encouraging adoption and usage of FinTech can act as an instrument to further develop and maintain an efficient, fair and transparent securities market ecosystem. Towards this end, SEBI on 20 May 2019, stipulated a framework for an industry-wide Innovation Sandbox, whereby FinTech startups and entities not regulated by SEBI were permitted to use the Innovation Sandbox for offline testing of their proposed solution.

The framework for “Regulatory Sandbox” as issued by SEBI provides for the following aspects:

- a. Applicability,
- b. Eligibility criteria for the project,
- c. Application and approval process,
- d. Evaluation criteria,
- e. Regulatory exemptions,
- f. Submission of test related information and reports,

- g. Obligations of the applicant towards the user,
- h. Extending or exiting the Sandbox,
- i. Revocation of the approval, and
- j. Regulatory Sandbox Application Form

### **Lesson 3**

#### **Infrastructure Investment Trusts**

##### **Credit Rating Agencies**

In a move to further strengthen the credit rating process, market regulator SEBI directed credit rating agencies (CRAs) to downgrade an instrument to 'non-investment grade with issuer not cooperating (INC) status', if all outstanding ratings of the issuer remain non-cooperative for more than six months.

If non-cooperation by the issuer continues for a further six months from the date of downgrade to non-investment grade, no CRA should assign any new ratings to such issuer, until the company resumes cooperation or the rating is withdrawn, SEBI further said.

SEBI has also relaxed the norms for CRAs to withdraw from an issue, which has multiple ratings. The rating agency is allowed to withdraw if it has rated an instrument for three years continuously or for 50 per cent of the tenure of the instrument, whichever is longer, said SEBI.

Additionally, the CRA must have received a no-objection certificate from 75 per cent of the bondholders of the outstanding debt for withdrawal of rating. The CRA must also have received an undertaking from the issuer that another rating is available on that instrument, SEBI said.

Further, at the time of withdrawal, the CRA should assign a rating to such instrument and issue a press release in the prescribed format mentioning the reason for withdrawal of rating.

Earlier, SEBI had tightened the norms from CRAs to exit from the issue based on lack of information provided by the issuer. If the company stops cooperating with the CRA and does not provide information, the CRA must continue to publish a rating accompanied with the statement, 'issuer did not cooperate, based on best available information'.

##### **Relaxations in respect of the timelines for activities of the Depository Participants ("DPs"), RTAs, Issuers, KYC Registration Agencies ("KRAs"), Stock Brokers.**

Vide a Circular dated April 16, 2020, SEBI has provided for certain relaxations in the timelines of some compliance requirements relating to DPs, RTAs, issuers, KRAs, and stock brokers. The Circular prescribes that the time period between March 23, 2020 and May 17, 2020, would now be excluded while computing timelines for the following activities:

- Processing of the dematerialisation request form; and
- Uploading the Know Your Client ("KYC") application form and other relevant and supporting documents on the system of the KRAs.

Further, a period of 15 days from May 17, 2020, has also been granted to SEBI intermediaries so as to clear their backlog.

### **Reduced burden on registrars to issue and share transfer agents ("RTAs")**

In its Circular dated April 13, 2020, SEBI extended the time period for completion of certain activities that were required to be carried out by the RTAs holding category I or II, SEBI registration or issuer companies, within 21 days, in addition to the prescribed time period. Such activities include: process of re-materialisation and/or transmission request, processing of issuance of duplicate share certificates, processing of requests for deletion/change in name etc., handling investor grievances/SCORES complaints, audit and compliance reports, and other similar necessities.

### **Reduction in compliance burden on trading members / clearing members**

Vide its [Circular](#) dated April 16, 2020, SEBI has extended the due dates as follows for the herein mentioned regulatory filings and compliances required by the trading members and clearing members:

- May 17, 2020: penalty for non/short collection of upfront margins in cash settlements and maintaining call recordings of orders / instructions received from the concerned clients;
- May 31, 2020: client funding reporting and artificial intelligence and machine learning application reporting;
- June 30, 2020: compliance certificates for margin trading for the capital market segment, risk based supervision, internal audit report for half year (ending March 31, 2020), net worth certificate in margin trading for capital markets segment for half year (ending March 31, 2020), and net worth certificate for all members for half year (ending March, 2020); and
- July 31, 2020: system audit report.



Additionally, by another [Circular](#) dated April 21, 2020, SEBI provided the following extended relaxations for certain compliance requirements of trading members and clearing members:

- Delay in submission of the herein below mentioned reports would not attract any penal provisions until May 17, 2020: (a) submissions towards weekly monitoring of client funds under the provisions of enhanced supervision; (b) submissions of monthly basis data towards clients' and fund balance under the provisions of enhanced supervision; and (c) daily margin trading reports.
- The date for the following compliances have also been extended by 1 month from their existing due dates: (a) updates in income tax permanent account number of key managerial personnel, and or directors; and (b) issuance of annual global statement for clients.

For more details, you may access SEBI website: <https://www.sebi.gov.in/>

## **Lesson 4**

### **Indian Equity Private Funding**

#### **Capital Market Investment Institutions**

The Union Cabinet, chaired by the Prime Minister has approved the proposal of Securities & Exchange Board of India (SEBI) to sign an updated Alternative Investment Fund Managers Directive (AIFMD) MoU signed between SEBI and Financial Conduct Authority (FCA), UK, pursuant to UK's exit from the European Union on 31st January 2020.

#### **Major Impact: impact**

The UK exited the EU on 31st January 2020. FCA, UK had submitted to SEBI that no transitional measures would be available if the amended MoU is not signed before the date when the UK exits the European Union (Brexit), and requested SEBI to sign an updated MoU as early as possible. As such, the proposal is not expected or intended to have any effect on employment in India.

What is the Alternative Investment Fund Managers Directive?

- The Alternative Investment Fund Managers Directive (AIFMD) is a European Union (EU) regulation that applies to hedge funds, private equity funds, and real estate funds.
- The AIFMD sets standards for marketing around raising private capital, remuneration policies, risk monitoring, and reporting, and overall accountability.
- The AIFMD is part of an increased push for investor protections that the EU undertook just prior to the 2007-08 financial crisis.

**International collaboration:** SEBI is also a signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information. (MMoU).

- The International Organization of Securities Commissions (IOSCO) is the worldwide association of national securities regulatory commissions, such as the Securities and Exchange Commission in the United States, the Financial Services Authority in the United Kingdom, and about 100 other similar bodies.

Significance: the existence of such cooperation agreements between EU and non- EU authorities is a precondition for allowing greater market access and cross border functioning of the AIF business.

- These MoUs would thus enable Indian fund managers to manage or market AIFs in the EU region and the EU fund managers to manage or market AIFs in India.

### **Investment by the sponsor or asset management company in the scheme**

In terms of the SEBI (Mutual Funds) (Amendment) Regulations, 2020, the sponsor or asset management company is required to invest not less than 1% of the amount which would be raised in the new fund offer or fifty lakh rupees, whichever is less in such option of the scheme, as may be specified by the Board.

In this regard, on 12 June 2020, SEBI decided that the above referred investment shall be made in growth option of the scheme. For such schemes where growth option is not available the investment shall be made in the dividend reinvestment option of the scheme. Further, for such schemes where growth option as well as dividend reinvestment options, are not available the investment shall be made in the dividend option of the scheme. This Circular shall come into force with immediate effect.

For more details, you may kind access: [https://www.sebi.gov.in/legal/regulations/mar-2020/sebi-mutual-funds-amendment-regulations-2020\\_46259.html](https://www.sebi.gov.in/legal/regulations/mar-2020/sebi-mutual-funds-amendment-regulations-2020_46259.html)

## **Clarifications on Disclosure Standards for Alternative Investment Funds (AIFs)**

On 12 June 2020, SEBI issued the following clarifications / amendments on the disclosure standards for AIFs:

- a. Audit of compliance with terms of the private placement memorandum (PPM) shall be conducted at the end of each Financial Year and the findings of audit along with corrective steps, if any, shall be communicated to the Trustee or Board or Designated Partners of the AIF, Board of the Manager and SEBI, within 6 months from the end of the Financial Year.
- b. The requirement of audit of compliance with terms of the PPM shall not apply to AIFs which have not raised any funds from their However, such AIFs shall submit a certificate from a Chartered Accountant to the effect that no funds have been raised, within 6 months from the end of the Financial Year.
- c. For the Financial Year 2019-20, the above requirements shall be fulfilled on or before 31 December 2020.
- d. Any association of AIFs, which in terms of membership, represents at least 33% of the number of AIFs, may notify one or more Benchmarking Agencies, with whom each AIF shall enter into an agreement for carrying out the benchmarking process.
- e. In light of market events due to the COVID-19 pandemic, the timeline for making available the first industry benchmark and AIF level performance versus Benchmark Reports, is extended till 1 October 2020.

For more details, you may kindly access: <https://www.sebi.gov.in/legal/circulars/jun-2020/clarifications-with-respect-to-circular-dated-february-05-2020-on-disclosure-standards-for-alternative-investment-fund>

## **Lesson 5**

### **Debt Funding- Indian Non Fund Based**

#### **Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2020**

On 15 June 2020, the Reserve Bank of India (“**RBI**”) issued the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2020 thereby amending certain provisions of the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019. The amendments which come into effect from 15 June 2020 are as follows:

- a. In Schedule II (Investments by Foreign Portfolio Investors) - The amount of consideration shall be paid as inward remittance from abroad through banking

channels or out of funds held in a foreign currency account and/ or a Special Non-Resident Rupee (SNRR) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. Further, unless otherwise specified, the foreign currency account and SNRR account shall be used only and exclusively for transactions under this Schedule.

Additionally, the sale proceeds (net of taxes) of equity instruments and units of REITs, InViTs and domestic mutual fund may be remitted outside India or credited to the foreign currency account or a SNRR account of the FPI.

- b. In Schedule VII (Investment by a Foreign Venture Capital Investor) - Unless otherwise specified, the foreign currency account and SNRR account shall be used only and exclusively for transactions under Schedule VII.
- c. In Schedule VIII (Investment by a person resident outside India in an Investment Vehicle) - The amount of consideration shall be paid as inward remittance from abroad through banking channels or by way of swap of shares of a Special Purpose Vehicle or out of funds held in NRE or FCNR(B) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. Further, for an FPI or FVCI, amount of consideration may be paid out of their SNRR account for trading in units of Investment Vehicle listed or to be listed (primary issuance) on the stock exchanges in India.

Additionally, the sale/ maturity proceeds (net of taxes) of the units may be remitted outside India or may be credited to the NRE or FCNR(B) or SNRR account, as applicable of the person concerned.

For more details, please refer:

[https://www.rbi.org.in/Scripts/BS\\_FemaNotifications.aspx?Id=11939](https://www.rbi.org.in/Scripts/BS_FemaNotifications.aspx?Id=11939)

## **Lesson 6**

### **Foreign Funding- Instruments & Institutions**

Markets regulator SEBI came out with a detailed framework for issuance of depository receipts (DRs), a move that will provide Indian companies increased access to foreign funds.

The new framework will give Indian companies increased access to foreign funds through American Depository Receipt (ADR)/ Global Depository Receipt (GDR). The liberalised norms for DRs were issued in 2014 but could not be implemented due to concerns raised by SEBI.

A depository receipt is a foreign currency denominated instrument, listed on an international exchange, issued by a foreign depository to a domestic custodian and includes global depository receipts (GDRs).

As per the circular, SEBI has issued detailed procedure that needs to be followed for issuance of DRs, besides eligibility criteria for listed companies and obligations of Indian as well as foreign depositories and domestic custodians.

The regulator said that only a listed company is allowed to issue permissible securities or their holders may transfer such securities for the issuance of DRs. However, such issue or transfer of permissible securities for the purpose of issue of DRs shall be subsequent to, the receipt of trading approval from the recognised stock exchange for the public offer.

For more details, you may access at: [https://www.sebi.gov.in/legal/circulars/oct-2019/framework-for-issue-of-depository-receipts\\_44609.html](https://www.sebi.gov.in/legal/circulars/oct-2019/framework-for-issue-of-depository-receipts_44609.html)

## **Lesson 10**

### **Other Borrowings Tools**

#### **Framework for Listing of Commercial Papers**

Leading stock exchanges BSE and NSE have come out with a framework for listing of commercial papers, a move aimed at broadening investors' participation in such securities.

Issuers can now apply for listing of commercial papers (CPs) issued on or after November 27, 2019, the exchanges said in two separate notices. This come after the capital markets regulator Securities and Exchange Board of India (Sebi) in October asked exchanges to put in place necessary framework for systems and procedures for listing of commercial papers.

Under the guidelines, issuer who desires to list its CPs needs to send an application for listing along with the specified disclosures to stock exchanges.

Companies, NBFCs, other entities with a network of at least Rs 100 crore and any other security specifically allowed by Reserve Bank of India (RBI) are eligible to list commercial papers.

For more details, you may access at: [https://www.sebi.gov.in/legal/circulars/oct-2019/framework-for-listing-of-commercial-paper\\_44715.html](https://www.sebi.gov.in/legal/circulars/oct-2019/framework-for-listing-of-commercial-paper_44715.html)

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