

EXECUTIVE PROGRAMME

UPDATES FOR CAPITAL MARKETS AND SECURITIES LAWS

**(Relevant for students appearing in December, 2018
Examination)**

MODULE 2- PAPER 6

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 December 2018 Examination shall note the following:

Students are also required to update themselves on all the relevant Notifications, Circulars, Clarifications, etc. issued by the SEBI, RBI & Central Government on or before six months prior to the date of the examination.

These Updates are to facilitate the students to acquaint themselves with the amendments in securities laws upto June, 2018, applicable for December, 2018 Examination. The students are advised to read the updated Study Material (October 2017 Edition) along with these Updates.

In the event of any doubt, students may write to the Institute for clarifications at academics@icsi.edu

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LESSON 3
CREDIT RATING & IPO GRADING

Page No 53

Promoter of Credit Rating Agency

Point (iv) replace with the following:

(iv) a foreign credit rating agency incorporated in a Financial Action Task Force (FATF) member jurisdiction and recognised under their law, having a minimum of five years' experience in rating securities.

Eligibility Criteria

Clause (c) replace with the following:

(c) the applicant has a minimum net worth of rupees twenty five crores;

After clause (k), the following clause shall be inserted, namely –

(l) the promoter of the credit rating agency, has a minimum shareholding of 26% in the credit rating agency.

Page No. 54

Conditions of Certificate

After the ending of the para, the following shall be inserted:

The credit rating agency shall at all times maintain a minimum net worth of rupees twenty five crore.

However, a credit rating agency already registered with SEBI, having a net worth less than rupees twenty five crores, shall, increase its net worth to the specified amount within a period of three years from the date of notification of the Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2018.

The promoter of the credit rating agency, shall maintain a minimum shareholding of 26% in the credit rating agency for a minimum period of three years from the date of grant of registration by SEBI. However, this clause shall not be applicable to a credit rating agency already registered with SEBI, at the commencement of Securities and Exchange Board of India (Credit Rating Agencies)(Amendment) Regulations, 2018.

A credit rating agency shall not carry out any activity other than the rating of securities offered by way of public or rights issue.

However, nothing in these regulations shall prohibit a credit rating agency from engaging in any other activity in so far as it may be required by a financial sector regulator as defined under section 3(18) of the Insolvency and Bankruptcy Code, 2016.

Further, if a credit rating agency is carrying out activities other than the activity required by a financial sector regulator, such activity shall be segregated to a separate entity within a period of two years from the date of notification of Securities and Exchange Board of India (Credit Rating Agencies)(Amendment) Regulations, 2018.

Page No. 57

Monitoring of rating

Para 1 Line 1 replace with following:

Every credit rating agency shall, during the lifetime of securities rated by it continuously monitor the rating of such securities, unless the rating is withdrawn, subject to the provisions of regulation 16(3).

Procedure for Review of Rating

The para shall be replaced with the following:

- Every credit rating agency shall carry out periodic reviews of all published ratings during the lifetime of the securities, unless the rating is withdrawn, subject to the provisions of regulation 16(3).
- If the client does not co-operate with the credit rating agency so as to enable the credit rating agency to comply with its obligations under these regulations, the credit rating agency shall carry out the review on the basis of the best available information or in the manner as specified by SEBI from time to time.
However, if owing to such lack of co-operation, a rating has been based on the best available information, the credit rating agency shall disclose to the investors the fact that the rating is so based.
- A credit rating agency shall not withdraw a rating so long as the obligations under the security rated by it are outstanding, except where the company whose security is rated is wound up or merged or amalgamated with another company, or as may be specified by SEBI from time to time.

Page No. 60

Insertion of the following:

Shareholding in a credit rating agency

- A credit rating agency shall not:
 - (a) directly or indirectly, hold 10 per cent or more shareholding and/ or voting rights in any other credit rating agency, or
 - (b) have representation on the Board of any other credit rating agency.

However, a credit rating agency may, with the prior approval of SEBI, acquire shares and/ or voting rights exceeding 10 per cent in any other credit rating agency only if such acquisition results in change in control in the credit rating agency whose shares are being acquired.

On the basis of the prior approval sought by the acquirer, SEBI may approve the acquisition in the interest of investors, market integrity and stability.

- A shareholder holding 10 per cent or more shares and/ or voting rights in a credit rating agency shall not hold 10 per cent or more shares and/ or voting rights, directly or indirectly, in any other credit rating agency.

However, the said restriction shall not apply to holdings by Pension Funds, Insurance Schemes and Mutual Fund Schemes.

LESSON 4
MARKET INFRASTRUCTURE INSTITUTIONS – STOCK EXCHANGE
TRADING MECHANISM

Page No. 80

**Broad Framework for Securities Lending and Borrowing- Bullet Point 5, 6, 7
(Replace with the following)**

- Any lender or borrower who wishes to extend an existing lent or borrow position shall be permitted to roll-over such positions i.e. a lender who is due to receive securities in the pay out of an SLB session, may extend the period of lending. Similarly, a borrower who has to return borrowed securities in the pay-in of an SLB session, may, through the same SLB session, extend the period of borrowing. The roll-over shall be conducted as part of the SLB session.
- The total duration of the contract after taking into account rollovers shall not exceed 12 months from the date of the original contract. It is clarified that multiple rollovers of a contract by the lender or borrower is permitted.
- Rollover shall not permit netting of counter positions, i.e. netting between the ‘borrowed’ and ‘lent’ positions of a client.

LESSON 5

DEBT MARKET

Page No. 114

SEBI (Issue and Listing of Debt Securities) Regulations, 2008

(Replace Definition of debt securities in Paragraph No. 2)

“**Debt securities**” means non-convertible debt securities which create or acknowledge indebtedness and includes debentures, bonds and such other securities of a body corporate or a Trust registered with SEBI as a Real Estate Investment Trust or an Infrastructure Investment Trust, or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the body corporate or not, but excludes bonds issued by Government or such other bodies as may be specified by SEBI, security receipts and securitized debt instruments.

Page No. 128

The title “SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008”, and Line 1 under this title shall be substituted with the following title, namely: “SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008.”

Page No. 133

Insertion of the following before the title Municipal Bond

Issuance and Listing of Security Receipts

Eligibility

An issuer proposing to issue and list security receipts or only list its already issued security receipts shall comply with the provisions of chapter VIIA of these regulations.

Security receipts proposed to be listed in terms of this chapter shall;

- i. be issued in compliance with the applicable rules and guidelines, as framed by the Reserve Bank of India, from time to time;
- ii. be issued on a private placement basis;
- iii. comply with the provisions pertaining to issue of security receipts.

Sale of security receipts by the existing holders

Any existing holder of security receipts, who proposes to sell, whole or part of, its holding of security receipts to the qualified buyers on private placement basis, where such security receipts are proposed to be listed, may do so, in accordance with the provisions of this Chapter.

However, such sale by any holder of security receipts shall be permitted only if the holding is not less than fifty percent of the outstanding security receipts.

A sale of security receipts by any existing holder of such security receipts under these regulations, shall be subject to the issuer compulsorily listing the security receipts before complying with the provisions of this chapter.

Conditions for Listing of Security Receipts

An issuer may list its security receipts on a recognized stock exchange subject to the following conditions:

- (a) the security receipts have been issued on a private placement basis;
- (b) the issuer has issued such security receipts in compliance with the applicable laws;
- (c) the offer or invitation to subscribe to security receipts shall be made to such number of persons not exceeding two hundred or such other number, in a financial year, as may be prescribed from time to time;
- (d) the security receipts proposed to be listed are in dematerialized form;
- (e) the disclosures as provided have been made in the offer document;
- (f) the minimum allotment made to the qualified buyers is Rs. 10 lakhs;
- (g) such security receipts have been valued prior to listing. However, such valuation shall not be more than three months old from the date of listing and shall be done by an independent valuer;
- (h) the security receipts have been rated by a credit rating agency registered with SEBI. However, such rating shall not be more than three months old from the date of listing.

The issuer shall comply with the conditions of listing of such security receipts as specified in the SEBI Listing Regulations, 2015.

Offer Document

- An issuer seeking listing of security receipts on a recognized stock exchange shall make such disclosures in the offer document as specified by the Reserve Bank of India from time to time, and as specified in Schedule VA of these regulations.
However, the offer document shall not contain any false or misleading statement and shall disclose all material facts.
- The offer document shall be made available for download on the web sites of stock exchanges where such securities are listed.
- In exercise of the powers conferred by sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, SEBI shall waive the strict enforcement of sub-rules (1) to (3) of the said rule in relation to listing of security receipts issued in terms of these regulations, subject to compliance with these regulations

Trading of security receipts

- The security receipts issued on a private placement basis, which are listed on recognised stock exchanges, shall be traded and such trades shall be cleared and settled in recognised stock exchanges subject to conditions specified by SEBI.
- The trading lot of the security receipts shall not be less than Rs 10 lakh.

- The trades of security receipts which have been made over the counter, shall be reported on a recognized stock exchange having a nation-wide trading terminal or such other platform as may be specified by SEBI.
- SEBI may specify conditions for reporting of trades on the recognized stock exchange or other platform.

LESSON 7 MUTUAL FUNDS

Page No. 179

Calculation of Net Asset Value (NAV) - Line no 7

Substitute the following in Line No.7:

After the word ‘and’ and before the symbol ‘.’ the words ‘public the same at least in two daily newspapers at intervals not exceeding one week’ shall be substituted with the words ‘disclosed in the manner specified by SEBI’.

Page No. 182

Insertion of the following after the point (g)

Norms for Shareholding and Governance in Mutual Funds

Regulation 7B provides that no sponsor of a mutual fund, its associate or group company including the asset management company of the fund, through the schemes of the mutual fund or otherwise, individually or collectively, directly or indirectly, have -

- (a) 10% or more of the share-holding or voting rights in the asset management company or the trustee company of any other mutual fund; or
 - (b) representation on the board of the asset management company or the trustee company of any other mutual fund.
- Any shareholder holding 10% or more of the share-holding or voting rights in the asset management company or the trustee company of a mutual fund, shall not have, directly or indirectly, -
 - (a) 10% or more of the share-holding or voting rights in the asset management company or the trustee company of any other mutual fund; or
 - (b) representation on the board of the asset management company or the trustee company of any other mutual fund.

Page No. 194

Investment Valuation Norms

Para 2, Line 3

After the word ‘and’ and before the symbol ‘.’ the words ‘public the same at least in two daily newspapers at intervals not exceeding one week’ shall be substituted with the words ‘disclosed in the manner specified by SEBI’.

Para 3, Line 3

The words “in the manner specified by SEBI” shall be inserted after the word “investors” and before the symbol “.”.

The words ‘In the case of open ended scheme, the mutual fund shall at least once in a week publish in a daily newspaper of all India circulation, the sale and repurchase price of the units.’ Shall be substituted with the words ‘The mutual fund shall provide the methodology of calculating the sale and repurchase price of units in the manner specified by SEBI.’

Page No. 195

General Obligations of the Mutual Funds

Para 2, Line 2

The word ‘mailed’ shall be substituted with the words ‘provided’.

Para 2 Line 3

After the words “relevant accounts year”, the words “in the manner specified by SEBI” shall be inserted.

The sentence ‘However, the scheme wise annual report or abridged summary thereof may be sent to investors in electronic form on their registered e-mail address in the manner specified by SEBI.’ Shall be omitted.

Para 2 Line 5

The word ‘mailed’ shall be substituted with the words ‘provided’.

Para 2 Line 7

After the words ‘Mutual fund.’ the sentence ‘The mutual fund shall provide physical copy of the abridged summary of the Annual Report without any cost, if a request through any mode is received from a unitholder.’ shall be inserted.

LESSON 8
ALTERNATIVE INVESTMENT FUND

Page No. 210

Investment in Angel Funds (Replace with the following)

- Angel funds shall only raise funds by way of issue of units to angel investors. An angel fund shall have a corpus of at least five crore rupees.
- Angel funds shall accept, up to a maximum period of five years, an investment of not less than twenty five lakh rupees from an angel investor.
- Angel fund shall raise funds through private placement by issue of information memorandum or placement memorandum, by whatever name called.

However, the provisions of the Companies Act, 2013 shall apply to the Angel Fund, if it is formed as a company.

LESSON 12

FOREIGN PORTFOLIO INVESTORS

Page No. 291

Eligibility Criteria

After point 2, sub -point 1

The following shall be inserted:

However, an applicant falling under Category I foreign portfolio investor, shall be considered as eligible for registration, if the applicant is a resident in a country as may be approved by the Government of India.

Page No. 292

Category II FPI includes

Bullet point 2

After the words 'portfolio managers' the words 'broker dealers and swap dealers' shall be inserted.

Explanation 2 Point (A)

After Point (A) the following proviso shall be inserted:

Further, if a foreign portfolio investor has a Bank, Sovereign Wealth Fund, Insurance/ Reinsurance company or a Pension Fund as its institutional investor, then such an applicant shall be deemed to be broad based subject to the condition that such institutional investor(s) shall, jointly or separately, hold more than fifty percent of the shares or units of the fund in the applicant fund at all times.

Provided also that in cases where broad based status is achieved on the basis of investor(s) of an underlying fund, then such underlying fund shall also be required to fulfil the extant eligibility requirements as specified for foreign portfolio investors from time to time by SEBI.

After Point (C), the following new point (D) shall be inserted:

(D) Exit of some investors from a broad based fund will not result in immediate loss of Category II status of such fund. Such fund may regain broad based status within a period of 90 days, failing which, the fund shall be appropriately recategorised.

Page No. 299

Obligations and Responsibilities of Foreign Portfolio Investors (FPIS)

After point 7 the following shall be inserted:

- be a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

- provide such declarations and undertakings as required by the designated depository participant; and

Point 9

The following shall be substituted with point 9:

- Provide any additional information or documents including beneficiary ownership details of their clients as may be required by the designated depository participant or SEBI or any other enforcement agency to ensure compliance with the Prevention of Money Laundering Act, 2002 and the rules and regulations prescribed thereunder, the Financial Action Task Force standards and circulars issued from time to time by SEBI.

Page No. 301

Obligations and Responsibilities of Designated Depository Participants (DDPs)

Bullet Point 4, sub-point- 4

- In sub point 4 the words ‘equity shares’ shall be substituted with the words ‘the securities’.
- The following shall be inserted after the sub-point 4:

Explanation - An encumbrance created to meet any statutory and regulatory requirements shall not be considered under this clause.

LESSON 14

REAL ESTATE INVESTMENT TRUSTS

Page No. 319

Definitions (Replace with the following)

“Real estate assets” means properties held by REIT, on a freehold or leasehold basis, whether directly or through a holdco and/or a special purpose vehicle.

“REIT assets” means real estate assets and any other assets held by the REIT, on a freehold or leasehold basis, whether directly or through a holdco and/or a special purpose vehicle.

“Related Party” shall be defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include:

- (i) parties to the REIT;
- (ii) promoters, directors and partners of the persons in clause (i).

Page No. 320

Definitions (Replace with the following)

“Valuer” means any person who is a “registered valuer” under section 247 of the Companies Act, 2013 or as specified by SEBI from time to time.

Registration of Real Estate Investment Trusts

Para 2 Line 2

The word “applicant” shall be substituted with the word “trust”.

Page No. 321

Eligibility Criteria (Replace with the following)

Line 1

The word “applicant” shall be substituted with the word “REIT”.

In Point (b), insertion of the following:

However, of the entities categorized as sponsor group, only the following entities may be considered:

- (a) a person or entity who is directly or indirectly holding an interest or shareholding in any of the assets or SPVs or holdcos proposed to be transferred to the REIT.
- (b) a person or entity who is directly or indirectly holding units of the REIT on post-issue basis.
- (c) a person or entity whose experience is being utilized by the sponsor for meeting with the eligibility conditions required under these regulations.

The sponsor(s), on a collective basis, have a net worth of not less than one hundred crore rupees. However, each sponsor has a net worth of not less than twenty crore rupees; and

The sponsor or its associate(s) has not less than five years experience in development of real estate or fund management in the real estate industry. However, where the sponsor is a developer, at least two projects of the sponsor have been completed.

Replace point (g), (h) & (i) with the following:

- (g) The applicant and parties to the REIT shall be fit and proper persons.
- (h) Whether any previous application for grant of certificate by the **REIT or the parties to the REIT or their directors/members of governing board** has been rejected by SEBI.
- (i) Whether any disciplinary action has been taken by SEBI or any other regulatory authority against the **REIT or the parties to the REIT or their directors/members of governing board** under any Act or regulations or circulars etc.

Page No. 321

Procedure for Grant of Certificate

Line 1

The word “applicant” shall be substituted with the word “trust”.

Page No. 322

Procedure where Registration is refused

Line 2

After the words ‘granted to the’ the word “applicant” shall be substituted with the word “trust”.

Issue and Allotment of Units

Point No. 2, Diagram Line 2 (Replace with following)

The value of the REIT assets all the assets owned by REIT is not less than five hundred crore rupees.

Issue and Allotment of Units point no. 23 (Replace with the following)

23. Units may be offered for sale to public:-

- a) If such units have been held by the existing unitholders for a period of at least one year prior to the filing of draft offer document with SEBI.

However, the holding period for the equity shares, **compulsorily convertible securities (from the date such securities are fully paid-up)** or partnership interest in the holdco and/or SPV against which such units have been received shall be considered for the purpose of calculation of one year period.

Further the compulsorily convertible securities, whose holding period has been included for the purpose of calculation for offer for sale, shall be converted to equity shares of the holdco or SPV, prior to filing of offer document.

- b) Subject to other circulars or guidelines as may be specified by SEBI in this regard.

Page No. 328

Investment Conditions and Distribution Policy

Bullet point 3 sub-point (a) & (b) (Replace with the following)

- (a) no other shareholder or partner of the SPV shall exercise any rights that prevents the REIT from complying with the provisions of these regulations and an agreement has been entered into with such shareholders or partners to that effect prior to investment in the SPV.

However, the shareholders' agreement or partnership agreement shall provide for an appropriate mechanism for resolution of disputes between the REIT and the other shareholders or partners in the SPV. Further, the provisions of these regulations shall prevail in case of inconsistencies between such agreement(s) and the obligations cast upon a REIT under these regulations.

- (b) the manager, in consultation with the trustee, shall appoint atleast such number of nominees on the board of directors or the governing board of such SPVs, as applicable, which are in proportion to the shareholding or holding interest of the REIT in the SPV.

Bullet point 4

After the word "subject", the word "to" shall be inserted.

Bullet point 4 sub-point (b) &(c) (Replace with the following)

- (b) no other shareholder or partner of the holdco or the SPV(s) shall exercise any rights that prevent the REIT, the holdco or the SPV(s) from complying with the provisions of these regulations and an agreement has been entered into with such shareholders or partners to that effect prior to investment in the holdco and/or SPVs.

However, the shareholders' agreement or partnership agreement shall provide for an appropriate mechanism for resolution of disputes between the REIT and the other shareholders or partners in the holdco and/or SPV.

Further, the provisions of these regulations shall prevail in case of inconsistencies between such agreement(s) and the obligations cast upon a REIT under these regulations.

- (c) the manager, in consultation with the Trustee, shall appoint atleast such number of nominees on the board of directors or the governing board of the holdco and/or the SPV, which are in proportion to the shareholding or holding interest of the REIT/holdco in the SPV.

Last Bullet point of the page (Replace with the following)

- Not less than eighty per cent. of value of the REIT assets shall be invested in completed and **rent and/or income** generating properties subject to the following,-
 - (a) If the investment has been made through a holdco and/or SPV, whether by way of equity or debtor equity linked instruments or partnership interest, only the

portion of direct investments in properties by such holdco and/or SPVs shall be considered under this sub-regulation.

- (b) If any project is implemented in stages, the part of the project which is completed and rent and/or income generating shall be considered under this sub-regulation and the remaining portion including any contiguous land.

Page No. 329

Bullet Point 6, Diagram –point (a)

After the word “properties,” the words “whether directly or through a company or LLP,” shall be inserted.

Bullet Point 6, Diagram –point (d) and insertion of new point (da)

(d) The words “which are” shall be inserted after the word “companies”.

(da) Unlisted equity shares of companies which derive not less than seventy five per cent. of their operating income from real estate activity as per the audited accounts of the previous financial year.

However, the investments, made through unlisted equity shares of a company, in under construction properties and/or completed and not rent generating properties, shall be in compliance with point (a) as mentioned above.

Page No 330

Bullet Point No. 2

After the words “51 % of the” and before the words “revenues of the REIT”, the word “consolidated” shall be inserted

Bullet Point No. 3 & 4 (Omitted)

- Not less than 75% of value of the REIT assets proportionately on a consolidated basis shall be rent generating.
- A REIT shall hold at least two projects, directly or through holdco and/or SPV, with not more than 60% of the value of the assets, proportionately on a consolidated basis, in one project.

Bullet Point No. 10 (Replace with the following)

- A REIT shall not undertake lending to any **person other than the holding company/special purpose vehicle(s) in which the REIT has invested in, subject to disclosures specified in Schedule IV.**

However, investment in debt securities shall not be considered as lending.

Page No. 331

Borrowings and Deferred Payments (New Bullet point added in addition to the existing bullet points)

- A REIT, whose units are listed on a recognized stock exchange, may issue debt securities in the manner specified by SEBI. However, such debt securities shall be listed on recognized stock exchange(s).

Page No. 332

Valuation of Assets – Bullet Point No. 10 (Omitted)

- Any valuation undertaken by any valuer shall abide by international valuation standards and valuation standards as may be specified by Institute of Chartered Accountants of India (ICAI) for valuation of real estate assets. In case of any conflict, standards specified by ICAI shall prevail.

LESSON 15 INFRASTRUCTURE INVESTMENT TRUSTS

Page No. 341

Definitions

Insertion of the following definition before the word 'PPP Project'

"Institutional investor" means -

- (i) a qualified institutional buyer; or
- (ii) family trust or systematically important NBFCs registered with Reserve Bank of India or intermediaries registered with SEBI, all with net-worth of more than five hundred crore rupees, as per the last audited financial statements.

Insertion

In the definition 'Project Implementation Agreement' the word 'and/or management' shall be inserted after the words 'project' and before the symbol '.

(Replace with the following)

'Strategic Investor' means,—

- (a) An infrastructure finance company registered with RBI as a NBFC;
- (b) A Scheduled Commercial Bank;
- (c) A multilateral and/or bilateral development financial institution;
- (d) A systemically important NBFCs registered with RBI; and
- (e) A foreign portfolio investors.

who invest, either jointly or severally, not less than 5% the total offer size of the InvIT or such amount as may be specified by SEBI from time to time subject to the compliance with the applicable provisions, if any, of the Foreign Exchange Management Act, 1999 and the rules or regulations or guidelines made thereunder.

Page No. 342

Deletion and Replace

The definition 'Value of the InvIT' shall be deleted.

The definition 'Value of InvIT Assets' shall be replaced with following:

'Value of the InvIT assets means value of the assets of the InvIT as assessed by the valuer based on value of the infrastructure and other assets owned by the InvIT, whether directly or through holdco and/or SPV.

Registration of Infrastructure Investment Trusts

Para 2 Line 2

The word 'trust' shall be substituted with the word 'applicant'.

Page No. 343

Eligibility Criteria

Para 1 Line1

The word 'trust' shall be substituted with the word 'applicant'.

Point (c) sub-point 6

In line 1 after the words 'governing board' the words 'of an Investment Manager' shall be inserted.

Point (d) Line 2

After the words 'sponsor' and before the words 'manager' the word 'investment' shall be inserted.

[Replace point (i) and (j) with the following]

- i) Whether any previous application for grant of certificate made by the **InvIT or the parties to the InvIT or their directors/members of governing board** has been rejected by the SEBI;
- j) Whether any disciplinary action has been taken by the SEBI or any other regulatory authority against the **InvIT or the parties to the InvIT or their directors/members of governing board** under any Act or the regulations or circulars or guidelines made thereunder.

Page No. 344

Procedure for Grant of Certificate

Para 1 & 2

The words 'applicant' or 'applicants' appearing therein shall be substituted with the word 'trust'.

Procedure where registration is refused

The word 'applicant' appearing for the first time shall be substituted with the word 'trust'.

Page No. 345

Issue of units and allotment (Replace with the following)

Point 1 sub-point 2

the value of InvIT assets is not less than rupees five hundred crore;

Point 3 sub-point b

For the words ‘qualified institutional buyers’ shall be substituted with the words ‘institutional investors’.

Point 3 sub point c

c. with minimum investment from any investor of rupees one crore;

Apart the above, if such an privately placed InvIT invests or proposes to invest not less than eighty per cent of the value of the InvIT assets, **in completed and revenue generating assets**, the minimum investment from an investor shall be rupees twenty five crore;

Point 3, new sub point f inserted

f. it shall file the final placement memorandum with SEBI within a period of ten working days from the date of listing of the units issued therein.

Page No. 346

Issue of units and allotment – First line of the page (Replace with the following line)

- If the InvIT raises funds by public issue –

Replace sub -point 5 with the following:

- the draft offer document filed with SEBI shall be made public, for comments, if any, by hosting it on the websites of the Board, designated stock exchanges, InvIT and merchant bankers associated with the issue, for a period of not less than twenty one days;

Replace sub-point 9 with the following:

- the draft offer document] and offer document shall be accompanied by a due diligence certificate signed by the lead merchant banker;

Page No. 346

Issue of units and allotment – (Replace with the following)

- units may be offered for sale to public,–
 - (i) if such units have been held by the sellers for a period of at least one year prior to the filing of draft offer document with SEBI.

However, the holding period for the equity shares, **compulsorily convertible securities (from the date such securities are fully paid-up)** or partnership interest in the holdco or SPV against which such units have been received shall be considered for the purpose of calculation of one year period;

Further the compulsorily convertible securities, whose holding period has been included for the purpose of calculation for offer for sale, shall be converted to equity shares of the holdco or SPV, prior to filing of offer document.

(ii) subject to other guidelines as may be specified by SEBI in this regard;

Page No. 350

Listing and Trading of Units- Point No. 2 (Replace with the following)

- With respect to listing of privately placed units,—
 - o its units shall be mandatorily listed on the designated stock exchange(s) within twelve working days from the date of allotment.

However, this sub-regulation shall not apply if the initial offer does not satisfy the minimum subscription amount or the minimum number of subscribers as prescribed in these regulations.
 - o trading lot for the purpose of trading of units on the designated stock exchange shall be five lakh rupees.

Apart the above, if an InvIT invests not less than eighty per cent of the value of the InvIT assets, **in completed and revenue generating assets**, the trading lot for the purpose of trading of units on the designated stock exchange of such InvIT shall be rupees two crore.

Page No. 352

Investment Conditions and Dividend Policy

Bullet point 3 sub-point (a) (Replace with the following)

- a. no other shareholder or partner of the SPV shall exercise any rights that prevents the InvIT from complying with the provisions of these regulations and an agreement has been entered into with such shareholders or partners to that effect prior to investment in the SPV.

However, the shareholders' agreement or partnership agreement shall provide for an appropriate mechanism for resolution of disputes between the InvIT and the other shareholders or partners in the holdco and/or the SPV.

Further, the provisions of these regulations shall prevail in case of inconsistencies between such agreement(s) and the obligations cast upon an InvIT under these regulations.

Bullet point 4 sub-point (b) (Replace with the following)

- b. other shareholder or partner of the holdco or the SPV(s) shall exercise any rights that prevent the InvIT, the HoldCo or the SPV(s) from complying with the provisions of these regulations and an agreement has been entered into with such shareholders or partners to that effect prior to investment in the holdco/SPV:

However, the shareholders' agreement or partnership agreement shall provide for an appropriate mechanism for resolution of disputes between the InvIT and the other shareholders or partners in the holdco and/or the SPV.

Further, the provisions of these regulations shall prevail in case of inconsistencies between such agreement(s) and the obligations cast upon an InvIT under these regulations.

Page No. 354

Borrowings and Deferred Payments (New Bullet point added in addition to the existing bullet points)

- An InvIT, whose units are listed on a recognized stock exchange, may issue debt securities in the manner specified by SEBI. However, such debt securities shall be listed on recognized stock exchange(s).”

Valuation of Assets- Bullet Point No. 10 (Omitted)

- Any valuation undertaken by any valuer shall be in compliance with by international valuation standards and valuation standards as may be specified by Institute of Chartered Accountants of India for valuation of infrastructure assets or such other valuation standards as may be specified by SEBI. However, in case of any conflict, standards specified by Institute of Chartered Accountants of India shall prevail.

LESSON 16
REGULATORY FRAMEWORK GOVERNING STOCK EXCHANGES

Page No. 390 -391

Deletion of Definitions

The definition 'Commodity derivatives exchange', 'National commodity derivatives exchange', 'Netting' shall be deleted.

LESSON 19
LISTING AND DELISTING OF SECURITIES

Page No 497

CORPORATE GOVERNANCE UNDER SEBI (LODR) REGULATIONS 2015

Replace the table with the following:

Sl No.	Regulation No.	Subject	Particulars
1.	Regulation 16 (1) (b)	Independent Director	<p>Independent Director” means a non-executive director, other than a nominee director of the listed entity –</p> <ul style="list-style-type: none"> - who, in the opinion of the board of directors, is a person of integrity and - possesses relevant expertise and experience; - who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity; - who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company; - who, apart from receiving director’s remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year; - none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary

or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or Rs. 50 lakh or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- who, neither himself, nor whose relative(s) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- who, neither himself, nor whose relative(s) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
 - a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten

			<p>per cent or more of the gross turnover of such firm;</p> <ul style="list-style-type: none"> - who, neither himself, nor whose relative(s) holds together with his relatives 2% or more of the total voting power of the listed entity; or - who, neither himself, nor whose relative(s) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity; - who, neither himself, nor whose relative(s) is a material supplier, service provider or customer or a lessor or lessee of the listed entity; - who is not less than 21 years of age; - who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.
2.	Regulation 17(1)	Composition of Board of Directors	<p>The Composition of Board of directors of the listed entity shall be as follows:</p> <p>Executive/Non Executive:</p> <ul style="list-style-type: none"> - Board of Directors shall have an optimum combination of

			<p>executive and non-executive directors:-</p> <ul style="list-style-type: none"> • One Women Director • At least 50% of Board of Directors shall comprise of Non-Executive Director. <p>The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.</p> <p>Independent Director:</p> <p>If Chairman of the Board is Non-Executive director:</p> <ul style="list-style-type: none"> • at least (1/3) one-third of the board of directors shall comprise of independent directors. <p>- where the listed entity does not have a regular non-executive chairperson:</p> <ul style="list-style-type: none"> • at least (1/2) half of the board of directors shall comprise of independent directors. <p>- where the regular non-executive chairperson is a promoter of the listed entity; or is related to any promoter; or is related to person occupying management positions at the level of board of director; or at one level below the board of directors;</p> <ul style="list-style-type: none"> • at least (1/2) half of the board of directors of the listed entity shall consist of independent directors. <p>With effect from April 1, 2020, the top 500 listed entities shall ensure that</p>
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			<p>the Chairperson of the board of such listed entity shall –</p> <p>(a) be a non-executive director;</p> <p>(b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013.</p> <p>The above two clauses shall not be applicable to the listed entities which do not have any identifiable promoters as per the shareholding pattern filed with stock exchanges.</p> <p>Woman Director</p> <ul style="list-style-type: none"> - The Board of Directors of the Listed Entity shall have at least one woman director. - Provided that, the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020.
3.	Regulation 17(2)	Frequency of Meeting	<ul style="list-style-type: none"> - At least 4 Board meeting. - Maximum Gap Between two meetings 120 days.
4.	Regulation 17(2A)	Quorum of Board Meeting	<ul style="list-style-type: none"> - The quorum for every meeting of the board of directors of the top 1000 listed entities with effect from April 1, 2019 and of the top 2000 listed entities with effect from April 1, 2020 shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director.

			Explanation I – For removal of doubts, it is clarified that the participation of the directors by video conferencing or by other audio-visual means shall also be counted for the purposes of such quorum.
5.	Regulation 17(3)	Review of Compliance report	<ul style="list-style-type: none"> - The board of directors shall <i>periodically review</i> compliance reports pertaining to all laws applicable to the listed entity. - The board of directors shall <i>periodically review steps taken</i> by the listed entity to rectify instances of non-compliances.
6.	Regulation 17(4) & (5)	Duties of Board of Directors	<p>- <i>Plans for Ordinary succession of appointment:</i> The board of directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management.</p> <p>- <i>Code of Conduct:</i> The board shall lay down a code of conduct for all Board members and seniors management of the Listed Entity. The code of conduct shall be posted on the website of the Listed Entity.</p> <p>All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the Listed Entity shall contain a declaration to this effect signed by the CEO.</p> <p>- <i>Duties of Independent Director:</i> The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.</p>

7.	Regulation 17(6)	Fees or Compensation	<ul style="list-style-type: none"> - The board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of Shareholders in General Meetings. - The requirement of obtaining approval of shareholders in General Meeting shall not apply to payment of sitting fees to Non-Executive Directors, if made within the limits prescribed under Companies Act, 2013. - Approval of shareholders mentioned above, shall specify the limits for the maximum number of stock options that may be granted to non-executive directors, in any financial year and in aggregate. - Independent Director shall not entitle to any Stock Option. - The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof. - The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if- <ul style="list-style-type: none"> (i) the annual remuneration payable to such executive director exceeds rupees 5
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			<p>crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or</p> <p>(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.</p> <p>Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.</p>
8.	Regulation 17(8)	Compliance Certificate	<ul style="list-style-type: none"> - The Chief Executive Officer and the Chief Financial Officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.
9.	Regulation 17(9)	Risk Management Plan	<ul style="list-style-type: none"> - The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. - Listed entity shall lay down procedure to inform members of the Board about risk assessment and minimization process.
10.	Regulation 17(10)	Performance evaluation of Independent Director	<ul style="list-style-type: none"> - The evaluation of independent directors shall be done by the entire board of directors which shall include – <ul style="list-style-type: none"> (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management. <p>Provided that in the above evaluation, the directors who</p>

			are subject to evaluation shall not participate.
11.	Regulation 18	Audit Committee	<p>➤ Every Listed Entity shall constitute a Qualified and independent audit committee in accordance with the terms subject to the followings:-</p> <ul style="list-style-type: none"> - The audit committee shall have minimum Three directors as members and - 2/3 (Two-thirds) of the members of committee shall be independent directors. - All members of Committee shall be financially literate and at least one member has expertise in accounting or related financial management. - The chairperson of the audit committee shall be an independent director and he shall be present at AGM to answer shareholder queries. - The Company Secretary shall act as the secretary to the audit committee. - The audit committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee. <p>However, occasionally the audit committee may meet without the presence of any executives of the listed entity.</p>

			<p>➤ The listed entity shall conduct the meetings of the audit committee in the following manner:</p> <ul style="list-style-type: none"> - Four Meetings in a year - Maximum gap between two meetings 120 days - Quorum shall be 2 members or 1/3rd of the members of the audit committee, whichever is greater, with at least 2 independent directors. - The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. <p><i>Note: - The Role of the audit committee and the INFORMATION TO BE REVIEWD by the audit committee shall be as specified in Part C of Schedule II.</i></p>
12.	Regulation 19	Nomination and remuneration committee	<p>➤ The Board of Directors shall constitute the nomination and remuneration committee as follows:</p> <ul style="list-style-type: none"> - The committee shall comprise of at least three directors. - All the directors of the committee shall be Non-Executive directors and - At least 50% of the directors shall be Independent directors.

			<ul style="list-style-type: none"> ➤ The Chairperson of the nomination committee shall be <i>independent director</i>. ➤ The chairperson of the listed entity, may be appointed as a member of the Committee but shall not chair such Committee. ➤ The chairperson of such committee may present at the AGM, to answer the shareholder's queries.
13.	Regulation 20	Stakeholder Relationship Committee	<p><i>Purpose of constitution :-</i> To look into the mechanism of redressal of grievances of :-</p> <ul style="list-style-type: none"> - shareholders, - debenture holders and - other security holders. <ul style="list-style-type: none"> ➤ The chairperson of such committee shall be a <i>Non-Executive Director</i>. ➤ At least three directors, with at least one being an independent director, shall be members of the Committee.
14.	Regulation 21	Risk Management Committee	<ul style="list-style-type: none"> ➤ The board of directors shall constitute a Risk Management Committee. ➤ The Chairperson of the Risk Management Committee shall be a member. of the board of directors and senior executives of the listed entity may be members of the committee. ➤ The majority of members of such Committee shall consist of members of the board of directors.

			<ul style="list-style-type: none"> ➤ The Chairperson of such committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.
15.	Regulation 22	Vigil Mechanism	<ul style="list-style-type: none"> - Purpose: The listed entity shall formulate a vigil mechanism for directors and employees to report genuine concerns. - The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism. - The Vigil Mechanism also provides for direct access to the chairperson of the audit committee in appropriate or exceptional cases.
26.	Regulation 25	<p>Obligations with respect to Independent directors:-</p> <ul style="list-style-type: none"> - <i>Alternate Director not to continue/appoint for independent director</i> - <i>Limit of Directorship as Independent Director</i> - <i>Tenure of Independent Director</i> 	<ul style="list-style-type: none"> - No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018. - A person shall serve as an independent director not more than seven listed entities. Notwithstanding the above, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities. - The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made

		<p>- <i>Meeting of Independent Director</i></p> <p>- <i>Agenda for the Meeting of Independent Director</i></p> <p>- <i>Liability of Independent Director</i></p>	<p>thereunder, in this regard, from time to time.</p> <ul style="list-style-type: none"> - The independent directors of the listed entity shall hold <i>at least one meeting</i> in a year. Non-Independent Director and Members of the Management will not present in such Meeting. All the Independent Directors shall strives to present in such Meeting. - The Independent director in the meeting shall :- <ul style="list-style-type: none"> ➤ review the performance of non-independent directors and the board of directors as a whole; ➤ review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors; ➤ assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties. - An independent director shall be held liable, <i>ONLY</i> in respect of such acts of omission or commission by the listed entity which had occurred:- <ul style="list-style-type: none"> ➤ with his knowledge and ➤ attributable through processes of board of directors, and ➤ with his consent or connivance or
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		<p>- <i>Intermittent vacancy of an Independent Director</i></p> <p>- <i>Duties of the Company towards Independent Director</i></p>	<ul style="list-style-type: none"> ➤ Where he had not acted diligently with respect to the provisions contained in these regulations. <p>- Any Intermittent Vacancy of an Independent director shall be filled-up by the Board of Directors at the earliest but not later than:</p> <ul style="list-style-type: none"> ➤ Immediate <i>Next Board Meeting OR 3 (Three) Months</i> from the date of such vacancy, <i>whichever is Later.</i> ➤ If the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply. ➤ Therefore, a listed entity must maintain the minimum number of Independent directors in its board in case of removal or resignation of any director at the earliest but not later than 3 months of such resignation or removal. <p>- The listed entity shall familiarize the independent directors through various programmes about the listed entity, including the following:</p> <ul style="list-style-type: none"> ➤ Nature of the industry in which the listed entity operates; ➤ Business model of the listed entity; ➤ Roles, rights, responsibilities of independent directors; and
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		<p>- <i>Declaration of Criteria of Independence</i></p> <p>- <i>D and O insurance</i></p>	<p>➤ Any other relevant information.</p> <p>- Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.</p> <p>- With effect from October 1, 2018, the top 500 listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.</p>
27.	Regulation 26	Obligations with respect to Employees Including Senior Management, Key Managerial Persons, Directors and Promoters	<p>- A Director shall not be :-</p> <p>➤ Member in more than 10 committees.</p> <p>➤ Chairman in more than 5 committees.</p> <p>- For reckoning the limit, ONLY Audit committee and Stakeholder's relationship Committee are considered.</p>

- The limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded.

Duties of Directors

- Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.
- All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.
- Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director.
- Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.
- No employee including key managerial personnel or director

			<p>or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.</p> <p>However, if such agreement, whether subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, shall be disclosed to the stock exchanges for public dissemination.</p> <p>Further that subsisting agreement, if any, as on the date of coming into force of this sub-regulation shall be placed for approval before the Board of Directors in the forthcoming Board meeting.</p> <ul style="list-style-type: none"> - Additionally if the Board of Directors approve such agreement, the same shall be placed before the public shareholders for approval by way of an ordinary resolution in the forthcoming general meeting. - All interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.
28.	Regulation 27	Quarterly Compliance Report on Corporate Governance	<ul style="list-style-type: none"> - The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by SEBI from time to time to the recognized

			<p>stock exchange(s) <i>within fifteen days from close of the quarter.</i></p> <ul style="list-style-type: none"> - Details of all material transactions with related parties shall be disclosed. - Report shall be sign either by Compliance officer or by Chief Executive officer.
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Page no. 504

Corporate Governance-Listing Regulations vis-à-vis Companies Act 2013

Replace the table with the following:

<i>Sl.N o</i>	<i>Particulars</i>	<i>Listing Regulations</i>	<i>Companies Act 2013</i>
1.	Size of the Board	<p>Regulation 17(1)(a)</p> <p>The board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director.</p> <p>Regulation 17 (1) (c)</p> <p>The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.</p>	<p>Section 149 (1)</p> <p>It stipulates the minimum number of director as three in case of public company, two in case of private company and one in case of One Person Company. The maximum number of directors stipulated is 15.</p> <p>Provided that a company may appoint more than fifteen directors after passing a special resolution.</p>
2.	Board Composition	<p>Regulation 17(1) (b)</p> <ul style="list-style-type: none"> • At least 50% of the board of directors shall comprise of non-executive directors. • If the chairperson of the board of directors 	<p>Section 149(4)</p> <p>It provides that every public listed company shall have at least one third of total number of directors as independent directors and Central Government may further prescribe minimum number of</p>

		<p>is a non-executive director, at least 1/3rd of the board of directors shall comprise of independent directors.</p> <ul style="list-style-type: none"> • If the chairperson of the board of directors is not a non-executive director, at least 50% of the board of directors shall comprise of independent directors. • If the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least 50% of the board of directors of the listed entity shall consist of independent directors. <p>Regulation 17 (1A)</p> <p>A listed entity shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory</p>	<p>independent directors in any class or classes of company.</p> <p>Rule 4 (1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 prescribes that the following class or classes of companies shall have at least two independent directors:-</p> <ul style="list-style-type: none"> • Public Companies having paid-up share capital of 10 crore rupees or more; or • Public Companies having turnover of 100 crore rupees or more; or • Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding 50 crore rupees. <p>Rule 4 (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 prescribes that the following classes of unlisted public company shall not be covered under sub-rule (1), namely:-</p> <ol style="list-style-type: none"> (a) a joint venture; (b) a wholly owned subsidiary; and (c) a dormant company as defined under section 455 of the Act.
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		<p>statement annexed to the notice for such motion shall indicate the justification for appointing such a person.</p> <p>Regulation 17 (1B)</p> <p>With effect from April 1, 2020, the top 500 listed entities shall ensure that the Chairperson of the board of such listed entity shall –</p> <p>(a) be a non-executive director;</p> <p>(b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013.</p> <p>Provided that this sub-regulation shall not be applicable to the listed entities which do not have any identifiable promoters as per the shareholding pattern filed with stock exchanges.</p> <p>(Note: The sub-regulations 1A & 1B have been inserted vide SEBI Amendment dated May 09, 2018)</p>	
3.	Appointment of Woman Director	<p>Regulation 17(1)(a)</p> <p>The Board of Directors of the Listed Entity shall have at least one woman director.</p> <p>Provided that, the Board of directors of the top</p>	<p>Section 149(1) and Companies (Appointment and Qualification of Directors) Rules, 2014</p> <p>Rule (3) read with Section 149(1) provides that :-</p> <p>(i) every listed company;</p>

		<p>500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020.</p> <p>(Note: The above proviso is inserted vide SEBI Amendment dated May 09, 2018)</p>	<p>(ii) every other public company having -</p> <p>(a) paid-up share capital of Rs.100 crores or more; or</p> <p>(b) Turnover of Rs.300 crore or more shall appoint at least one woman director.</p> <p>A company shall comply with provisions within a period of six months from the date of its incorporation.</p> <p>Any intermittent vacancy of a woman director shall be filled up by the Board of directors at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later.</p>
<p>4. Maximum number of Directorship</p>		<p>Regulation 17A</p> <p>The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time –</p> <p>(1) A person shall not be a director in more than eight listed entities with effect from April 1, 2019 and in not more than seven listed entities with effect from April 1, 2020.</p> <p>Provided that a person shall not serve as an independent director in more than seven listed entities.</p> <p>(2) Notwithstanding the above, any person who is</p>	<p>Section 165</p> <p>A person shall not hold office as a director, including any alternate directorship in more than 20 companies at the same time.</p> <p>The max number of public companies in which a person can be appointed as a director shall not exceed 10.</p>

		<p>serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities.</p> <p>For the purpose of this sub-regulation, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.</p> <p>(Note: This regulation is inserted vide SEBI Amendment dated May 09, 2018)</p>	
5.	Succession planning	<p>Regulation 17(4)</p> <p>The Board of Director of the Listed Entity shall satisfy itself that plans are in place for orderly succession for appointments to the Board of Director and to senior management.</p>	There is no such provision.
6.	Code of Conduct of Board of Directors & Senior Management	<p>Regulation 17(5)</p> <p>The board shall lay down a code of conduct for all Board members and seniors management of the Listed Entity. The code of conduct shall be posted on the website of the Listed Entity.</p> <p>All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the Listed Entity shall</p>	Section 149(8) provides that the company and the independent directors shall abide by the provisions specified in Schedule IV.

		<p>contain a declaration to this effect signed by the CEO.</p> <p>The Code of Conduct shall suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.</p>	
7.	Prohibited Stock options for IDs	<p>Regulation 17(6)(d)</p> <p>Independent directors shall not be entitled to any stock options.</p>	<p>Section 197(7)</p> <p>Independent directors shall not be entitled to any stock option.</p>
8.	Performance evaluation of IDs	<p>Regulation 17 (10)</p> <p>The evaluation of independent directors shall be done by the entire board of directors which shall include - (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management: Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.</p>	<p>Section 178(2) read with Schedule IV</p> <p>The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of director their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.</p> <p>The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.</p> <p>On the basis of the report of performance evaluation, it</p>

			<p>shall be determined whether to extend or continue the term of appointment of the Independent Director.</p> <p>Note: This shall not apply in the case of a Government company as defined under clause (45) of section 2 of the Companies Act, 2013, if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Government and such requirements are complied with by the Government companies.</p>
9.	Qualification of IDs	The qualifications of IDs are not specified in the SEBI Listing Regulations.	<p>Rule 5 (1) of Companies (Appointment and Qualification of Directors) Rules, 2014</p> <p>An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.</p>
10.	Constitution of Audit Committee	<p>Regulation 18</p> <p>A listed Entity shall set up a qualified and independent audit committee shall be set up, giving the terms of reference subject to the following:</p>	<p>Section 177 read with Rule 6 of Companies (Meeting of Board and Its Powers) Rules, 2014</p> <p>It states that the Board of directors of every listed company and such class of companies as prescribed under</p>

		<ol style="list-style-type: none"> 1. The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors. 2. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise. 3. The chairperson of the Audit Committee shall be an Independent Director. 	<p>Rule 6, shall constitute an Audit Committee.</p> <p>Rule 6 prescribes that the Board of directors of every listed public company and a company covered under <u>rule 4</u> of the Companies (Appointment and Qualification of Directors) Rules, 2014 shall constitute an 'Audit Committee' and a 'Nomination and Remuneration Committee of the Board.</p> <p>The Audit Committee shall consist of a minimum three directors with independent directors forming a majority provided that majority of members of Audit Committee including its chairperson shall be person with ability to read and understand the financial statement.</p>
<p>11. Constitution of Nomination & Remuneration Committee</p>		<p>Regulation 19</p> <p>The Listed Entity through its Board of directors shall constitute the nomination and remuneration committee which shall comprise at least 3 directors, all of whom shall be non-executive directors and at least ½ shall be independent.</p> <p>A. Chairperson of the committee shall be an Independent Director. Provided that the chairperson of the Listed Entity (whether executive or non-executive) may be appointed as a</p>	<p>Section 178 and Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014</p> <p>The Board of directors of every listed companies and such class or classes of companies as prescribed under Rule 6, shall constitute a Nomination and Remuneration Committee of the Board. (Please refer rule 6 in point no. 10)</p> <p>The Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less</p>

member of the Nomination and remuneration Committee but shall not chair such Committee.

B. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

C. The role of the committee shall, inter-alia, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, KMP and other employees;
2. Formulation of criteria for evaluation of IDs and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified

than one-half shall be independent directors.

The chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Nomination and Remuneration Committee shall-

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee shall while formulating the policy ensure that—

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the

		<p>to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Listed Entity shall disclose the remuneration policy and the evaluation criteria in its Annual Report.</p> <p>D. The Chairperson of the nomination and remuneration committee could be present at the AGM, to answer the shareholders' queries.</p> <p>However, it would be up to the Chairperson to decide who should answer the queries.</p> <p>E. The nomination and remuneration committee shall meet at least once in a year.</p> <p>(Note: Point B and Point E as mentioned above have been inserted vide SEBI Amendment dated May 09, 2018.)</p>	<p>quality required to run the company successfully;</p> <p>(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</p> <p>(c) remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:</p> <p>The policy shall be disclosed in the Board's report.</p>
12.	Stakeholders Relationship Committee	Regulation 20 The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into	Section- 178 (5) & (6) The Board of Directors of a company which consists of more than one thousand

		<p>various aspects of interest of shareholders, debenture holders and other security holders. The chairperson of this committee shall be a non-executive director. At least three directors, with at least one being an independent director, shall be members of the Committee. The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders. The stakeholders relationship committee shall meet at least once in a year.</p> <p>(Note: Inserted vide SEBI Amendment dated May 09, 2018.)</p>	<p>shareholders, debenture-holders, deposit holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board. The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the company.</p>
<p>13. Risk management</p>		<p>Regulation 21</p> <p>The top 500 Listed entities, determined on the basis of market capitalisation shall lay down procedures to inform Board members about the risk assessment and minimization procedures.</p> <p>The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the Listed Entity.</p> <p>The Listed Entity through its Board of Directors shall constitute</p>	<p>Section 134 (3) (n)</p> <p>The Board's report as prescribed under Section 134(3) required to include in the Board's Report, a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, this in the opinion of the Board may threaten the existence of the company.</p>

		<p>a Risk Management Committee. The Board of Directors shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.</p> <p>The majority of Committee shall consist of members of the Board of Directors.</p> <p>Senior executives of the Listed Entity may be members of the said Committee but the Chairperson of the Committee shall be a member of the Board of Directors.</p> <p>The risk management committee shall meet at least once in a year.</p>	
14.	Vigil mechanism	<p>Regulation 22</p> <p>The Listed Entity shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Listed Entity code of conduct or ethics policy.</p> <p>This mechanism should also provide for adequate safeguards against victimization of director(s)/ employee(s)</p>	<p>Section 177(9) read with Rule 7 of Companies (Meeting of Board and its Power) Rules, 2014</p> <p>Every listed company or such class or classes of companies to establish a Vigil mechanism for directors and employees to report genuine concern.</p> <p>The details of establishment of Vigil mechanism shall be disclosed by the company in the website, if any, and in the Board's Report.</p> <p>Rule 7 of Companies (Meeting of Board and its</p>

		<p>who avail of the mechanism and also provide for direct access to the chairperson of the Audit Committee in exceptional cases.</p> <p>The details of establishment of such mechanism shall be disclosed by the Listed Entity on its website and in the Board's report.</p>	<p>Power) Rules, 2014 states that the companies which are required to constitute an audit committee shall oversee the vigil mechanism through the committee and if any of the members of the committee have a conflict of interest in a given case, they should rescue themselves and the others on the committee would deal with matter on hand.</p> <p>The Vigil Mechanism shall provide adequate safeguards against victimization of employees and directors who avail of the Vigil mechanism and also provide for direct access to the chairperson of the Audit committee or the director nominated to play the role of audit committee, as the case may be, in exceptional cases.</p>
15.	Maximum No. of directorship of Independent Directors (IDs).	<p>Regulation 25(1) read along with Regulation 17 (1A)</p> <p>No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.</p>	<p>Section 165</p> <p>A person shall not hold office as a director, including any alternate directorship in more than 20 companies at the same time.</p> <p>The max number of public companies in which a person can be appointed as a director shall not exceed 10.</p>
16.	Maximum tenure of IDs	<p>Regulation 25(2)</p> <p>It shall be in accordance with the Companies Act 2013 and rules made there under, in this regard, from time to time.</p>	<p>Section 149 (10) & (11)</p> <p>Subject to the provisions of Section 152(2), an independent director shall hold office for a term up to five consecutive years on the Board of director of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of</p>

			<p>such appointment in the Board's report.</p> <p>No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director.</p> <p>Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.</p>
17.	Separate meeting of IDs	<p>Regulation 25(3)</p> <p>The IDs of shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.</p> <p>All the independent directors of the Listed Entity shall strive to be present at such meeting.</p>	<p>Section 149 read with Schedule IV</p> <p>IDs of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management.</p> <p>All the independent directors of the company shall strive to be present at such meeting.</p>
18.	Filing of Casual Vacancy of IDs	<p>Regulation 25(6)</p> <p>An independent director who resigns or is removed from the Board of the Listed Entity shall be replaced by a new independent director at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.</p> <p>Provided that, where the Listed Entity fulfils the</p>	<p>Schedule IV, Paragraph VI</p> <p>An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.</p> <p>Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be,</p>

		<p>requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.</p>	<p>the requirement of replacement by a new Independent Director shall not apply.</p>
19. Liability of IDs	<p>Regulation 25(5)</p> <p>An independent director shall be held liable, only in respect of such acts of omission or commission by a Listed Entity which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.</p>	<p>Section 149(12)</p> <p>An independent director & a non-executive <u>director</u> not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.</p>	
20. Familiarisation Programme for IDs	<p>Regulation 25(7)</p> <p>The Listed Entity shall familiarise the independent directors with the Listed Entity, their roles, rights, responsibilities in the Listed Entity, nature of the industry in which the Listed Entity operates, business model of the Listed Entity, etc.</p> <p>The details of such familiarisation programme shall be disclosed on Listed Entity website and a web link thereto shall also be</p>	<p>Schedule IV, Paragraph III,</p> <p>specifies that the Independent Directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company.</p>	

		given in the Annual Report.	
21.	Declaration for criteria of independence by IDs	<p>Regulation 25 (8) & (9)</p> <p>Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.</p> <p>The board of directors of the listed entity shall take on record the declaration and confirmation submitted by the independent director after undertaking due assessment of the veracity of the same.</p>	<p>Section 149 (7)</p> <p>Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in sub-section (6).</p>
22.	“ D & O” Insurance for IDs	<p>Regulation 25 (10)</p> <p>With effect from October 1, 2018, the top 500 listed entities by market capitalization</p>	<p>Schedule IV, Paragraph IV</p> <p>The appointment of independent directors shall be formalised through a letter of</p>

		calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.	appointment, which shall set out provision for Directors and Officers (D and O) insurance, if any.
23. Related Party	Clause 2 (1) (zb)	<p>For the purpose of Listing Regulation, an entity shall be considered as related to the Listed Entity if:</p> <p><i>i.</i> Such entity is a related party under Section 2(76) of the Companies Act,2013; or</p> <p><i>ii.</i> Such entity is a related party under the applicable accounting standards.</p> <p>Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party;</p> <p>Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).</p>	Section 2 (76)
			<p>"Related party", with reference to a company, means—</p> <p>(i) a director or his relative</p> <p>(ii) a KMP or his relative;</p> <p>(iii) a firm, in which a director, manager or his relative is a partner;</p> <p>(iv) a private company in which a director or manager or his relative is a member or director;</p> <p>(v) a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;</p> <p>(vi) anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;</p> <p>(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;</p> <p>(viii) any body corporate which is—</p> <p>(A) a holding, subsidiary or an associate company of such company;</p>

			<p>(B) a subsidiary of a holding company to which it is also a subsidiary; or</p> <p>(C) an investing company or the venturer of the company.</p> <p>Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.</p> <p>Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014 provides that a director or key managerial personnel of the holding company or his relative with reference to a company shall be deemed to be a related party.</p>
24.	Disclosure of RPTs	<p>Regulation 27(2)(a) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Listed Entity shall disclose the policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.</p>	<p>Section 134 (3) (h) mandates that Board’s Report shall contain particulars of contracts or arrangements with related party as referred in section 188 of the Companies Act, 2013.</p>
25.	Disclosure of different Accounting standard	<p>Regulation 34(3) Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements,</p>	<p>Section 129(5) Where the financial statements of a company do not comply with the accounting standards, the company shall disclose in its financial statements, the deviation from the accounting standards, the reasons for such deviation and the financial</p>

		together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.	effects, if any, arising out of such deviation.
26. Disclosure on Remuneration		<p>Regulation 34 (3)</p> <ol style="list-style-type: none"> 1. All pecuniary relationship or transactions of the non-executive director's vis-à-vis the Listed Entity shall be disclosed in the Annual Report. 2. In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report: <ol style="list-style-type: none"> a. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc. b. Details of fixed component and performance linked incentives, 	<p>Section 197 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014</p> <p>1) Every listed company shall disclose in the Board's report:</p> <ol style="list-style-type: none"> (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year. (ii) the percentage increase in remuneration of each director, CFO, CEO, CS or Manager, if any, in the financial year; (iii) the percentage increase in the median remuneration of employees in the financial year; (iv) the number of permanent employees on the rolls of company; (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

		<p>along with the performance criteria.</p> <p>c. Service contracts, notice period, severance fees.</p> <p>d. Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.</p> <p>3. The Listed Entity shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the Listed Entity website and reference drawn thereto in the annual report.</p> <p>4. The Listed Entity shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.</p> <p>5. Non-executive directors shall be required to disclose their shareholding (both own or held by / for other persons on a beneficial basis) in the Listed Entity in which they are proposed to be appointed as directors, prior to their appointment.</p>	<p>(vi) affirmation that the remuneration is as per the remuneration policy of the company.</p>
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		These details should be disclosed in the notice to the general meeting called for appointment of such director.	
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Page No. 514

Non- applicability

The following shall be inserted after Para 1:

Further these regulations also shall not apply to any delisting of equity shares of a listed entity made pursuant to a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, if such plan, –

- (a) lays down any specific procedure to complete the delisting of such share; or
- (b) provides an exit option to the existing public shareholders at a price specified in the resolution plan.

However, exit to the shareholders should be at a price which shall not be less than the liquidation value as determined under regulation 35 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 after paying off dues in the order of priority as defined under section 53 of the Insolvency and Bankruptcy Code, 2016.

Further, if the existing promoters or any other shareholders are proposed to be provided an opportunity to exit under the resolution plan at a price higher than the price determined in terms of the above proviso, the existing public shareholders shall also be provided an exit opportunity at a price which shall not be less than the price, by whatever name called, at which such promoters or other shareholders, directly or indirectly, are provided exit.

Provided also that, the details of delisting of such shares along with the justification for exit price in respect of delisting proposed shall be disclosed to the recognized stock exchanges within one day of resolution plan being approved under section 31 of the Insolvency and Bankruptcy Code, 2016.

Page No. 522

Listing of Delisted Equity Shares

Insertion of the following after Para 2

An application for listing of delisted equity shares may be made in respect of a company which has undergone corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016.

LESSON 20
ISSUE OF SECURITIES

Page No. 579

Non-applicability

Clause (c) and proviso to clause (c) will be deleted.

Insertion of new point as point No. 2 and thereafter all the points will be renumbered under this head.

(2) The provisions of this Chapter, except the lock-in provisions, shall not apply where the preferential issue of specified securities is made in terms of the rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985 or the resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 whichever applicable.

Page No. 583

Conditions for making QIP

Delete point no. 4

It is in compliance with the requirement of minimum public shareholding specified in the Securities Contracts (Regulations) Rules, 1957.

LESSON 21
REGULATORY FRAMEWORK RELATING TO SECURITIES MARKET
INTERMEDIARIES

Page No. 621

General Obligations and Responsibilities

Para 3, Line No. 1 (Replace with the following)

The RTA has to maintain proper books and records as prescribed in Regulation 14 and preserve the account books and other records for a minimum period of 8 years.

Internal Audit of Registrar and Share Transfer Agents (RTAs)

SEBI has mandated that RTA has to undergo for compulsory internal audit for which a PCS is authorised by SEBI to carry out the internal audit at par with other professionals.

Page No. 625

General Obligations and Responsibilities

Para 2 (Replace with the following)

The Banker to an issue shall intimate to SEBI about the place where these documents are kept and shall preserve them for a minimum period of 8 years.

Page No. 671

Appointment of Designated Authority

Replace Regulation 24 with the following:

Where it appears to the designated member, that any person who has been granted a certificate of registration under the Act and regulations made thereunder has committed any default of the nature specified in regulation 23, the designated member may approve the initiation of proceedings under this Chapter against such person.

The Executive Director shall thereafter appoint an officer not below the rank of a Division Chief, as a designated authority.

However, the executive director may, at his discretion, appoint a bench of three officers, each of whom shall not be below the rank of a Division Chief: Provided further that such bench shall be presided by the senior most amongst them and all the decisions or recommendations of such bench shall be by way of majority.

No officer who has conducted investigation or inspection in respect of the alleged violation shall be appointed as a designated authority.
