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SEBI UPDATE NOVEMBER, 2020

SR NO	DATE	CIRCULAR	PARTICULARS
1	**03-11-2020**	**Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957**	SEBI has issued a Circular on Schemes of Arrangement by Listed Entities and Relaxation in the enforcement requirements with respect to listing by further amending its earlier Circular no.: CFD/DIL3/CIR/2017/21 dated March 10, 2017 on the same subject. Amendment to earlier circular dated March 10, 2017 are as follows:- • In Para I A, Para 2(c) on submission of documents stands revised as follows: Report from the Audit Committee recommending the Draft Scheme, taking into consideration, interalia, the Valuation Report. The Valuation Report is required to be placed before the Audit Committee of the listed entity. The Audit Committee report shall also comment on the following: • Need for the merger/demerger/amalgamation/arrangement • Rationale of the scheme • Synergies of business of the entities involved in the scheme • Impact of the scheme on the shareholders. • Cost benefit analysis of the scheme • Para 4(a) on Valuation Report shall be replaced with the following: "(a) All listed entities are required to submit a valuation report from a Registered Valuer"

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			For the purpose of this clause, the Registered Valuer shall be a person registered as a valuer, having such qualifications and experience and being a member of an organization recognized, as specified in Section 247 of the Companies Act, 2013 read with the applicable Rules issued thereunder. • Para B (4) on Obligations of Stock Exchange(s) shall be replaced with the following: "4. Stock Exchanges shall provide the 'No-Objection' letter to SEBI on the draft scheme; in co-ordination with each other. SEBI shall issue Comment letter upon receipt of ''No-Objection' letter from Stock Exchanges having nationwide trading terminals. In other cases, SEBI shall issue Comment letter upon receipt of ''No-Objection' letter from the Designated Stock Exchange." • Para III (A) (5) on additional condition for the entities seeking relaxation stands revised. This revised para shall be applicable for all the listed entities seeking listing and/or trading approval from the stock exchanges after November 03, 2020. • Para III B on Application by a listed entity for listing of Equity shares with Differential Rights as to Dividend, voting or otherwise shall stand repealed. **Details update**: **https://www.sebi.gov.in/legal/circulars/nov-2020/schemes-of-arrangement-by-listed-entities-and-ii-relaxation-under-sub-rule-7-of-rule-19-of-the-securities-contracts-regulation-rules-1957_48064.html**

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2	**03-11-2020**	**<u>Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)</u>**	SEBI has issued guidelines to give effect to SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2020 and SEBI (Debenture Trustees) (Amendment) Regulations, 2020 in order to secure the interest of investors in listed debt securities and to enable debenture trustee(s) to perform their duties effectively. The Guidelines are divided into three parts namely; A. Documents/Consents required at the time of entering into debenture trustee agreement B. Due diligence by debenture trustee for creation of security C. Disclosures in the offer document or private placement memorandum/information memorandum and filing of offer document (OD) or private placement memorandum (PPM) or information memorandum (IM) by the Issuer. **<u>Details update</u>**: https://www.sebi.gov.in/legal/circulars/nov-2020/creation-of-security-in-issuance-of-listed-debt-securities-and-due-diligence-by-debenture-trustee-s-_48074.html
4	**04-11-2020**	**<u>Guidelines for rights issue of units by an unlisted Infrastructure Investment Trust</u>**	SEBI has issued Guidelines for rights issue of units by an unlisted Infrastructure Investment Trust (INvIT). The Guidelines contain the following:- • Conditions for issuance rights Issue • Appointment of underwriters, if the InvIT desires to have the issue underwritten

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		(InvIT)	• Letter of Offer shall be filed with the board by the investment manager • Application form along with the Letter of Offer shall be distributed by investment manager to all the unit holders • Investment manager shall decide the pricing of units • Manner of issuance of units – units shall be in dematerialized form only • Minimum allotment shall be INR 1 crore • Manner of allotment to eligible unitholders • Restriction on further capital issues during the period between the date of filing the letter of offer and the allotment of the units offered through letter of offer **Details update**: **https://www.sebi.gov.in/legal/circulars/nov-2020/guidelines-for-rights-issue-of-units-by-an-unlisted-infrastructure-investment-trust-invit-_48082.html**
6	**06-11-2020**	**Investor Grievance Redressal Mechanism**	SEBI has issued a Circular on Investor Grievance Redressal Mechanism. The following measures will be undertaken to strengthen the Investor Grievance Redressal Mechanism:- • Stock Exchange shall ensure that the investor complaints shall be resolved within 15 working days from the date of receipt of the complaint. If complaint is not resolved within stipulated time frame, then the reason for non redressal in given time frame shall also be recorded. • Stock Exchange shall resolve service related complaints at its end. However, if complainant is not

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			satisfied with the resolution, the same may be referred to the Investor Grievance Redressal Committee ('IGRC') • IGRC shall have a time of 15 working days to amicably resolve the investor complaint through conciliation process. • For any dispute between the member and the client relating to or arising out of the transactions in Stock Exchange, which is of civil nature, the complainant/ member shall first refer the complaint to the IGRC and/ or to arbitration mechanism provided by the Stock Exchange before resorting to other remedies available under any other law **Details update**: https://www.sebi.gov.in/legal/circulars/nov-2020/investor-grievance-redressal-mechanism_48105.html
8	**06-11-2020**	**Circular on Introduction of "Flexi Cap Fund" as a new category under Equity Schemes**	SEBI on the recommendations of Mutual Fund Advisory Committee (MFAC), has issued a Circular to introduce "Flexi Cap Fund" as a new category under Equity Scheme. The current Circular amends SEBI's earlier circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 wherein the guidelines regarding categorization and rationalisation of Mutual Fund Schemes have been issued. • A new Category named "Flexi Cup Fund" will be available with the following scheme characteristics; • Scheme characteristics: Minimum investment in equity & equity related instruments - 65% of total

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			assets • Type of Scheme (Uniform description): An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks [Circular No.: SEBI/HO/IMD/DF3/CIR/P/2020/228] **Details update**: https://www.sebi.gov.in/legal/circulars/nov-2020/circular-on-introduction-of-flexi-cap-fund-as-a-new-category-under-equity-schemes_48108.html
9	**06-11-2020**	**Circular on Norms regarding holding of liquid assets in open ended debt schemes & stress testing of open ended debt schemes**	SEBI has issued Norms regarding holding of liquid assets in open ended debt schemes & stress testing of open ended debt schemes. In order to augment the liquidity risk management framework for all open ended debt schemes, the following has been decided:- • All open ended debt schemes (except Overnight Fund, Liquid Fund, Gilt Fund and Gilt Fund with 10 year constant duration) shall hold at least 10% of their net assets in liquid assets • In case, the exposure in liquid assets/securities falls below the threshold mandated above, the Asset Management Companies (AMCs) shall ensure compliance with the above requirement before making any further investments.

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			• The liquid assets shall not be included for determining the scheme characteristics of the open ended debt schemes • The provisions mentioned above shall be effective from February 01, 2021. • Based on he on the recommendations of Mutual Fund Advisory Committee (MFAC), it is decided to mandate all open ended debt schemes (except overnight scheme) to conduct stress testing. AMC shall stipulate the guidelines to carry out stress testing for the aforementioned debt schemes. • The provision mentioned above shall be effective from December 01, 2021. **Details update**: https://www.sebi.gov.in/legal/circulars/nov-2020/circular-on-norms-regarding-holding-of-liquid-assets-in-open-ended-debt-schemes-and-stress-testing-of-open-ended-debt-schemes_48110.html
10	**12-11-2020**	**Monitoring and Disclosures by Debenture Trustee(s)**	Sebi has issued a Circular on Monitoring and Disclosures by Debenture Trustee(s) to enable debenture trustee(s) to discharge its obligations in respect of listed debt securities, the debenture trustee(s) shall undertake independent periodical assessment of the compliance with covenants or terms of the issue of listed debt securities. The Circular provides the following debenture trustee(s) shall:- • Monitoring of 'security created' / 'assets on which charge is created' by debenture trustee(s) • Debenture trustee shall incorporate the terms and conditions of periodical monitoring in the

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			debenture trust deed • In case of breach of covenants or terms of the issue by listed entity, the debenture trustee shall take steps and necessary action as decided in the meeting of holders of debt securities in this regard • The debenture trustee(s) shall make the disclosures like Revision in Credit ratings, Status of payment of interest/ principal by the listed entity, Details of Debenture issues handled by debenture trustee and their status, Monitoring of Utilization Certificate etc. on their websites as specified. • Half yearly compliance report containing details of other activities carried out by Debenture Trustee(s) including type of activity, description of activity etc. shall be furnished to SEBI. • The provisions of this circular shall come into force w.e.f. quarter ended December 31, 2020 for listed debt securities. **Details update**: https://www.sebi.gov.in/legal/circulars/nov-2020/monitoring-and-disclosures-by-debenture-trustee-s-_48159.html
11	**13-11-2020**	**Non-compliance with provisions related to continuous disclosures**	SEBI has issued a Circular on Non-compliance with provisions related to continuous disclosures. SEBI has prescribed continuous disclosure norms for issuers of listed Non-Convertible Debt Securities, Non-Convertible Redeemable Preference Shares (NCRPS) and Commercial Papers. Further, to ensure effective

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			enforcement of continuous disclosure obligations by issuers of listed Non-Convertible Debt Securities or NCRPS or Commercial Papers, it has been decided to lay down a similar uniform structure for imposing fines for non-compliance with continuous disclosure requirements after discussion with market participants. Therefore, in the interest of the investors and the securities market, the Stock Exchanges shall levy fine and take actions in case of non-compliance. **Details update**: https://www.sebi.gov.in/legal/circulars/nov-2020/non-compliance-with-provisions-related-to-continuous-disclosures_48171.html
13	**23-11-2020**	**Introduction of Unified Payments Interface (UPI) mechanism and Application through Online interface and Streamlining the process of Public issues of securities under - SEBI (Issue and Listing of Debt**	SEBI has issued a Circular introducing Unified Payments Interface (UPI) mechanism and Application through Online interface and Streamlining the process of Public issues of securities under: • SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (ILDS Regulations), • SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (NCRPS Regulations), • SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (SDI Regulations) and • SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 (ILDM Regulations) • Process flow for applying though UPI mechanism data required and roles of the stakeholders are as follows:-

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		Securities) Regulations, 2008 (ILDS Regulations), SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (NCRPS Regulations), SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (SDI Regulations) and SEBI (Issue and Listing of Municipal Debt Securities)	• Modes of application in public issue of securities as mentioned in this circular: Through Self-Certified Syndicate Bank (SCSB) or intermediaries or Through Stock Exchanges (App/ Web interface) • There are three processes for investor application submitted with UPI as mode of payment; Bidding and validation process, The Block process and Post issue closure. • Data fields required in Application and Bidding Form relating to UPI include; Payment details–UPI ID with maximum length of 45 characters, acknowledgement Slip for SCSB / Broker / RTA / DP, and acknowledgement Slip for bidder. • The Role of the Issuer is to maintain a single escrow account for collecting application money through all the methods. Issuer shall appoint one of the SCSBs as Sponsor Bank to act as council between Stock Exchanges and NPC. • The Role of the Registrar is to collect aggregate applications details from the stock exchanges platform to decide the eligible applications and process the allotment as per applicable SEBI Regulations. Registrar shall also credit securities to all valid allottees. • The Role of the Stock Exchange is to provide a platform for making applications. The Stock Exchange shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members

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		Regulations, 2015 (ILDM Regulations)	• The Role of the Intermediaries is to address any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them. • The Role of the Collecting Bank is to address any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization of the payment instrument in favor of the issuer's Escrow Account, or any delay or operational lapse by the Collecting Bank in sending the forms to the Registrar. • SEBI Circular no.: CIR/IMD/DF-1/20/2012 dated July 27, 2012 on System for Making Application to Public issue of Debt Securities shall stand repealed from that date. The provisions of this circular shall be applicable to a public issue of securities under the captioned Regulations which opens on or after January 01, 2021. **Details update**: https://www.sebi.gov.in/legal/circulars/nov-2020/introduction-of-unified-payments-interface-upi-mechanism-and-application-through-online-interface-and-streamlining-the-process-of-public-issues-of-securities-under-sebi-issue-and-listing-of-debt-_48235.html

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