

SEBI CA. Bhavesh Vora, CA Jayant Thakur	
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- 1) Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('LODR Regulations') was amended vide notification dated November 9, 2021, inter-alia, enhancing the scope of related party, related party transactions (RPTs) and the materiality threshold for seeking shareholder approval. SEBI after receiving representation received from listed entities and industry bodies, vide circular dated 30th March 2022 have given clarification on regulation in relation to RPTs.
 - A) For a related party transaction that has been approved by the audit committee and shareholders prior to April 1, 2022, there shall be no requirement to seek fresh approval from the shareholders.
 - B) A related party transaction that has been approved by the audit committee prior to April 1, 2022 which continues beyond such date and becomes material as per the revised materiality threshold shall be placed before the shareholders in the first General Meeting held after April 1, 2022.
 - C) Transparency, accountability and shareholder empowerment are the bedrock of robust corporate governance. Listed entities, therefore, shall ensure to comply with the spirit of the law and endeavour to provide relevant and detailed information to enable and empower shareholders for taking an informed decision.

The explanatory statement contained in the notice sent to the shareholders for seeking approval for an RPT shall provide relevant information so as to enable the shareholders to take a view whether the terms and conditions of the proposed RPT are not unfavourable to the listed entity, compared to the terms and conditions, had similar transaction been entered into between two unrelated parties.

- 2) As per SEBI circular dated 8th April 2022, stock exchanges are advised to put in place by June 01, 2022, Standard Operating Procedures (SOP) for operationalizing the resolution of all disputes pertaining to or emanating from investor services such as transfer/transmission of shares, demat/remat, issue of duplicate shares, transposition of holders, etc. and investor entitlements like corporate benefits, dividend, bonus shares, rights entitlements, credit of securities in public issue, interest /coupon payments on securities, etc.
- 3) SEBI vide circular dated 2nd May 2022 have reviewed the existing System Audit Framework. Market infrastructure Institutions (Stock Exchanges, Clearing Corporations, Depositories) are required to conduct System and Network Audit in accordance with Terms of Reference (TOR). MIIs are also required to maintain a list of all the relevant SEBI circulars/ directions/ advices, etc. pertaining to technology and compliance thereof, as per prescribed format and the same shall be included under the scope of System and Network Audit.

System and Network Audit Framework provides guidelines for audit process, auditor selection norms, audit report format, along with executive summary covering major areas, point-wise compliances, description of finding, references, process, root cause analyses, remediation, target completion date, status & closing date.

System and Network audit program shall encompass all the IT resources including hardware, software, network, policies, procedures etc. of MIIs.