

SEBI CA. Bhavesh Vora, CA Jayant Thakur	
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- **Reduction of timelines for listing in Public Issue**

Considering the public comments on Consultation Paper on above subject, SEBI vide circular dated 9th August 2023 have reduced the time taken for listing of specified securities after the closure of public issue to 3 working days as against the present requirement of 6 working days.

Accordingly SEBI in the said circular has specified revised timelines for listing of specified securities and various activities involved in the public issue process

The T+3 timeline for listing shall be appropriately disclosed in the Offer Documents of public issues.

The timelines for submission of application, allotment of securities, unblocking of application monies and listing shall prominently be made a part of pre-issue, issue opening and issue closing advertisements issued by the Issuer for public issues in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations")

- **Facility to remedy erroneous transfers in Demat accounts**

With regards to off-market transfer of securities as permitted by Depositories only on execution of physical Delivery Instruction Slip (DIS) duly signed by the client himself or by way of electronics, the depositories is required to put place a system of obtaining client's consent through One Time Password (OTP) for such off –Market transfer of Securities from clients Demat Account.

SEBI has received representations from depositories regarding the challenges being faced with regard to obtaining OTP, accordingly SEBI has decided that a well-balanced and operational mechanism may be provided for reversal of such erroneous transfer in the demat accounts.

Accordingly as per the SEBI circular dated 8th August 2023, Depositories shall constitute an internal and a joint committee for examining the intra-depository and inter-depository erroneous transfers respectively.

The committee shall examine such erroneous transfers and provide an opportunity of hearing to both the parties in the interest of principles of natural justice. The committee shall, based on the documentary evidence and the hearing, take a decision on the basis of reasons to be recorded in writing.

- **Transaction in Corporate Bonds through Request for Quote (RFQ) platform by FPIs**

In order to increase the liquidity on RFQ platform of stock exchanges and to enhance the transparency and disclosure pertaining to trading in secondary market in corporate bonds, SEBI vide circular dated 7th August, 2023 have decided that FPIs (Foreign Portfolio Investors) shall undertake at least 10% of their total secondary market trades in Corporate Bonds by value by placing / seeking quotes on the RFQ platform of exchanges on a quarterly basis.

- **New Category of Mutual Fund Schemes for Environmental, Social and Governance ("ESG") Investing and related disclosures by Mutual Funds.**

In view of the industry representations for allowing multiple schemes with different ESG strategies and considering the need for green financing, SEBI vide circular dated 20th July 2023 have decided to implement following measures to facilitate green financing.

Thematic Schemes

Any scheme under the ESG Category shall be launched with one of the following strategies:-

- 1) Exclusion
- 2) Integration
- 3) Best-in-class & Positive Screening
- 4) Impact Investing
- 5) Sustainable objectives
- 6) Transition or transition related investments

Investment criteria for ESG Schemes

ESG schemes shall invest at least 65% of its AUM in companies which are reporting on comprehensive BRSR and are also providing assurance on BRSR Code disclosure. The balance AUM of the scheme can be invested in companies having BRSR disclosure. This requirement shall be applicable with effect from 1st October 2024.

Disclosure requirements for ESG Schemes

- Scheme strategy to be reflected in scheme name
- ESG scores of securities
- Voting disclosures
- Annual Fund Manager commentary and disclosure of case studies
- SEBI vide circular dated 7th July 2023 lays down the framework for Sponsors of Mutual Fund in order to enhance the penetration of the Mutual Fund industry, and to facilitate new types of players to act as sponsors of Mutual Funds, an alternative set of eligibility criteria is introduced. This is with the objective of facilitating fresh flow of capital into the industry, fostering innovation, encouraging competition, providing ease of consolidation and easing exit for existing sponsors.

In the above mentioned circular SEBI have laid down various rules pertaining to:-

- A. Deployment of liquid net worth by Asset Management Company
- B. Acquisition of AMC
- C. Pooled Investment Vehicle as sponsor of Mutual Funds
- D. Reduction of stake and disassociation of sponsor
- E. Re-association of the Sponsor

- **SEBI Consultation paper on Review of Voluntary Delisting Norms under SEBI (Delisting of Equity Shares) Regulations, 2021**

Delisting Regulations, inter-alia provide exit opportunity to be provided by acquirer to all public shareholder in case of equity shares of the company are sought to be delisted from all the recognised stock exchanges in which they are listed. This exit opportunity is determined at the price arrived when the cumulative shareholding of the acquirer along with the shares tendered/offered by the public shareholders reaches 90% of the total issued shares

("Discovered Price") under Reverse Book Building.

In case the discovered price is acceptable to the acquirer, the acquirer shall be required to accept all the equity shares so tendered by the public shareholders up to such discovered price. However, in case, the discovered price is not acceptable to the acquirer, the acquirer has an option of either making a counter offer or reject the such discovered price.

After receiving various several suggestions and representation from market participants, industry representatives, various stakeholders etc. for review on delisting norms SEBI has recommended on the following subjects for public comments:-

- 1) Alternatives to the Reverse Book Building process
- 2) Counter – Offer Framework
- 3) Determination of "Floor Price" under Delisting Regulations
- 4) Review of the Reference Date for determination of the Floor Price

Existing and Proposed Changes:-

Particulars	Current Position	Proposed Changes
Price Discovery for voluntary delisting	a) Price discovery through Reverse Book Building	a) Price discovery through Reverse Book Building b) Fixed Price (subject to some conditions)
Counter - Offer Framework for	Delisting is successful only if post counter offer	If the discovered price is not accepted by the acquirer or if

Successful delisting	shareholding of the acquirer along with the share offered by public shareholder at the counter offer reached 90% of the total	the cumulative post-offer shareholding of acquirer fails to reach 90%, the acquirer will have the option to make a counter-offer if the bids received are higher of : a)the difference between the acquirer's shareholding and 75% of the total issued shares of the company :and b) 50% of the public shareholding
Counter Offer Price	Price shall not be less than the book value of the Company	Price shall be higher of (i)volume weighted average price ("VWAP") of the shares tendered/offered in the reverse book building process (ii) the initial floor price disclosed and calculated for the reverse book building process, in accordance with the Delisting Regulations
Determination of "Floor Price" under Delisting Regulations	Based on Regulation 8 of SEBI (SAST) Regulations	In case of Frequently Traded Shares, the floor price shall be highest of :- (a)volume weighted average price paid or payable for acquisitions, by the acquirer, along with persons acting in concert, during the 52 weeks immediately preceding the reference date; (b)the highest price paid or payable for any acquisition, by the acquirer, along with persons acting in concert, during the 26 weeks immediately preceding the reference date; (c)the volume weighted average market price for a period of 60 trading days immediately preceding the reference date, on the stock exchange where the maximum trading volume of the equity shares is recorded; and (d)adjusted book value (considering consolidated financials) as determined by an independent registered value
		In case of Infrequently Traded Shares, the floor price shall be highest of :- (a)volume weighted average price paid or payable for acquisitions, by the acquirer, along with persons acting in concert, during the 52 weeks immediately preceding the reference date; (b)the highest price paid or payable for any acquisition, by the acquirer,

		<p>along with persons acting in concert, during the 26 weeks immediately preceding the reference date; (c)price determined by an independent registered valuer, taking into account valuation parameters such as the book value, comparable trading multiples, and any other customary valuation metrics for valuation of shares of companies in the same industry; and (d)adjusted book value (considering consolidated financials)as determined by an independent registered valuer</p>
<p>Review of the Reference Date for Determination of the Floor Price</p>	<p>Date on which stock exchange are require to be notified of the board meeting in which delisting proposal was considering and approved</p>	<p>reference date to be the date of the initial public announcement or the date on which the prior intimation is required to given to the stock exchanges, as applicable. Further, it is clarified that if the initial public announcement is made during market hours, then the date of such initial public announcement will be the reference date and if the initial public announcement is made after the market hours, then the next day will be the reference date.</p>