



Recap of Recent Regulatory & Legal Updates

(August, 2023)

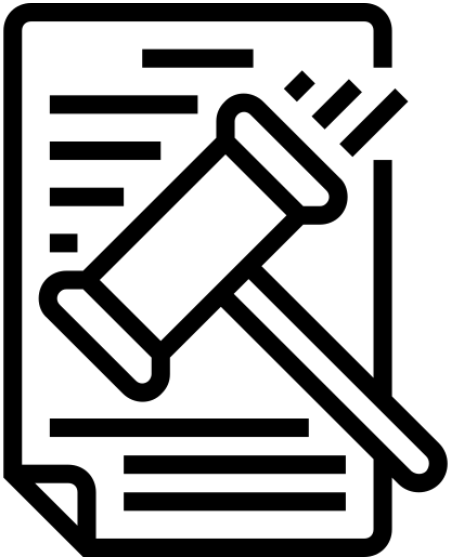


Regulatory Company Law

updates:



MCA amends Form for filing application to Regional Director



MCA has amended the Incorporation Rules to introduce **new Form RD-1** with the New radio button relating to “**Notice of approval of the scheme of merger in CAA-11**”

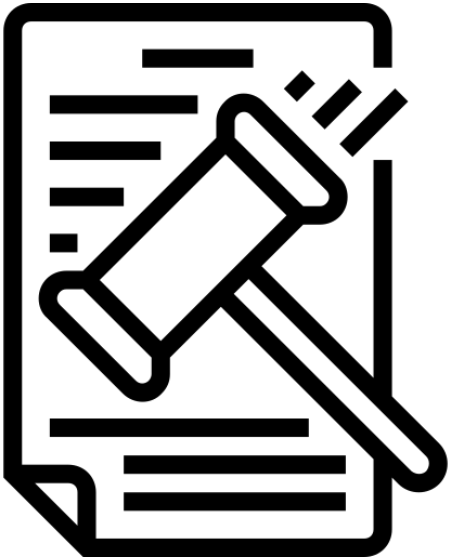




Regulatory updates: Director nominated by the Debenture Trustee



Appointment of Director nominated by the Debenture Trustee on boards of issuers



- SEBI has provided clarity on the requirements for the appointment of directors by entities that have listed their debt securities.
- Under SEBI norms pertaining to listing of non-convertible securities, an entity registered under the Companies Act, 2013 has to ensure that a person nominated by the debenture trustee is appointed as a director. While this obligation exists for issuers that are companies under the Companies Act, 2013.
- Citing issues raised by the debenture trustees and the role of a nominee director, SEBI said that issuers coming under certain categories can submit an undertaking to the debenture trustees instead of nominating a director.





Regulatory BRSR Core

updates:



BRSR Core – Framework for assurance and ESG disclosures for value chain

BRSR Core

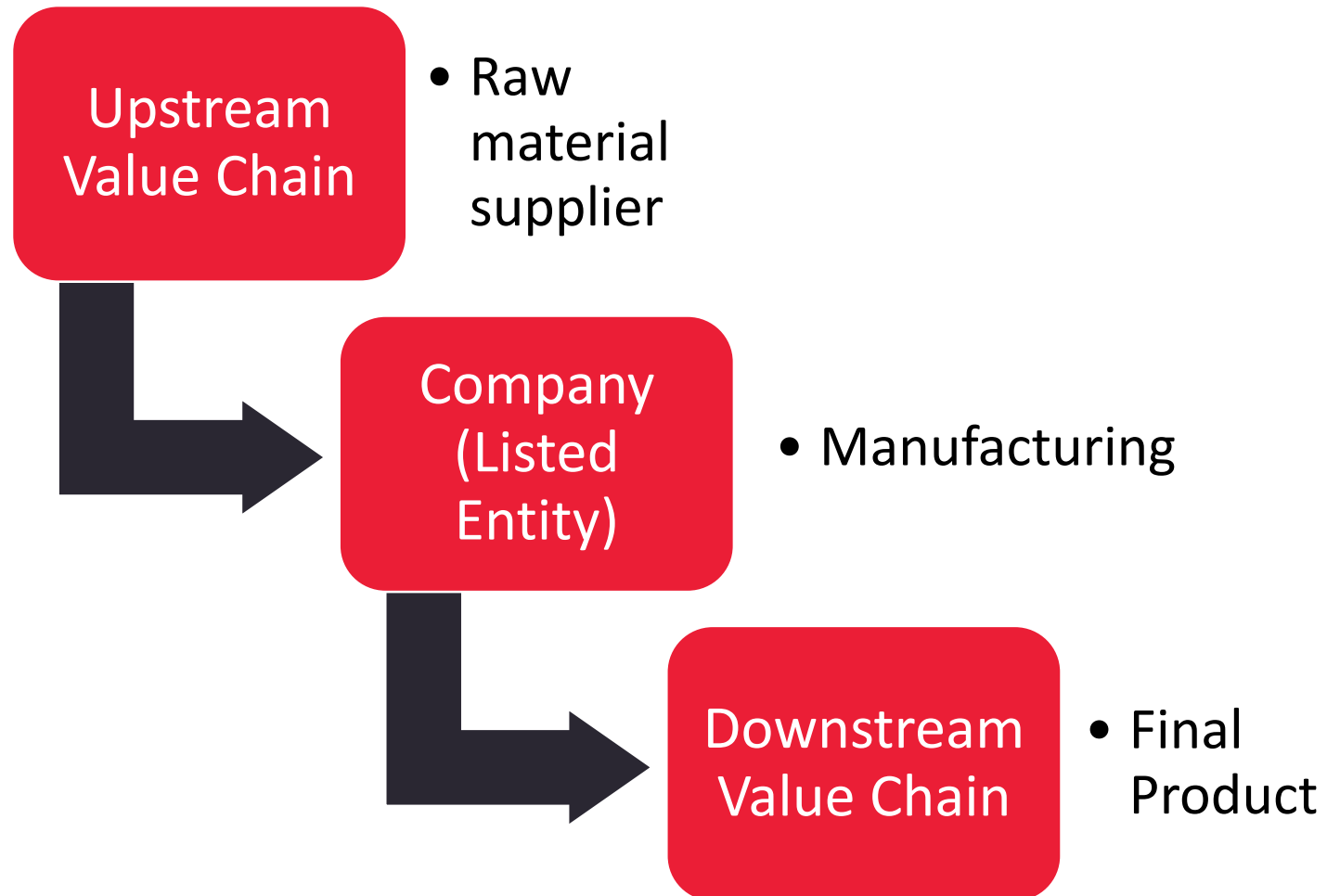
- From FY 2023-24, the top 1,000 listed entities (by market capitalization) shall make disclosures as per the updated BRSR format, as part of their Annual Reports.
- Listed entities shall mandatorily undertake reasonable assurance of the BRSR Core, as per the following glide path:

Financial Year	Applicability of BRSR Core to top listed entities (by market capitalization)
2023-24	Top 150 listed entities
2024-25	Top 250 listed entities
2025-26	Top 500 listed entities
2026-27	Top 1000 listed entities



BRSR Core – Framework for assurance and ESG disclosures for value chain

ESG Disclosures for value chain





BRSR Core – Framework for assurance and ESG disclosures for value chain

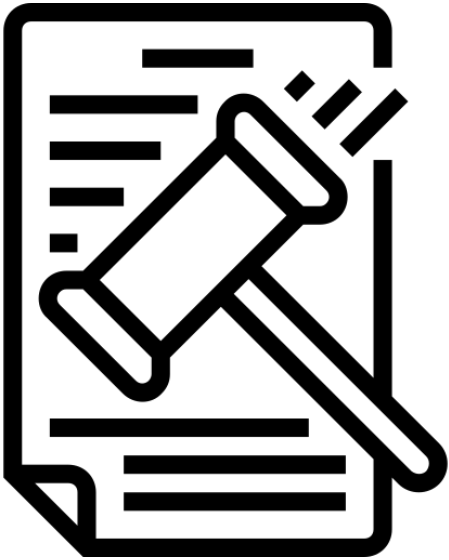
ESG Disclosures for value chain

- Disclosures for value chain shall be made by the listed company as per BRSR Core, as part of its Annual Report. For this purpose, value chain shall encompass the top upstream and downstream partners of a listed entity, cumulatively comprising 75% of its purchases/ sales (by value) respectively.
- Listed entities shall report the KPIs in the BRSR Core for their value chain to the extent it is attributable to their business with that value chain partner. Such reporting may be segregated for upstream and downstream partners or can be reported on an aggregate basis.
- The scope of reporting and any assumptions or estimates, if any, shall be clearly disclosed.
- ESG disclosures for the value chain shall be applicable to the top **250 listed entities (by market capitalization), on a comply or explain basis from FY 2024-25.**
- The limited assurance of the above shall be applicable on a **comply or explain basis** from **FY 2025-26.**



BRSR Core – Framework for assurance and ESG disclosures for value chain

Assurance provider



- The Board of the listed entity shall ensure that the assurance provider of the BRSR Core has the **necessary expertise**, for undertaking reasonable assurance.
- The listed entity shall ensure that there is no conflict of interest with the assurance provider appointed for assuring the BRSR Core. For instance, it shall be ensured that the assurance provider or any of its associates do not sell its products or provide any non-audit/ non-assurance related service including consulting services, to the listed entity or its group entities.





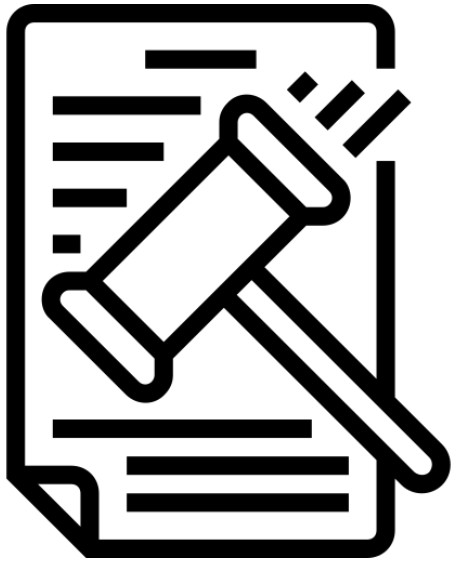
Regulatory Disclosure Regulations 30 and 30A

updates: under



Disclosure of material events / information by listed entities under Regulations 30 and 30A of SEBI (LODR) Regulations, 2015

SEBI has provided four annexures with respect to disclosure requirements under regulations 30 and 30A :



- i) **Annexure I** specify the details that need to be provided while disclosing events given in Part A of Schedule III.
- ii) **Annexure II** specifies the timeline for disclosing events given in Part A of Schedule III.
- iii) **Annexure III** provides guidance on when an event / information can be said to have occurred.
- iv) **Annexure IV** provides guidance on the criteria for determination of materiality of events / information.



Disclosure of material events / information by listed entities under Regulations 30 and 30A of SEBI (LODR) Regulations, 2015

When an event/ information can be said to have occurred for disclosures under Regulation 30?

- In certain instances, it would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc., it would depend upon the timing when the listed entity became aware of the event/information.
- In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.



Disclosure of material events / information by listed entities under Regulations 30 and 30A of SEBI (LODR) Regulations, 2015

When an event/ information can be said to have occurred for disclosures under Regulation 30?

- However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval.
- In case in-principle approval or approval to explore (which is not final approval) is given by the Board of Directors, the same shall not require disclosure under regulation 30 of the LODR Regulations.



Disclosure of material events / information by listed entities under Regulations 30 and 30A of SEBI (LODR) Regulations, 2015

When an event/ information can be said to have occurred for disclosures under Regulation 30?

- In the latter, the events/information can be said to have occurred when a listed entity becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.
- However, the listed entities shall confirm, deny or clarify any reported event or information in the mainstream media in terms of regulation 30(11) of the LODR Regulations.



Disclosure of material events / information by listed entities under Regulations 30 and 30A of SEBI (LODR) Regulations, 2015

What are the criteria for determining of materiality of events/ information?

- The criteria for determination of materiality of events / information is specified in regulation 30(4) of the LODR Regulations.
- SEBI has clarified that the average of absolute value of profit or loss is required to be considered by disregarding the 'sign' (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for 'materiality' of the event and not for any commercial consideration.

(Amount in Rs. Crore)	Profit/ loss after tax	Absolute value of profit/ loss after tax	Average of absolute value of profit/ loss after tax for the 3 years
FY 2020-21	(20)	20	$(20+50+20) / 3 = 30$
FY 2021-22	50	50	
FY 2022-23	(20)	20	



Disclosure of material events / information by listed entities under Regulations 30 and 30A of SEBI (LODR) Regulations, 2015

What are the criteria for determining of materiality of events/ information?

- Further, SEBI has clarified that in case a listed entity does not have a track record of 3 years of financials, say, in case of a demerged entity, the aforesaid average may be taken for the period / number of years as may be available.

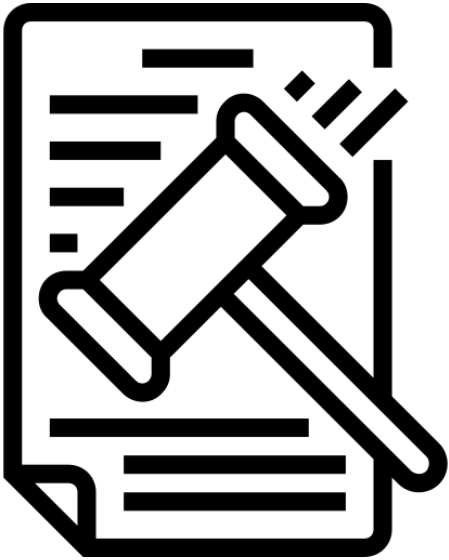




Regulatory updates: Trading Window closure



Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of PIT Regulations



SEBI has provided the framework for restricting trading by Designated Persons (“DPs”) by freezing PAN at security level to all listed companies in a phased manner is extended to all the listed companies.



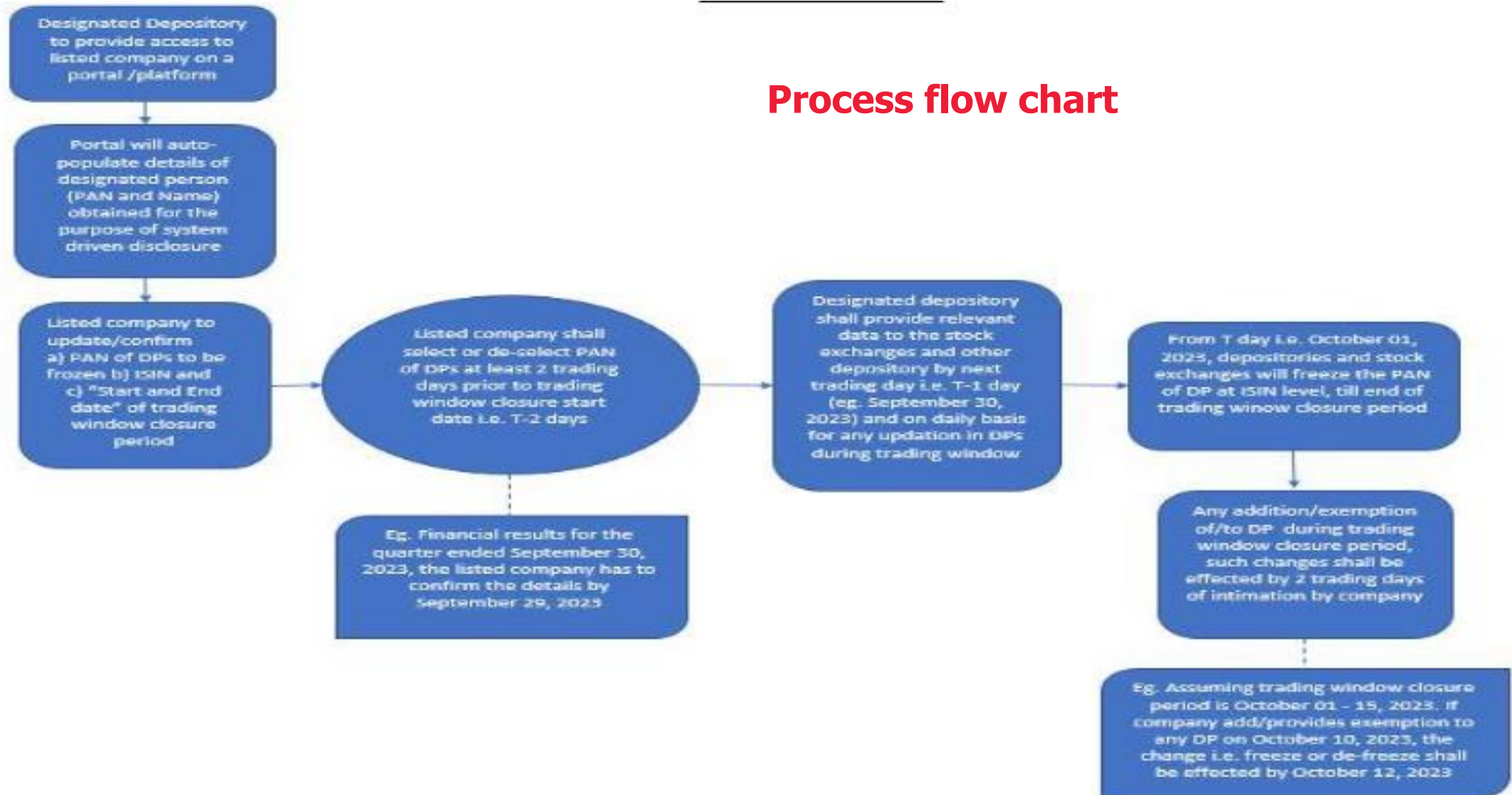
Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of PIT Regulations

S. No.	Companies to be covered	PAN freeze start date
1.	Listed companies that are part of benchmark indices i.e. NIFTY 50 and SENSEX	Already applicable as on date
2.	Top 1,000 companies in terms of BSE Market Capitalization as of June 30, 2023 (excluding companies part of benchmark indices)	October 1, 2023
3.	Next 1,000 companies in terms of BSE Market Capitalization as of June 30, 2023	January 1, 2024
4.	Remaining companies listed on BSE, NSE & MSEI	April 1, 2024
5.	Companies getting listed on Stock Exchanges post-issuance of this Circular	<p>01st day of the second quarter from the quarter in which the companies get listed.</p> <p>Illustration: For a company getting listed during January 01 to March 31, 2023, PAN of DPs should be frozen at security level as per prescribed framework latest from July 01, 2023.</p>



Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of PIT Regulations

Process flow chart





**Regulatory
Dispute
mechanism**

**updates:
resolution**



SEBI amends various regulations to provide dispute resolution mechanism

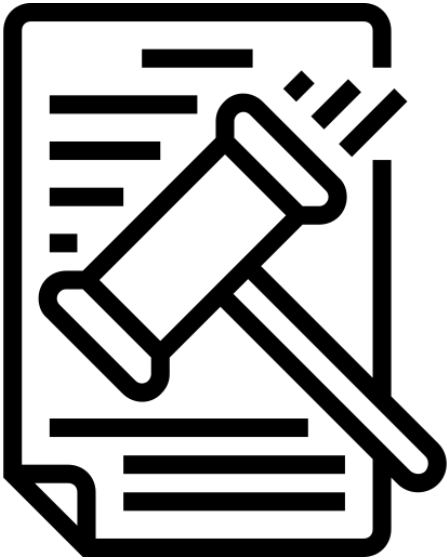
SEBI has notified the SEBI (ADR Mechanism) (Amendment) Regulations, 2023 to amend the various regulations viz.

Merchant Bankers	Alternative Investment Funds	Vault Managers
Registrars to an Issue and Share Transfer Agents	Investment Advisers	Collective Investment Schemes
Debenture Trustees	Research Analysts	Foreign Portfolio Investors
Mutual Funds	Infrastructure Investment Trusts	KYC (Know Your Client) Registration Agency
Custodian	Real Estate Investment Trusts	Portfolio Managers
Credit Rating Agencies	Listing Obligations and Disclosure Requirements	

to provide a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the SEBI..



Online Resolution of Disputes in the Indian Securities Market

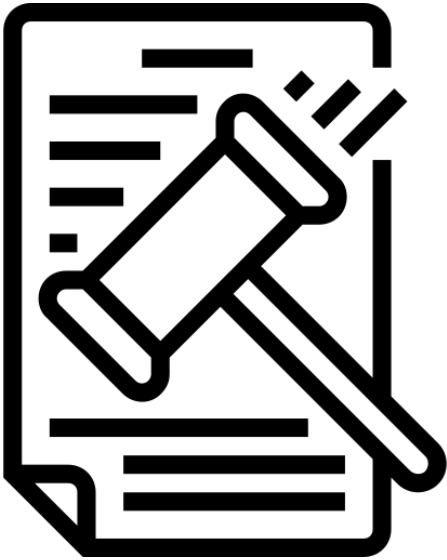


SEBI has provided the mechanism for dispute resolution which are as follows:

- Disputes between Investors/Clients and listed companies or any of the specified intermediaries / regulated entities in securities market arising out of latter's activities in the securities market, will be resolved in accordance with this circular and by harnessing online conciliation and/or online arbitration as specified in this circular.
- It is provided that an investor/client shall first take up his/her/their grievance with the Market Participant by lodging a complaint directly with the concerned Market Participant.



Online Resolution of Disputes in the Indian Securities Market



SEBI has provided the mechanism for dispute resolution which are as follows:

- If the grievance is not redressed satisfactorily, the investor/client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein.
- After exhausting all available options for resolution of the grievance, if the investor/client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal.



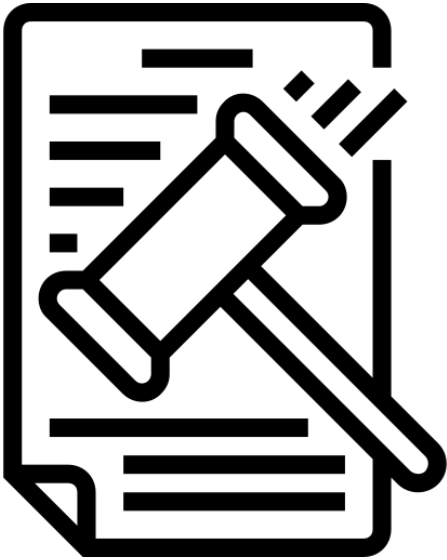


**Regulatory
Foreign
Investors (FPIs)**

**updates:
Portfolio**



Mandating Legal Entity Identifier (LEI) for all non-individual Foreign Portfolio Investors (FPIs)



- SEBI has clarified that all existing FPIs (including those applying for renewal) that have not already provided their LEIs to their DDPs shall do so within **180 days from the date of issuance of this circular (i.e. 23rd January, 2024)**, failing which their account shall be blocked for further purchases until LEI is provided to their DDPs.
- All fresh registration, subsequent to issuance of this circular, shall be carried out upon receipt of the FPIs' respective LEI details.



THANK YOU