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Key Highlights of the SEBI Board Meeting decisions held on 15th March, 2024

Introduction of Beta version of optional T+0 settlement

22 March 2024

Introduction of Beta version of optional T+0 settlement

27th January, 2023

- Fully implementation of T+1 settlement cycle.

28th March, 2024

- Introduction of the Beta version of T+0 settlement cycle on optional basis.
- For a limited set of 25 scrips and with a limited number of brokers.

Introduction of Beta version of optional T+0 settlement

Operational guidelines:

Eligible Investors

- All investors are eligible to participate
- If they are able to meet the timelines, process and risk requirements as prescribed by the MIIs

Surveillance Measures

- The surveillance measures as applicable in T+1 settlement cycle shall be applicable to scrips in T+0 settlement cycle.

Trade Timings

- 09:15 AM to 01:30 PM

Introduction of Beta version of optional T+0 settlement

Operational guidelines:

Price Band	Index calculation and settlement price computation	Netting of obligations
• The price in the T+0 segment will operate with a price band of +-100 basis points from the price in the regular T+1 market. • This band will be re-calibrated after every 50 basis points movement in the underlying T+1 market.	• T+0 prices will not be considered in index calculation and settlement price computation. • There shall be no separate close price for securities based on trading in T+0 segment.	• No netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle

Introduction of Beta version of optional T+0 settlement

Strategies for Managing T+0 by Stock Exchanges

- Position the exchange as more **innovative and attractive** to traders seeking faster transactions.
- Exchanges must ensure their **systems and processes can seamlessly handle** the increased speed without compromising security or accuracy.

Dynamic Risk Management Tools	Circuit Breakers and Trading Halts
Enhanced Market Surveillance	Educating Market Participants
Robust Liquidity Provisions	Strengthened Settlement and Clearing Processes

Introduction of Beta version of optional T+0 settlement

Various changes in Technology & Systems for Brokers

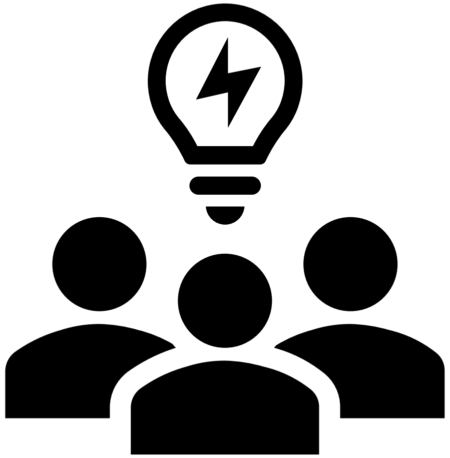
- Real-Time Processing Systems
- Enhanced Risk Management Tools
- Automated Compliance and Reporting
- Cybersecurity Enhancements
- Interoperability with Other Systems

- Brokers might experience **increased trading volumes and enhancing liquidity**
- To **reduce** credit and counterparty risks

Introduction of Beta version of optional T+0 settlement

Impact on Foreign Portfolio Investors (FPIs)

- FPIs might find markets with T+0 settlement more appealing due to quicker access to their funds and investments, potentially increasing their participation.
- They need to align their trading and risk management strategies with the faster settlement cycle.



Advantages of T+0 settlement

Increase in Transactions

Improved Liquidity

Increase in delivery turnover

Increase in Turnover and reduction in impact cost

Increased Trading Opportunities

Advantages of T+0 settlement

- Enhanced Market Efficiency
- Lower Settlement Risk
- Removal of Auction System
- Reduction in no. of default in Pay-in & Pay-out
- Inclusion of new Investors

Disadvantages of T+0 settlement

Operational Challenges

Potential for Increased Volatility

Need for Quick Decision Making

Regulatory and Compliance Hurdles

Introduction of Beta version of optional T+0 settlement

T+0 settlement Globally: In China

The Shanghai Stock Exchange and the Shenzhen Stock Exchange have provisions for T+0 settlement for day trades in certain securities.

Introduction of Beta version of optional T+0 settlement

T+0 settlement Globally: Blockchain and DLT

Some new platforms and exchanges leveraging blockchain and distributed ledger technology (DLT) have experimented with or implemented near-real-time settlements.

Amendments to SEBI (ICDR) Regulations, 2018

Amendments to SEBI (ICDR) Regulations, 2018

Facilitating ease of doing business for companies coming for IPOs / fund raising

Approved Changes:

- Doing away with the requirement of 1% security deposit in public/rights issue of equity shares.
- Promoter group entities and non-individual shareholders holding more than 5% of the post-offer equity share capital to be permitted to contribute towards minimum promoters' contribution (MPC) without being identified as a promoter.

Amendments to SEBI (ICDR) Regulations, 2018

Facilitating ease of doing business for companies coming for IPOs / fund raising

Approved Changes:

- Inclusion of equity shares resulting from the conversion of compulsorily convertible securities held for a year before filing the DRHP in meeting the minimum promoters' contribution requirement.
- The increase or decrease in size of offer for sale (OFS) requiring fresh filing shall be based on only one of the criteria i.e. either issue size in rupees or number of shares, as disclosed in the draft offer document.

Amendments to SEBI (ICDR) Regulations, 2018

Facilitating ease of doing business for companies coming for IPOs / fund raising

Approved Changes:

- Flexibility in extending the bid/offer closing date on account of force majeure events by minimum 1 day instead of present requirement of minimum 3 days.

Amendments to SEBI (LODR) Regulations, 2015

Amendments to SEBI (LODR) Regulations, 2015

Facilitating ease of doing business for listed companies – on-going compliance requirements

Approved Changes:

- Market capitalization compliance to be based on a 6-month average ending December 31, instead of single day's (March 31) market capitalization.
- Further, a sunset clause of three years for cessation of applicability of market capitalization based provisions is also being introduced.

Amendments to SEBI (LODR) Regulations, 2015

Facilitating ease of doing business for listed companies – on-going compliance requirements

Approved Changes:

- **Extending the timeline from 3 months to 6 months for filling up vacancies of KMPs which require approval of statutory authorities.**
- **Harmonization and reduction of timelines for prior intimation of board meetings to two working days.**

Amendments to SEBI (LODR) Regulations, 2015

Facilitating ease of doing business for listed companies – on-going compliance requirements

Approved Changes:

- Increasing the maximum permitted time gap between two consecutive RMC meetings from 180 days to 210 days in order to provide flexibility to listed entities to schedule the meetings.

Amendments to SEBI (LODR) Regulations, 2015

Facilitating a uniform approach to verification of market rumours by equity listed entities

Approved Changes:

- **Establishing objective criteria & uniform approach for rumor verification based on material price movements.**
- **Utilizing unaffected prices for transactions subject to SEBI regulations if rumors are confirmed within 24 hours of significant price shifts.**

Amendments to SEBI (LODR) Regulations, 2015

Facilitating a uniform approach to verification of market rumours by equity listed entities

Approved Changes:

- Requiring prompt responses from key personnel (promoters, directors, KMP and senior management) to verify market rumors.
- Specifying that unverified information from media sources does not constitute “generally available information” under SEBI's insider trading regulations.

Amendments to SEBI (LODR) Regulations, 2015

Timeline for mandatory applicability of Listing Norms for High Value Debt Listed Entities (HVDLEs) extended

Approved Changes:

To extend the timeline for High Value Debt Listed Entities to comply with SEBI's listing norms (Regulations 16 to 27 of SEBI (LODR) Regulations, 2015) until March 31, 2025.

Amendments to SEBI (AIF) Regulations, 2012

Amendments to SEBI (AIF) Regulations, 2012

Flexibility provided to Category I and II AIFs to create encumbrance on their holding of equity in infrastructure sector investee companies

Approved Changes:

- **Category I and II AIFs permitted to create encumbrance on the equity of their investee companies in the infrastructure sector.**
- **Infrastructure sector companies engaged in development, operation, or management of projects listed in the Government of India's Harmonised Master List of Infrastructure sub-sectors are eligible for this initiative.**

Amendments to SEBI (AIF) Regulations, 2012

Enhancing trust in the AIF ecosystem by introducing due diligence measures with respect to investors and investments, thereby paving the way for introduction of other Ease of Doing Business measures

Approved Changes:

- **To mandate AIFs/ their Managers/ KMPs to conduct thorough due diligence on investors and investments.**
- **This aims to prevent AIFs from enabling circumvention of financial regulations.**
- **Specific implementation standards for this due diligence will be developed by the Industry Standards Forum for AIFs, in consultation with SEBI, to ensure clarity and consistency.**

Amendments to SEBI (AIF) Regulations, 2012

Additional flexibility to AIFs and their investors to deal with unliquidated investments of their schemes beyond expiry of tenure

Approved Changes:

- SEBI has approved measures for AIFs to address unliquidated investments during winding up.
- AIFs can now continue holding such investments in a "Dissolution Period," replacing the previous option of launching a new scheme.
- Investments carried forward will be recognized according to SEBI norms.
- A 1 year extension has been granted for liquidation periods of schemes with expired or expiring periods, subject to conditions.

Amendments to SEBI (Infrastructure Investment Trusts) Regulations, 2014

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Amendments to SEBI (InvITs) Regulations, 2014

Framework for issuance of subordinate units by a privately placed InvIT to facilitate purchase of infrastructure assets

Approved Changes:

- **To allow privately placed InvITs to issue subordinate units initially. This framework aims to address valuation gaps between asset sellers (Sponsors) and InvITs, offering risk mitigation measures.**
- **Subordinate units will facilitate bridging valuation disparities between sellers and buyers, enhancing efficiency in InvIT transactions.**

Amendments to SEBI (Foreign Portfolio Investors) Regulations, 2019

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Amendments to SEBI (FPIs) Regulations, 2019

Additional disclosure requirements exempted for certain FPIs

Approved Changes:

To exempt certain disclosure requirements for Foreign Portfolio Investors (FPIs) if they meet specific conditions. These conditions include having less than 50% of their India equity assets under management (AUM) in a single corporate group, excluding holdings in a parent company with no identified promoter. Additionally, the combined holdings of all such FPIs in a listed company with no identified promoter must be less than 3% of its total equity share capital to qualify for the exemption.

Amendments to SEBI (FPIs) Regulations, 2019

Timelines for disclosure/documentation related to material changes by FPIs relaxed

Approved Changes:

To relax disclosure timelines for Foreign Portfolio Investors (FPIs) to ease business processes. FPIs currently have 7 working days to disclose material changes to their Designated Depository Participants (DDPs). Moving forward, material changes will be categorized as Type I or Type II. Type I changes still require disclosure within 7 days, with supporting documents provided within 30 days. Type II changes, along with any supporting documents, must be disclosed within 30 days of occurrence.

Amendments to SEBI (FPIs) Regulations, 2019

Enhancing ease of doing business for FPIs by providing flexibility to FPIs in dealing with their securities post expiry of their registration

Approved Changes:

- FPI registrations **can be reactivated within 30 days of expiry**, allowing disposal of securities during this period. If not reactivated within 30 days, FPIs have 180 days for disposal.
- A **minimum of 180 days is given for disposal of securities** in case of certain events like compliance status changes or non-submission of documents.

Amendments to SEBI (FPIs) Regulations, 2019

Enhancing ease of doing business for FPIs by providing flexibility to FPIs in dealing with their securities post expiry of their registration

Approved Changes:

- If securities remain unsold after 180 days, FPIs have an additional 180 days with a 5% financial disincentive. After this, unsold securities are deemed written-off.
- Existing cases are given a one-time opportunity of 360 days for disposal, with the same financial disincentive. Unsold securities after this period are written-off.

Amendments to SEBI (FPIs) Regulations, 2019

Enhancing ease of doing business for FPIs by providing flexibility to FPIs in dealing with their securities post expiry of their registration

Approved Changes:

- **Written-off securities are transferred to an escrow account for sale, with proceeds going to SEBI's Investor Protection and Education Fund.**

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