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ASSURANCE

Financial Reporting Closure 2020-21

SEBI Amendments, Clarifications and
Relaxations 2020-21



Foreword

Listed entities are required to adhere to the highest quantum of compliance requirements in corporate reporting. While the reasons for a higher compliance burden are obvious due to direct exposure to public money, compliances for the period 2020-21 were unlike any period before. The COVID-19 pandemic and its impact across management and administration of listed companies forced the Securities and Exchange Board of India (SEBI) to grant numerous relaxations in compliances specially in the first two quarters of 2020-21. SEBI also announced disclosure-oriented amendments and clarifications with regard to numerous subjects of reporting in the course of this period.

Overall, it was by far the most challenging and peculiar reporting period where most of the challenges that arose in reporting and closing were purely unprecedented. We bring you a quarter-wise summary of key SEBI amendments that were announced in 2020-21. We hope that this article serves as a support in the closure of financial reporting closure and also provides an overview of amendments in compliances.

We have presented the amendments, clarifications and relaxations in quarterly chronology for your overview.



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Relaxations that have an immediate bearing on the quarter/half year ended 31 March 2021

These following extensions and relaxations have come as a response to requests made to SEBI by representatives of listed entities, professional bodies, industry associations, market participants, etc. due to the resurgence of the COVID-19 pandemic.

- Extension granted in filing financial results for the quarter ended 31 March 2021:
 - The deadline to file financial results has been extended from 15 May 2021 to 30 June 2021.
- Listed entities are now permitted to use digital signature for the authentication or certification of all filings/submissions to be made to the stock exchange until December 2021. (Discussed in Quarter 2 updates below)
- Relaxation has been granted in the requirement of uploading “Know Your Customer” (KYC) application form and related supporting documents on the KYC Registration Agency (KRA) system.
 - KYC documents are to be uploaded on the KRA system within 10 working days. The granted relaxation now permits KYC documents to be uploaded on the KRA system till 30 June 2021 within 15 working days.
 - Registered intermediaries will be granted a 30 days time period to clear back-log.
- Deadlines for the submission of the following for the year ended March 2021 have been extended to 31 July 2021:
 - Internal audit reports for the half year ended March 2021.
 - Net worth certificate in margin trading for Clearing Member (CM) segment.
 - Net worth certificate for all members.
- Extension has been granted in the submission of the half-yearly Internal Audit Report to be submitted by Register and Share Transfer Agents (RTAs) from 15 May 2021 to 31 July 2021.

Amendments, Clarifications and Relaxations in Quarter 1 of 2020-21

Quarter 1 of the Financial year 2020-21 was severely marred by the impact of the COVID-19 pandemic.

SEBI advised and encouraged listed companies to evaluate the impact of COVID-19 on their businesses. The advisory insisted the businesses to review both qualitative and quantitative aspects of the impact and share the same with all the stakeholders. An illustrative list of information to be considered while disclosing the impact of COVID-19 was issued by SEBI which covered:

- Impact of COVID-19 on business
- Ability to maintain operations including the factories/units/office spaces functioning and closed down
- Schedule, if any, for restarting the operations
- Steps taken to ensure smooth functioning of operations
- Estimation of future impact of COVID-19 on its operations
- Details of impact of COVID-19 on listed entities:
 - Capital and financial resources
 - Profitability
 - Liquidity position
 - Ability to service debt and other financing arrangements
 - Assets
 - Internal financial reporting and control
 - Supply chain
 - Demand for its products/services

- Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business
- Other relevant material updates about the listed entity's business

https://www.sebi.gov.in/legal/circulars/may-2020/advisory-on-disclosure-of-material-impact-of-covid-19-pandemic-on-listed-entities-under-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_46688.html

[Refer Note 1 for a summary of all relaxations granted in Quarter 1 of 2020-21.](#)

Amendments, Clarifications and Relaxations in Quarter 2 of 2020-21

Amendments and Clarifications issued during the Quarter

SEBI (Prohibition of Insider Trading) Regulations, 2015

SEBI announced amendments to prohibition of insider trading regulations on 17 July 2020. The key amendments have been summarized as under:

Amendment to Regulation 3(5)

Maintenance of structured digital database for unpublished price sensitive information

The Board of Directors or heads of the organization of entities are required to handle unpublished price sensitive information. They have to ensure that a structured digital database is maintained containing the following information:

- Nature of unpublished price sensitive information.
- Names of such personnel who have to share the information along with their Permanent Account Number (any other identifier authorized by law in case Permanent Account Number is not available).

- Name of such personnel with whom the information is shared along with their Permanent Account Number (any other identifier authorized by law in case Permanent Account Number is not available).

The database will not be outsourced and shall be maintained internally with adequate internal controls and checks to ensure non-tampering of database. The regulation lists the following checks to ensure non-tampering:

- Time stamping
- Audit trails

Preservation of the structured digital database

The Board of Directors or heads of the organization will have to ensure that the structured digital database is preserved for a period of at least eight years after the completion of relevant transactions. In the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the database shall be preserved till the completion of the proceedings.

Amendment in Schedule B Clause 12

The code of conduct of the listed company shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, etc. that may be imposed for the contravention of the code of conduct.

Any amount collected for such disciplinary actions shall be remitted to the Board and credited to the Investor Protection and Education Fund.

https://www.sebi.gov.in/legal/regulations/jul-2020/securities-and-exchange-board-of-india-prohibition-of-insider-trading-amendment-regulations-2020_47104.html

Amendments, Clarifications and Relaxations in Quarter 2 of 2020-21

Implementation of system-driven disclosures for members of the promoter group and designated person

SEBI amended Regulation 7(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. Under this amendment, system-driven disclosures shall be implemented for members of the promoter group and designated persons and the promoters and directors of the company.

These system-driven disclosures shall pertain to trading in equity shares and equity derivative instruments (futures and options) of the listed entity.

The following information would be required to be provided by the listed company to their designated depository to implement system-driven disclosures:

- Permanent Account Number of the Promoters including members of the promoter group.
- Permanent Account Number of the designated person.
- Permanent Account Number of Directors.

The format of submitting the above information shall be provided by the depository to the listed company.

https://www.sebi.gov.in/legal/circulars/sep-2020/automation-of-continual-disclosures-under-regulation-7-2-of-sebi-prohibition-of-insider-trading-regulations-2015-system-driven-disclosures_47523.html

Amendments to ICDR Regulations

- Regulation 164B introduced, which prescribes the guidelines for “Optional Pricing in Preferential Issue.” An option is granted under which the price of equity shares to be allotted pursuant to a preferential issue can be determined by the erstwhile Regulation 164 or the newly introduced regulation 164B.
- The price of the equity share to be allotted shall not be less than the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during:
 - The twelve weeks preceding the relevant date or
 - The two weeks preceding the relevant date

Additional points for consideration

1. The specified securities that are allotted on a preferential basis using the above pricing mechanism shall be locked in for three years.
2. The above-mentioned pricing method could be availed only in case of allotment by preferential issue made between the date of notification of this regulation (9 July 2020) and 31 December 2020.

https://www.sebi.gov.in/legal/regulations/jul-2020/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2020_46991.html



Amendments, Clarifications and Relaxations in Quarter 2 of 2020-21

Amendment to “Substantial Acquisition of Shares and Takeovers Regulations.”

Currently, Regulation 17 (1): Provision of Escrow of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 requires an acquirer to create an escrow account towards security for performance of his obligations and deposit the following aggregate amounts as under:

Consideration payable under open offer	Escrow Amount
On the first INR 500 crore	An amount equal to 25% of the consideration
On the balance consideration	An additional amount equal to 10% of the balance consideration

<https://www.sebi.gov.in/legal/regulations/sep-2011/sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011-as-amended-upto-august-14-2017-35784.html>

As on 1 July 2020, amendment has been introduced to the substantial acquisition of shares and takeovers regulations as under:

Amendments to Regulation 17 (1)

1. In case of indirect acquisitions where a public announcement has been made, an amount equivalent to 100% of the consideration payable in the open offer shall have to be deposited in the escrow account.
2. Deposit of securities shall not be permitted in respect of indirect acquisitions where public announcement has been made.

Amendments to Regulation 18 (11)

In cases where the acquirer is unable to pay the shareholders who have accepted the open offer with the time limits prescribed under the substantial acquisition of shares and takeovers regulations, the acquirer shall pay interest at 10% per annum for the period of delay to all the shareholders whose shares have been accepted in the open offer.

<https://www.sebi.gov.in/legal/regulations/jul-2020/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-third-amendment-regulations-2020-46990.html>



Amendments, Clarifications and Relaxations in Quarter 2 of 2020-21

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Clarification

- SEBI received representations from investors expressing concerns regarding their participation in open offers, buybacks and delisting of securities of listed entities since the securities held by them were not in dematerialized form.
- In this context SEBI issued a clarification that allows shareholders holding securities in physical form to tender shares in open offers, buybacks through tender offer route and exit offers in case of voluntary or compulsory delisting.

https://www.sebi.gov.in/legal/circulars/jul-2020/clarification-on-applicability-of-regulation-40-1-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-to-open-offers-buybacks-and-delisting-of-securities-of-listed-entities_47216.html

Amendment

- The erstwhile Regulation 42(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 required a listed entity to intimate the record date to all stock exchanges where it is listed for the purposes of:
 - Declaration of dividend
 - Issue of Rights shares
 - Issue of Bonus shares

- Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was amended on 5 August 2020. The amendment now requires a listed entity to intimate the record date to all the stock exchanges where it is listed, where:
 - Stock derivatives are available on the stock of the listed entity, or
 - The listed entity's stock forms part of an index on which derivatives are available.

Relaxations in compliances granted by SEBI during Quarter 2 of 2020-21 owing to COVID-19 are summarized as under:

Sr. No	Relaxations granted during Quarter 2 of 2020-21	SEBI Update Link
1	Rights issue: <ol style="list-style-type: none"> Relaxation granted in the requirement of sending physical copy of abridged letter of offer, application form, and other issue related material due to COVID-19 conditions. Dematerialized rights entitlements. Authentication of all documents filed up to 31 December 2020 maybe done using digital signature certifications. 	https://www.sebi.gov.in/legal/circulars/jul-2020/relaxations-relating-to-procedural-matters-issues-and-listing_47135.html
2	Takeover and buy backs: Letter of offer, tender form and other related material may be served to the shareholders through electronic mode.	SEBI/HO/CFD/DIL1/CIR/P/2020/139 dated 27 July 2020
3	Use of digital signature: Relaxation in timelines announced by permitting companies to use digital signature up to 31 December 2020 SEBI for authentication/ certification of submissions and filings made to stock exchange.	https://www.sebi.gov.in/legal/circulars/jul-2020/use-of-digital-signature-certifications-for-authentication-certification-of-filings-submissions-made-to-stock-exchanges_47219.html

Amendments, Clarifications and Relaxations in Quarter 3 of 2020-21

Amendments to Scheme of Arrangements

The regulatory framework for schemes of arrangement by listed entities have been laid down in [SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017](#) and relaxation under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957. On 3 November 2020, SEBI announced amendments to the said regulatory frameworks.

Para 2 of Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017 prescribes a list of documents that the listed entity has to submit to the stock exchange before the scheme is submitted to the National Company law tribunal. Amendments have been announced to Para 2 under which listed companies shall now be required to submit the following documents in addition to the existing list of documents:

1. Audit committee report recommending the draft scheme of arrangement shall 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

2. A report from the committee of Independent Directors recommending the draft scheme of arrangement after taking into consideration, inter alia, that the scheme is not detrimental to the shareholders of the listed entity.
3. A registered valuer's Valuation Report (Registered valuers are defined under Section 247 of the Companies Act, 2013)

Para B of Annexure I of Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017 laid down the obligations of the stock exchange in a scheme of arrangement. Para B4 required the stock exchange to provide either an "Observation Letter" or "No Objection Letter" to SEBI on the draft scheme. The amendment introduced brings in the following changes:

1. Eliminates the need for an Observation letter.
2. Now, stock exchanges would provide a "No-Objection Letter" to SEBI on the draft scheme; in coordination with each other.
3. SEBI shall issue a "Comment Letter" upon the receipt of a No-objection letter from the stock exchange.

Para III (A)(5) of Annexure I lays down requirements to be complied by a listed entity under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957.

Amendments have been announced to Para III(A)(5) which shall now require:

1. Steps that are specified for listing of securities are completed and trading in securities commences within 60 days of receipt of the order of the High Court/ National Company Law Tribunal.
2. Incremental disclosures while issuing an advertisement in newspapers with nationwide circulation for seeking relaxation from minimum public shareholding.
3. Disclosures to be provided to the stock exchange in the form of an information document by the transferee company.

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

Amendments, Clarifications and Relaxations in Quarter 3 of 2020-21

Amendment to standardization of timeline for listing of securities issued on a private placement basis

SEBI has been receiving requests from various market participants for clarification on the period within which securities issued on private placement basis under the following regulations:

- SEBI (Issue and Listing of Debt Securities) Regulations, 2008
- SEBI (Issue and Listing of Non-Convertible Preference Shares) Regulations, 2013
- SEBI (Public Offer and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008
- SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015

need to be listed after completion of allotment. Accordingly, on 5 October 2020 SEBI issued circular no. [SEBI/HO/DDHS/CIR/P/2020/198](#), which standardizes the time limit for listing securities on a private placement basis. The provisions of the circular shall come into force on 1 December 2020.

The following timelines have been stipulated

Sr. No	Details of Activities	Due Date
1	Closure of Issue	T day
2	Receipt of Funds	To be completed by T+2 trading day
3	Allotment of Securities	
4	Issuer to make listing application to stock exchange	To be completed by T+4 trading day
5	Listing permission from stock exchange	

Penalties for delays in the above timelines have been prescribed as under:

- 1% per annum over the coupon rate for period of delay to the investor (from the date of allotment to the date of listing).
- Permitted to utilize the issue proceeds of its subsequent two privately placed issuances of securities only after receiving final listing approval from Stock Exchanges.

Amendments, Clarifications and Relaxations in Quarter 3 of 2020-21

Amendment to penalties for non-compliance with provisions related to continuous disclosure

SEBI has prescribed continuous disclosure norms for issuers of listed Non-Convertible Debt Securities (NCDS), Non-Convertible Redeemable Preference Shares (NCRPS) and Commercial Papers (CP) under the following regulations:

- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") for issuers of listed NCDS and/or NCRPS.
- SEBI circular nos. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, and SEBI/HO/DDHS/DDHS/CIR/P/2019/167 dated 24 December 2019, for issuers of listed CP.

On 13 November 2020 via Circular no. [SEBI/HO/DDHS/DDHS/CIR/P/2020/231](#) SEBI prescribed a uniform structure for imposing fines and penalties for non-compliances with the above listed regulations by issuers of the above-mentioned securities as under:

Particulars	Fine/Penalty for non-compliance by issuer of NCDS/NCRPS and CP
Delay in furnishing prior intimation with respect to date of payment of interest/redemption amount or intimation regarding board meeting affecting the rights or interest of holders of NCDS/NCRPS	INR 1,000 per International Securities Identification Number (ISIN)
Non-Compliances for Submission of Financial Results by NCDS/NCRPS	
Non-submission of the financial results within the period prescribed under this regulation by NCDS/NCRPS	INR 5,000 per day
Non-disclosure of line items prescribed under Regulation 52(4) along with the half-yearly/annual financial results or non-disclosure of items pertaining to NCRPS as notes to financials prescribed under Regulation 52(6)	INR 1,000 per day

Non- submission of a Certificate signed by the Debenture Trustee taking note of the contents prescribed under regulation 52(4)	INR 1,000 per day
Non-submission of deviations/variations in utilization of issue proceeds	INR 1,000 per day
Non-compliance with Asset Cover Regulations	
Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements	INR 1,000 per day
Non-Compliance with Structure of NCDS/NCRPS	
Failure to obtain prior approval of stock exchange for any structural change in terms of NCDs/NCRPS	INR 50,000 per instance
Non-compliance with norms related to registered web-site	
Non-compliance with norms pertaining to functional website	Advisory/warning letter per instance of non-compliance per item INR 10,000 per instance for every additional advisory/warning letter exceeding the four advisory/warning letters in a financial year
Non-Compliances by Issuers of listed CP	
Non-submission of financial results within the prescribed period	INR 5000 per day
Non-disclosure of line items prescribed under Regulation 52(4) of SEBI LODR Regulations along with the half yearly/annual financial results	INR 1,000 per day
Non-submission of certificate regarding fulfilment of payment obligations	INR 1,000 per day per ISIN
Delay in submission of notice of record date	INR 10,000 per ISIN

The above provisions are applicable for compliance period ending on or after 31 December 2020.

Amendments, Clarifications and Relaxations in Quarter 3 of 2020-21

FAQs on prohibition of insider trading regulations

SEBI announced amendments to SEBI (Prohibition of insider trading) Regulations, 2015 regarding the maintenance and preservation of a structured digital database (Refer Quarter 2 above). In line with this announcement, SEBI issued [FAQs on Prohibition of Insider Trading Regulations](#) on 8 October 2020 for further clarification and guidance.

Key take away of the FAQs are summarized as under:

- Listed companies should maintain a structured digital database which shall contain the following information:
 - a. Details of unpublished price sensitive information (UPSI)
 - b. Details of persons with whom such UPSI is shared along with their Permanent Account Number/other unique identifiers
 - c. Details of persons who have shared such information
- Similarly, another structured digital database should be maintained internally by fiduciary or intermediary, capturing information in accordance with Regulation 9A (2)(d) and as required under Schedule C.

Operational guidelines for transfer and dematerialization of re-lodged shares

SEBI, vide circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated 7 September 2020 has fixed 31 March 2021, as the cut-off date for re-lodgement of transfer requests and has stipulated that such transferred shares shall be issued only in Demat mode.

On 2 December 2020 SEBI issued operational guidelines via [Circular No: SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236](#) for transfer and dematerialization of re-lodged physical shares. The key take-aways of these guidelines are summarized as under:

- Subsequent to processing of the re-lodged transfer request, the RTA shall retain the physical shares and intimate the investor (transferee) about the execution of transfer through Letter of Confirmation.
- The investor shall submit the Demat request within 90 days of issue of Letter of Confirmation to the Depository participant along with the Letter of Confirmation.
- Depository Participant will process the Demat Request based on Letter of Confirmation.
- Shares shall be in lock-in Demat mode for 6 months from the date of registration of transfers per the SEBI Circular SEBI/HO/MIRSD/DOS3/CIR/P/2018/139, dated November 06, 2018.
- In case of non-receipt of Demat request from the investor within 90 days of the date of Letter of Confirmation, the Shares will be credited to Suspense Escrow Demat Account of the Company.

Amendments with respect to forensic audits by listed companies

On 8 October 2020 SEBI amended Part A of Schedule III of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 via [SEBI Notification no. SEBI/LAD-NRO/GN/2020/33](#). A new sub-clause has been introduced which requires the following disclosures to be made to the stock exchange in case a forensic audit has been initiated:

- a. The fact of initiation of forensic audit along with name of entity initiating the audit and reasons for the same, if available.
- b. Final forensic audit report (other than for forensic audit initiated by regulatory/enforcement agencies) on receipt by the listed entity along with comments of the management if any.

Amendments, Clarifications and Relaxations in Quarter 3 of 2020-21

In line with the above amendment, SEBI issued a clarification in the form of FAQs on 27 November 2020. Key takeaways from the same are summarized as under:

Clarification regarding	Clarification Provided
Forensic Audits that are covered	Forensic audits that are initiated with the objective of detecting any mis-statement in financials, mis-appropriation/siphoning or diversion of funds. The amendment announced by SEBI does not seek to cover disclosure of audit of matters such as product quality control practices, manufacturing practices, supply chain processes including procurement and matter that would not require any revision to financial statements disclosed by the listed entity.
Applicability to on-going audit	The amendment announced by SEBI has a prospective effect. It applies to all audits which are initiated and audit reports which are finalized after 8 October 2020.
Details that may be expunged from disclosure of the final forensic audit report	Any personally identifiable information including names of individuals and commercially sensitive information.

https://www.sebi.gov.in/sebi_data/faqfiles/nov-2020/1606474249513.pdf

Amendment to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 via [SEBI Notification no. SEBI/LAD-NRO/GN/2020/33](#) with respect to debenture trustees and asset cover for non-convertible debt securities

Amendments with respect to debenture trustees

- Regulation 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires companies with listed debt securities to send certain documents to Debenture Trustees.

The amendment shall now require the company to provide an intimation of all covenants of the issue, including side letters, accelerated payment clause, etc.

- A half-yearly certificate regarding maintenance of hundred percent asset cover or asset cover as per the terms of offer document/Information Memorandum and/or Debenture Trust Deed, including compliance with all the covenants, in respect of listed non-convertible debt securities, by the statutory auditor, along with the half-yearly financial result.
- The submission of half-yearly certificate is not applicable where bonds are secured by a government guarantee.

Amendments with respect to listed entities with non-convertible debt securities

Listed entity shall maintain hundred percent asset cover or asset cover as per the terms of offer document/Information Memorandum and/or Debenture Trust Deed, sufficient to discharge the principal amount at all times for the non-convertible debt securities issued.

Other amendments announced by SEBI during Quarter 3

- Guidelines were issued by SEBI for rights issue of units by an unlisted Infrastructure Investment Trust.

<https://www.sebi.gov.in/legal/circulars/nov-2020/guidelines-for-rights-issue-of-units-by-an-unlisted-infrastructure-investment-trust-invite-48082.html>

- Clarification on fraudulent and unfair trade practices.

SEBI notification no. SEBI/LAD-NRO/GN/2020/36 dated 19 October 2020.

Amendments, Clarifications and Relaxations in Quarter 4 of 2020-21

Major amendments for Quarter 4 have been pronounced via the SEBI Board Meeting held on 25 March 2021 – Press Release No. 15/2021. The key amendments have been summarized as under:

SEBI Review of framework of Innovators Growth Platform (IGP) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

The key amendments are as under:

- Present eligibility requirement under IGP, for issuer to have 25% of pre-issue capital held by eligible investors for two years period, is reduced to one year.
- The term 'Accredited Investor' for the purpose of IGP is renamed as 'Innovators Growth Platform Investors'. At present, pre-issue shareholding of such investors for meeting eligibility, is considered for only 10%, which is now increased and shall be considered for the entire 25% required for meeting eligibility norms.
- In terms of present IGP provisions, Issuer Company is not permitted to make discretionary allotment. It has been decided to allow Issuer Company to allocate up to 60% of the issue size on a discretionary basis, before issue opening, to eligible investors with a lock in of 30 days on such shares.
- In line with the provisions of Main Board IPO, Issuer companies which have issued Superior Voting Rights (SR) equity shares to promoters/founders shall be allowed to do listing under IGP framework.
- For companies listed under IGP framework, stipulation for triggering open offer under Takeover Regulations, 2011, has been relaxed from existing 25% to 49%. However, irrespective of acquisition or holding of shares or voting rights in a target company, any change in control directly or indirectly over target company will trigger open offer.

- Delisting under IGP framework shall be considered successful if the post offer acquirer/promoter shareholding, taken together with the shares tendered and accepted, reaches 75% of the total issued shares of that class; and at least 50% shares of the public shareholders are tendered and accepted.
- Further, for delisting under IGP framework, the Reverse Book Building mechanism shall not be applicable, and for computation of offer price, the floor price will be determined in terms of Takeover Regulations, 2011, along with delisting premium as justified by the acquirer/promoter.
- Presently for a company not satisfying the conditions of profitability, net assets, net worth, etc., migration from IGP to Main Board requires a company to have 75% of its capital held by QIBs as on date of application for migration. This requirement is now reduced to 50%.

Business Responsibility and Sustainability Reporting

Shall be made applicable to top 1000 listed entities (by market capitalization), for reporting voluntarily for FY 2021 – 22 and on a mandatory basis from FY 2022 – 23.

Amendments, Clarifications and Relaxations in Quarter 4 of 2020-21

Amendment to SEBI (Alternative Investment Funds) Regulations, 2012

- Provide a definition of 'start-up' as specified by Government of India for investment by Angel Funds;
- Remove the list of restricted activities or sectors from the definition of Venture Capital Undertaking to provide flexibility to Venture Capital Funds registered under Category I Alternative Investment Funds (AIFs) in making investments.
- Allow AIFs, including Fund of AIFs, to simultaneously invest in units of other AIFs and directly in securities of investee companies subject to certain conditions.
- Provide clarity on the scope of responsibilities of Managers and members of Investment Committees.
- Prescribe a Code of Conduct for AIF, Trustee and directors of the Trustee/Designated Partners/directors of the AIF, Manager, members of Investment Committee and key management personnel of AIF and Manager.

Amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- Requirement for formulation of dividend distribution policy by the existing top 500 listed entities has been extended to the top 1000 listed entities based on market capitalization.
- In case of board meetings held for more than one day, the financial results shall be disclosed by listed entities within 30 minutes of end of the board meeting for the day on which the financial results are considered.

- The provisions of the LODR Regulations which become applicable to listed entities based on (i) the market capitalization criteria, shall continue to apply even if such entities subsequently fall below the specified thresholds (ii) paid-up capital and net-worth, shall continue to apply to such entities unless the paid-up capital or net-worth falls and continues to remain below the threshold for a period of three consecutive financial years.
- The requirement to seek stock exchange approval for change of name of a listed entity is dispensed with.
- The timelines for submission of periodic reports viz. statement of investor complaints, corporate governance report and shareholding pattern will be harmonized to 21 days from the end of each quarter.
- Frequency of submission of compliance certificates relating to share transfer facility and issuance of share certificates within 30 days of lodgement for transfer, sub-division, etc. is revised from half-year to annual.
- The requirement to publish newspaper advertisements for the notice to board meetings where financial results are to be discussed and for quarterly statement on deviation or variation in use of funds, is dispensed with.

For a more detailed reading of the announcement:

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-board-meeting_49648.html

Conclusion



The year 2020-21 was marred with complexity and challenges to both physical and economic well-being. There were offshoots of recovery during this period that do invite an optimistic outlook. As the economy recovers from the impact of the first wave of the COVID-19 pandemic, a second wave is already upon us. As trade and businesses grapple with restrictions, the period 2021-22 will determine not just the course of recovery but the financial way forward for many businesses and industries.

Note 1

During Quarter 1 of FY 2020-21 SEBI granted the following relaxations to compliances to help companies deal with the impact of the pandemic on the administration of their business operations. These relaxations have been summarized as under:

Sr. No.	Relaxations granted during Quarter 1 of 2020-21	SEBI Update Link		
1	Extension in filing financial results for the quarter ended 31 March 2020 from 15 May 2020 to 31 July 2020.	https://www.sebi.gov.in/legal/circulars/jun-2020/further-extension-of-time-for-submission-of-financial-results-for-the-quarter-half-year-financial-year-ending-31st-march-2020-due-to-the-continuing-impact-of-the-covid-19-pandemic_46924.html	5	https://www.sebi.gov.in/legal/circulars/may-2020/additional-relaxation-in-relation-to-compliance-with-certain-provisions-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-covid-19-pandemic_46661.html
2	Relaxation in time-gap between two board/audit committee meetings. Board/Audit committee meetings were permitted to be conducted till 31 July 2020.	https://www.sebi.gov.in/legal/circulars/jun-2020/relaxation-of-time-gap-between-two-board-audit-committee-meetings-of-listed-entities-owing-to-the-covid-19-pandemic_46945.html	6	https://www.sebi.gov.in/legal/circulars/apr-2020/additional-relaxations-clarifications-in-relation-to-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-due-to-the-covid-19_46525.html
3	Listed banking/insurance companies or listed companies with subsidiaries in banking/insurance sector permitted are mandatorily required to submit their consolidated financial results. SEBI granted a relaxation by making submission of such consolidated quarterly financial information a voluntary submission which is to be made by 30 June 2020.	https://www.sebi.gov.in/legal/circulars/may-2020/additional-relaxation-in-relation-to-compliance-with-certain-provisions-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-covid-19-pandemic_46661.html	7	https://www.sebi.gov.in/legal/circulars/may-2020/relaxation-from-the-applicability-of-sebi-circular-dated-october-10-2017-on-non-compliance-with-the-minimum-public-shareholding-mps-requirements_46669.html
4	Top 100 listed companies by market capitalization were granted an extension in holding their Annual General Meeting (AGM) for the FY ended 31 December 2019 within a period of 9 months from the closure of the FY Listed companies whose financial year ended 31 March 2020 were granted extension up to September 2020 for holding their AGM.	https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-relation-to-regulation-44-5-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-on-holding-of-annual-general-meeting-agm-by-top-100-listed-entitie-_46552.html	8	https://www.sebi.gov.in/legal/circulars/apr-2020/additional-relaxations-clarifications-in-relation-to-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-due-to-the-covid-19_46525.html
9	https://www.sebi.gov.in/legal/circulars/apr-2020/additional-relaxations-clarifications-in-relation-to-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-due-to-the-covid-19_46525.html	9	https://www.sebi.gov.in/legal/circulars/apr-2020/additional-relaxations-clarifications-in-relation-to-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-due-to-the-covid-19_46525.html	
10	https://www.sebi.gov.in/legal/circulars/may-2020/additional-relaxation-in-relation-to-compliance-with-certain-provisions-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-covid-19-pandemic_46661.html	10	https://www.sebi.gov.in/legal/circulars/may-2020/additional-relaxation-in-relation-to-compliance-with-certain-provisions-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-covid-19-pandemic_46661.html	

Note 1

Sr. No.	Relaxations granted during Quarter 1 of 2020-21	SEBI Update Link
11	<p>Relaxations in Right Issue open on or before 31 March 2021:</p> <p>a. Fast Track Rights Issue</p> <ul style="list-style-type: none"> – Eligibility requirement of average market capitalization of public shareholding reduced from INR 250 crore to INR 100 crore. – Period of listing of equity shares of the issuer reduced from 3 years to 18 months. – Condition of no audit qualification replaced with disclosure of impact of audit qualifications on issuer's financial statements. <p>b. Minimum Subscription Threshold</p> <ul style="list-style-type: none"> – Reduced from 90% to 75% of the offer size, subject to certain conditions. <p>c. Drafting of offer letter</p> <ul style="list-style-type: none"> – For funds up to INR 25 crore in a rights issue, relaxation was granted in filing of offer document. 	<p>https://www.sebi.gov.in/legal/circulars/may-2020/additional-relaxation-in-relation-to-compliance-with-certain-provisions-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-covid-19-pandemic_46661.html</p>
12	<p>Relaxations in further public offering open on or before 31 March 2021:</p> <p>a. Market Capitalization</p> <ul style="list-style-type: none"> – Requirement reduced from average market capitalization of INR 1,000 crore to INR 500 crore <p>b. Disclosure of impact of audit qualifications to be made, wherever the impact of qualifications is quantifiable, the same to be disclosed as well.</p>	<p>https://www.sebi.gov.in/legal/circulars/jun-2020/relaxations-from-certain-provisions-of-the-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018-in-respect-of-further-public-offer_46791.html</p>

13	Companies wanting to make an issue of non-convertible debt securities/non-convertible redeemable preference shares/commercial papers were granted relaxation in the submission of their audited financial statements.	https://www.sebi.gov.in/legal/circulars/jun-2020/relaxation-from-compliance-with-certain-provisions-of-the-sebi-issue-and-listing-of-debt-securities-regulations-2008-and-sebi-non-convertible-redeemable-preference-shares-regulations-2013-and-ce-46788.html
14	Issuers whose offer documents were pending under SEBI observations were allowed to increase or decrease their offer size by up to 50% (increased from existing 20%) of the estimated issue size without the need of having to file a fresh offer document.	SEBI Press Release No. 23/2020 dated 21 April 2020
15	The validity of SEBI observations on all public and rights issues were extended by 6 months for issuers whose observation had expired between 1 March 2020 and 30 September 2020.	SEBI Press Release No. 23/2020 dated 21 April 2020
16	Listed entities are required to adhere to a 6-month cooling off period between two successive qualified institution placement issues. This cooling off period was reduced to two weeks.	http://egazette.nic.in/WriteReadData/2020/219957.pdf

In addition to the above:

- Timelines for annual secretarial compliances for the year 2019-20 was extended up to 31 July 2020.
- Listed companies are restricted from raising further capital for a period of one year from the date of buyback. This was relaxed to 6 months. https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-regulation-24-i-f-of-the-sebi-buy-back-of-securities-regulations-2018-due-to-the-covid-19-pandemic_46547.html

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