EODB Measures by SEBI -March 2024

1. **Launch of Beta version of optional T+0 settlement -** Approval for launch of a Beta version of optional T+0 settlement with limited set of 25 scrips and brokers.

2. **Relaxation of norms relating to Foreign Portfolio Investors (FPIs)**

- Subject to meeting of certain conditions, exemption from additional disclosure requirements has been provided for FPIs having more than 50% of their India equity AUM in a single corporate group, in case the concentrated holdings of the FPIs are in a listed company with no identified promoter.
- Disclosure of material changes categorized into Type I and Type II. **Type I -** material changes shall be informed by FPIs to their Designated Depository Participant (DDP) within 7 working days of the occurrence of the change. However, 30 days' time has been given for providing supporting documents, if any. **Type II –** material changes along with supporting documents, if any, shall be informed within 30 days of such change.
- Expired FPI registrations due to non-payment of registration fee can now be reactivated within 30 days from such expiry. Also, time period has been prescribed for disposing their securities holdings under various scenarios.

3**. EODB through flexible norms in IPO** - To facilitate EODB for companies planning for IPOs / fund raising, SEBI has approved amendments to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 which broadly includes the following:

- Discontinuance of 1% security deposit in public / rights issue of equity shares.
- Revised method of contribution towards minimum promoters' contribution (MPC) prescribed.
- 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.
- Flexibility given for extension of bid/offer closing date during force majeure events by minimum 1 day instead of present requirement of minimum 3 days.

4. **EODB for Listed Companies**

- Market capitalization-based compliance requirements to be determined on the basis of average market capitalization of six months ending December 31, instead of single day's (March 31) market capitalization.
- 6 months' time available to fill casual vacancy of KMP requiring approval of statutory authority as against current timeline of 3 months.
- Harmonization and reduction of timelines for prior intimation of board meetings to 2 working days.

- Maximum time gap between 2 consecutive meetings of Risk Management Committee increased from 180 days to 210 days.

- Approved certain criteria based on recommendation of Industry Standards Forum (ASSOCHAM, CII and FICCI) to facilitate a uniform approach in verification of market rumours by equity listed entities.

- Timeline for mandatory applicability of LODR and compliance thereof for High Value Debt Listed Entities extended till March 31, 2025.

5. **Changes in Alternative Investment Funds (AIFs) ecosystem**

- Category I and II AIFs are now allowed to create an encumbrance on the equity of its investee companies in infrastructure sector to facilitate raising of debt/loan by such investee companies, subject to certain conditions, including compliance with RBI regulations.

- AIFs, their Managers and KMPs shall carry out specific due diligence of their investors and investments to avoid circumvention of specified regulations administered by financial sector regulators.

- AIFs can continue to hold the unliquidated investments during winding up process in the same scheme of the AIF and entering into a Dissolution Period in lieu of launching a new Liquidation Scheme.

- An additional Liquidation Period of 1 year has been provided to schemes of AIFs to deal with unliquidated investments whose Liquidation Period had expired in the past or shall expire within 3 months from the date of notification of amendment to AIF Regulations, subject to certain conditions.

CS Ratnamala Hegde, Principal Associate **Date: March 26, 2024**

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