

Highlights of decisions taken in the 207th meeting of SEBI

Vide Press Release dated September 30, 2024, SEBI has released the outcomes of the 207th Board Meeting. The highlights of the outcomes of the meeting are summarized as below:

1. Secondary Market related:

- a) Qualified Stock Brokers (QSBs) to mandatorily provide an option to trade in secondary market using UPI block mechanism or 3-in-1 trading facility, in addition to the current mode of trading w.e.f. February 1, 2025. This gives investors the opportunity to trade independently without transferring funds to Trading Members.
- b) Scope of option T+0 settlement cycle shall be enhanced in a phased manner from top 25 to top 500 stocks in terms of market capitalization. All Custodians and QSBs meeting the minimum number of active clients are required to facilitate the T+0 settlement cycle. However, it is clarified that appropriate time would be provided to facilitate the same.

2. Relaxations and changes in regulatory framework for IAs and RAs

With the intention to simplify, ease and reduce the requirements of compliance for Investment Advisers and Research Analysts following key changes have been made:

a) Eligibility criteria:

- Minimum qualification requirement reduced to graduation for certain fields.
- Requirement of experience for registration as IA and RA removed.
- Networth requirement replaced with deposit requirement.

b) Regulatory framework:

- Applicants can seek registration as both IA and RA.
- Registration as Part-time IA or RA permitted for individuals or partnership firms engaged in other business.
- IAs shall have flexibility to change the mode of charging fees subject to thresholds.
- Maximum fee has been prescribed for RAs.
- The thresholds for corporatization by IAs have been relaxed.
- Proxy advisers have been exempted from the Research Analyst Administration and Supervision Body (RAASB) framework.

c) **Clarifications:**

- Only investment advice related to securities under purview of SEBI shall fall under the purview of IA Regulations.
- Trading call providers shall not fall under SEBI (Investment Advisers) Regulations, 2013 and would need to comply with SEBI (Research Analysts) Regulations, 2014.

3. Amendments to SEBI (Intermediaries) Regulations, 2008 to provide for Summary Proceedings for intermediaries

The summary proceedings for expeditious disposal of cases involving intermediaries have been introduced in the Regulations. It shall apply in the following situations-

- Expulsion as a member by stock exchange or clearing corporation
- Termination of depository participant agreements by depository
- Claim of return or performance which are not permitted by the Board
- Non-payment of specified fees to the Board or to such body as may be specified
- Non traceability of a person at its physical address and email address available in the records of the Board
- Failure to submit periodic reports for three or such consecutive periods as may be specified by the Board
- Admission of violation of any of the provisions of the securities laws or directions, instructions or circulars issued by the Board, by a person

4. Rights issue

- Period for completion reduced to 23 working days, which is shorter than that of preferential allotment.
- Requirement to file draft Letter of Offer with SEBI done away and replaced with filing of the same with Stock Exchange to obtain their in-principle approval.
- Appointment of Merchant Banker is not mandatory subject to completion of allotment within 23 working days.
- Stock Exchanges and Depositories to develop a system for automated validation of the applications within 6 months.
- Appointment of Monitoring Agency made mandatory for all rights issue irrespective of the issue size, to monitor the use of proceeds of the issue.
- Rights issues of issue size less than 50 crore rupees, have been brought under the purview of SEBI (ICDR) Regulations, 2018.

5. EODB related amendments in LODR, ICDR and SEBI (Buy-Back of Securities) Regulations 2018:

a) LODR:

- Single filing system introduced.
- Integration of periodic filings into two broad categories viz., Integrated Filing (Governance) and Integrated Filing (Financial), to minimize the number of filings done on a periodic basis.
- Detailed advertisement of financial results in newspapers made optional for listed entities.
- Additional time:
 - 3 months to fill up vacancies in Board Committees.
 - 3 hours (instead of 30 minutes) for disclosure of outcome of the meeting of the board of directors that concludes after trading hours.

- 72 hours (instead of 24 hours) for disclosure of litigations or disputes involving claims against the listed entity subject to maintaining such information in structured digital database as specified.
 - Disclosure of fines / penalties imposed on the basis of new materiality threshold (Rs. 1 lakh for sector regulators / enforcement agencies and Rs. 10 lakhs for other authorities) as against the present requirement to disclose all fines / penalties, within 24 hours.
- b) ICDR:
- 'Pre-issue advertisement' and 'price band advertisement' combined as a single advertisement
 - Issuers with outstanding SARs allowed to file DRHP subject to such SARs being granted to employees only and being fully exercised for equity shares prior to the filing of the RHP.
- c) SEBI (Buy-Back of Securities) Regulations, 2018

Promoters' shares may be excluded from entitlement ratio calculations, if they opt out of the buy back, subject to the same being disclosed in the public announcement.

6. Others:

- a) Introduction of new product / investment class under MF Regulations - the new investment product is intended to bridge the gap between Mutual Funds and Portfolio Management Services in terms of flexibility in portfolio construction.
- b) Introduction of liberalised Mutual Funds Lite (MF Lite) framework for passively managed schemes of Mutual Funds.
- c) Rights of investors in an AIF shall be pro-rata to their commitment in the AIF.
- d) Definition of 'connected person' and 'immediate relative' amended under PIT Regulations
- e) Framework for ESG Debt Securities shall be notified
- f) Requirement of attestation of certain documents by a Notary Public or Gazetted Officer replaced with the requirement of self-attestation of such documents under specific SEBI Regulations.

Krithika Murali
Principal Executive

Date: October 01, 2024

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