

Highlights- SEBI Board meeting dt December 18, 2024

Major decisions announced under some of the critical areas of SEBI Regulations are provided below:

I. Business Responsibility and Sustainability Reporting

- i. Deferring ESG disclosures for value chain, as well as assessment or assurance thereof to one year. Accordingly, ESG disclosures for value chain shall be applicable from FY 2025-26 and assessment or assurance thereof from FY 2026-27. Further, providing ESG Disclosures for value chain shall be voluntary instead of present requirement of comply and explain.
- ii. Substitution of “assurance” with “assessment or assurance” in SEBI LODR regarding BRSR. Assessment will be third-party assessment undertaken as per standards to be developed by the Industry Standards Forum (ISF) in consultation with SEBI. This would be applicable for BRSR Core disclosures for listed entities and value chain from FY 2024-25 and FY 2026-27 onwards, respectively.

II. SME Listing

- i. An issuer shall make an IPO, only if the issuer has an operating profit (earnings before interest, depreciation and tax) of Rs. 1 crore from operations for any 2 out of 3 previous financial years at the time of filing of its DRHP.
- iii. Related party transaction norms, as applicable to listed entities on Main Board, to be extended to SME listed entities, provided that the threshold for considering RPTs as material shall be 10% of annual consolidated turnover or Rs. 50 crore, whichever is lower.

III. Review of norms for HVDLEs- SEBI LODR

- i. Increase in threshold for identification of High Value Debt Listed Entities (HVDLEs) from Rs.500 crores to Rs. 1000 crores. A separate chapter with governance norms applicable for HVDLE will be introduced.
- ii. Flexibility for constitution of NRC, RMC and SRC for HVDLEs.
- iii. Introduction of BRSR on voluntary basis at par with equity listed entities.

IV. INvITs and REITs

- i. Permitting of inter-se transfer of locked-in units amongst a sponsor group entity
- ii. Providing three months for filling up of vacancy of director
- iii. Permitted to invest in unlisted equity shares of a company which provides property management/property maintenance/ housekeeping/project management and other incidental services to REIT/INvITs subject to conditions.

V. Merchant Banker Regulations

- i. Two categories of Merchant Bankers (MBs) based on Net Worth and activities:
 - a) Category 1 -Net worth not less than Rs.50 crores and allowed to undertake all permitted activities.

- b) Category 2 -Net worth not less than Rs. 10 crores and allowed to undertake all permitted activities except managing equity issues on the Main Board.

Note: Permitted activities will be specified by SEBI.

- ii. MBs shall maintain a liquid net worth of at least 25% of the minimum net worth requirement, at all times.
- iii. The underwriting limit for MBs has been prescribed as 20 times of liquid net worth.
- iv. Compliance Officer shall be a Company Secretary or a graduate in law and has work experience of two years. Existing Compliance Officers may continue provided they have 5 years' experience with required NISM certifications.

VI. SEBI PIT Regulations

- i. Approved amendment to definition of Unpublished Price Sensitive Information (UPSI) to include 17 out of 27 items not already covered from events considered as material under Regulation 30 of SEBI LODR.
- ii. For identification of events as UPSI, threshold limits as prescribed for events from Para A and Para B of Part A of Schedule III of SEBI LODR have been made applicable.
- iii. For events emanating from outside the company, flexibility has been provided to make entries in the Structured Digital Database on a deferred basis, within two days, as well as to not have mandatory trading window closure.

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