

The background features a light orange gradient. On the right side, there are several overlapping geometric shapes: a large brown semi-circle at the top, a blue semi-circle below it, a red square, a dark blue vertical bar with white horizontal stripes, and a large orange semi-circle at the bottom. On the left side, there are a blue semi-circle at the top, a red square below it, and a dark blue circle at the bottom. A horizontal bar at the bottom consists of alternating red and blue vertical stripes. In the center, there is a semi-transparent grey box containing a blurred image of a financial candlestick chart with a blue line and some data points.

SEBI LODR 3rd Amendment 2024

Major amendments notified under SEBI LODR on December 12, 2024 are summarized below. These changes have been notified pursuant to the recommendations of the Expert Committee released in June 2024. All the amendments are effective immediately unless specified otherwise.



1

Key Definitions




SR Equity Shares

A specific definition has been added for 'SR Equity Shares' to refer to equity shares with superior voting rights compared to other shares issued by the same listed entity.

Senior Management

The definition of Senior management under Regulation 16(1)(d) has been modified to include any persons identified and designated as Key Managerial Personnel, other than the board of directors, by the listed entity. Post amendment the Regulation 16(1)(d) reads as below:

*“senior management shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and persons identified **and designated as key managerial personnel, other than the board of directors, by the listed entity.**”*



2



General obligation of compliance- Regulation 5

A new proviso has been inserted under Regulation 5 to state that the key managerial personnel, directors, promoter, promoter group or any other person dealing with the listed entity shall disclose to the listed entity all information that is relevant and necessary for the listed entity to ensure compliance with the applicable laws.

This emphasizes on the responsibilities of aforesaid persons in ensuring compliance of LODR.

- Regulation 6 amended to specify that the Compliance Officer (CO) in addition to being a qualified CS, shall be a whole-time employee of the Company, not more than one level below the Board and shall be designated as KMP. Prior to the amendment, it merely stated that the CO shall be a qualified CS.

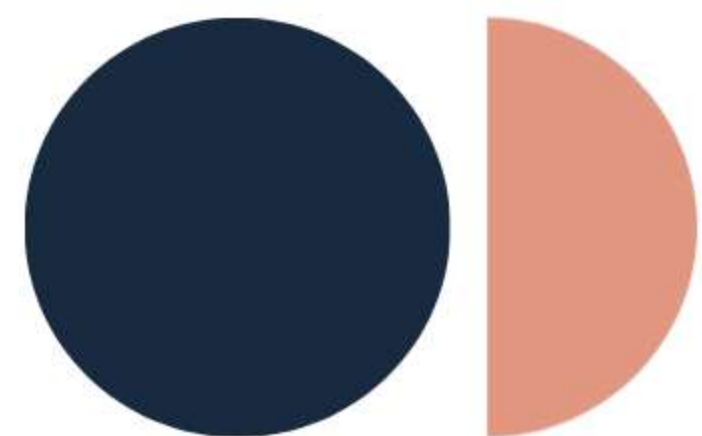
The pre-requisite for the CO to be in whole time employment as well as a KMP of the entity adds to the accountability factor and other governance process applicable.

- Further, any vacancy in the office of the CO of an entity in respect of which a resolution plan filed under section 31 of the IBC Code has been approved, needs to be filled within a period of 3 months of such approval.

3

Compliance Officer





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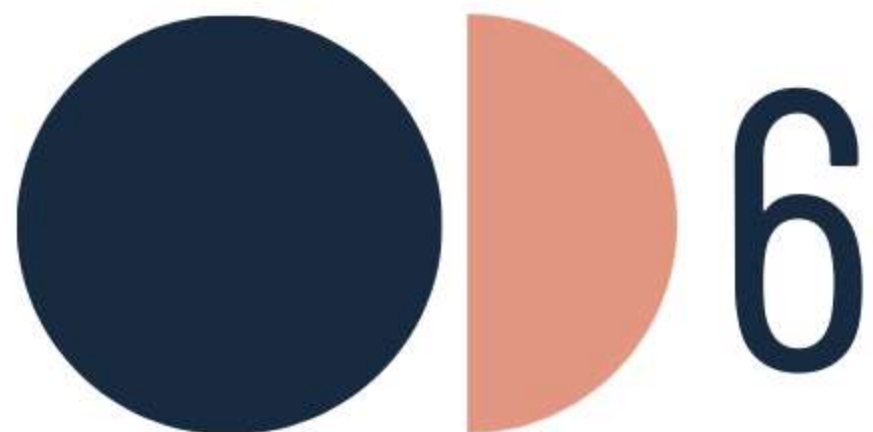
Omission of requirement to submit Compliance Certificates

- Regulation 7(3) which requires yearly submission of compliance certificate on share transfer facility has been omitted with immediate effect.
- Similarly, requirement to submit compliance certificate under Regulation 13 on investor complaints and corporate governance compliance certificate under Regulation 27(2) has been modified as part of governance related Integrated Filings. Further, the format and timelines will be prescribed by SEBI. The amendments under Regulation 13 and 27 are effective from December 31, 2024.

5 Regulation 17- Board of Directors

- A new proviso has been inserted under Regulation 17(1A) to specify that the listed entity shall pass special resolution at the time of appointment or re-appointment or any time prior to the non-executive director attaining the age of seventy-five years.
- The time taken for approval of regulatory, government or statutory authorities shall be excluded from the timeline for obtaining shareholders' approval for appointment of Director under Regulation 17(1C).
- Further the requirement to obtain shareholders' approval for appointment of Directors shall not apply where such Director has been nominated by a financial sector regulator, Court or Tribunal.
- Vacancy in the Committees leading to non-compliance of LODR shall be filled within 3 months from the date of such vacancy





Related Party Transactions

- Two new sub clauses have been added under the first proviso in clause (zc) of Regulation 2 which enumerates transactions that shall not be treated as a related party transaction under LODR as follows:
 - (i) Corporate actions by subsidiaries of a listed entity and corporate actions received by the listed entity or its subsidiaries which are uniformly applicable / offered to all shareholders in proportion to their shareholding.
 - (ii) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time.
 - (iii) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.



RPTs Contd..

- Regulation 23(2) which specifies the requirement for prior approval of Audit Committee (AC) for all RPTs and subsequent material modifications has been modified to exclude remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group so far as it is not material in terms of the provisions of Regulation 23(1) of LODR. Further, it has been excluded from disclosure under Regulation 23(9).
- Enabling provisions for ratification of related party transactions by independent directors who are members of the AC has been inserted in line with the provisions under the Companies Act, 2013. Such ratification may be done within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to certain conditions.



7 Secretarial Auditor

- Regulation 24A has been amended to specify that the Secretarial Audit of a listed entity and its material unlisted subsidiaries incorporated in India, shall be undertaken by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary.
- The Secretarial Auditor shall be appointed by shareholders based on the recommendation of the Board of Directors. Further, the listed entity can appoint/re-appoint an individual as Secretarial auditor for maximum tenure of 5 years and an Audit firm for a maximum tenure of 10 years with two terms of 5 consecutive years. The Individual or Audit Firm appointed for the above tenure shall be subject to a cooling off period of 5 years before they can be re-appointed as a Secretarial Auditor for the same entity.
- The casual vacancy in the office of a Secretarial Auditor shall be filled by the Board of Directors within 3 months and the auditor so appointed shall hold office till the conclusion of next AGM.

These amendments are aligned with the provisions applicable to Statutory Auditors. Further, they are applicable w.e.f April 01, 2025.



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Discretionary Compliances under Regulation 27

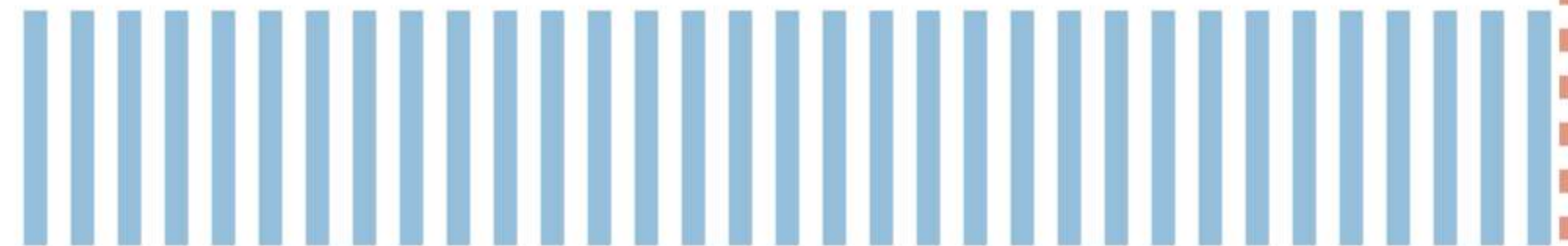
PART E of Schedule II which specifies discretionary compliances for listed entities has been modified to add the following:

- top 1001 to 2000 listed entities may endeavour to appoint Independent Woman Director.
- the Independent Directors of top 2000 listed entities as per market capitalization shall endeavour to hold at least two meetings in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall endeavour to be present at such meetings.
- Listed entities ranked from 1001 to 2000 in the list prepared by recognized stock exchanges may constitute a Risk Management Committee with the composition, roles and responsibilities specified in Regulation 21.

9 Website Disclosures- Regulation 46

Additional disclosures on website have been introduced such as:

- disclosure of MOA and AOA
- Brief profile of board of directors (incl. directorships and full-time positions in bodies corporate)
- details pertaining to analysts or institutional investors meet, post earnings or quarterly calls as prescribed etc





10 Disclosure of events under Regulation 30

Regulation 30(6) which prescribes the timelines for disclosure of material events or information has been modified to specify the following:

- Disclosure shall be made within 3 hours from the closure of Board meeting where such meeting concluded after normal trading hours of that day but more than 3 hours before commencement of trading hours of next trading day. However, where such meeting extends for more than one day, financial results shall be disclosed within 30 minutes or 3 hours, as applicable from closure of such meeting for the day on which it has been considered.
- If the claims made against the listed entity under any litigation or dispute have been maintained by the entity in Structured Digital Database and the claim has an impact on the listed entity, the disclosure of such claim shall be given within 72 hours of receipt of the claim by the entity.



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Reg 30 Contd...



Some of the amendments introduced in PART A of Schedule III which specifies events to be disclosed under Regulation 30 are as follows:

- i. Fraud by senior management, other than who is promoter, director or key managerial personnel, shall be required to be disclosed only if it is in relation to the listed entity.
- ii. Disclosure of names in the schedule of analysts or institutional investors meet shall be optional for the listed entity.
- iii. Disclosure within 24 hours –where fine or penalty of 1 Lakh or more imposed by sectoral regulator or enforcement agency OR fine or penalty of 10 lakhs or more imposed by other authority or judicial body.
- iv. Disclosure on quarterly basis – for fine or penalty lower than aforesaid limits.

11

Publication of Financials through QR Code- Regulation 47

Regulation 47 has been amended to allow listed entities to provide QR code in the newspaper publication of financial results under Regulation 33 along with details of web page where their complete financial statements can be viewed.

This was earlier permitted under Regulation 52 for entities which had listed non-convertible securities alone.

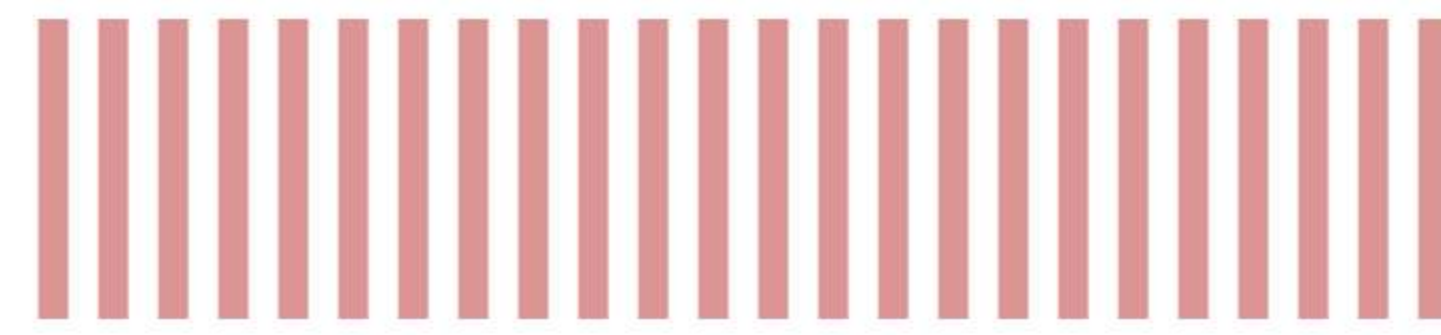




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Submission of Financial Results by Debt Listed Entity under Regulation 52

Regulation 52 has been amended to state that the quarterly financial results shall be approved by the Board, and for submission to the stock exchange, the same shall be signed by the chairperson or managing director, or a whole time director or in the absence of all of them, it shall be signed by any other director of the listed entity who is duly authorized by the board of directors to sign the financial results. Prior to the amendment it stated that the quarterly financial results were required to be taken on record and the MD/ED could sign the same.



Disclaimer: The above highlights are based on our understanding and interpretation of recent amendments in SEBI LODR. The same shall not be construed as any legal opinion or advice.



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