

# SEBI approves uniform approach for market rumour verification, eases on-going compliance reqt for listed companies, eases norms for IPO/ fund raising, AIFs, relaxes reqt for FPI & extends timeline for HVDLE on [March 15](#)

Approves most of the proposals made in Consultations Papers in last 3 months

## SEBI (LODR) Reg 2015 related amendments

- Based on [interim recommendations from Expert Committee](#).
- **Manner of determining Market Capitalisation (MCap) based compliance requirements of Listed Entities (LEs):**
  - to be determined on the basis of **average MCap of 6 months** ending Dec 31 (i.e from July 1 to Dec 31) instead of MCap based on single day of March 31.
  - Interim Period of 3 months prescribed for first-time compliance for LEs.
  - **Sunset Clause:** In case MCap ranking falls below and remains below the applicability threshold for 3 consecutive years, the MCap based compliance will cease until triggered again.
  - Applicability to be determined based on highest ranking, in case LE is listed on more than one exchange.
- The timeline for filing vacancies of KMPs requiring statutory approval increased to **6 months** instead of 3 months under Reg. 26A.
- **Uniform timeline of 2 working days prescribed for prior Intimation of BM under Reg. 29 :**
  - Earlier it ranged from 2 working days to 11 working days.
- **Time gap between two consecutive meetings of Risk Management Committee increased to 210 days from 180 days.**
- **The timeline for mandatory compliance of CG related provisions (i.e. Reg 16 to 27) for HVDLEs has been extended till 31st March, 2025.**
- **Uniform approach to verification of market rumours prescribed for LE**
  - Objective and uniformly assessed criteria in terms of material share price movement.
  - Considering unaffected price for transactions wherever pricing norms have been prescribed.
  - If rumour pertaining to such transaction has been confirmed within 24 hours from the trigger of material price movement.
  - Promoters, directors, KMP and senior management to provide timely response to the listed entity for verifying market rumour.
  - Unverified event or information reported in print or electronic media not to be considered as 'generally available information' under PIT Regulations
- *Proposal to amend Reg. 26 (1) to consider only equity-listed entities and exclude the SRC for calculating the limit of membership/chairmanship of committees for a director **has not been approved.***

## SEBI (FPI) Reg 2019 related amendments

- **Conditions for exemption from BO related additional disclosure** for FPIs having more than 50% of its India equity AUM concentrated in a Single Corporate Group (SCG) if:
  - a) Parent listed entity (LE) has no identifiable promoter
  - b) Holding in the group other than Parent LE is  **$\leq 50\%$  of its India equity AUM.**
  - c) Composite holding of all such FPIs in the Parent LE with no identified promoter is  **$< 3\%$  of total equity.**
- **Relaxation in timeline for disclosure of material changes:**
  - Material changes are now categorized as Type I (where legitimate FPIs and their investors face challenges of onerous regulatory requirements) and Type II (where FPIs that may be breaching regulations, circumvent disclosures that bring such breaches to light)
    - a) Type I – To be disclosed within **7 working days** [Supporting doc within 30 days]
    - b) Type II – To be disclosed **within 30 days to DDPs.**
- FPIs granted flexibility for selling their holdings post-expiration, with a **180 days window**, in addition to a 30-day grace period.

## SEBI (ICDR) Reg 2018 related amendments

- No requirement of 1% security deposit for public/rights issue of equity shares.
- **Additional flexibility in Minimum Promoters Contribution (MPC):**
  - Promoter group entities and non-individual shareholders who **hold more than 5%** of Post-offer Equity Share Capital (PESC) can now contribute towards shortfall in MPC (20% of PESC) without being identified as a promoter upto 10% along with AIF, FVCI, SCBs, PFIs or Insurance Cos etc.
  - Equity shares converted/exchanged out of **compulsorily convertible securities** held one year prior to the filing DRHP to be counted for MPC requirement.
  - **Rationale:** *In line with Reg. 8 of ICDR which permits offer for sale (OFS) of equity shares arising converted through compulsorily convertible securities held for min. one year prior to DRHP filing.*
- The thresholds for increase/decrease in issue size of OFS for re-filing of draft offer documents to be based on **only one** criteria i.e. either **issue size in rupees or number of shares**, instead of both.
- Bid/offer closing date to be extended for a **min. of 1 day** instead of 3 days in case of force majeure events to avoid substantial locking of funds due to additional time.

## SEBI (AIF) Reg 2012 related amendments

- **Specific Due Diligence of investors and investments:** To be carried out by AIFs/Managers/KMPs to avoid circumvention of regulations administered by financial sector regulator.  
*[Standards for SDD to be formulated by the ISF for AIFs]*
- Category I and II AIFs permitted to create encumbrance on their equities of investee companies in infrastructure sector to facilitate raising of debt/loan by such investee companies, subject to certain conditions.
- **Dissolution Period:** AIFs allowed to continue beyond their tenure (Dissolution Period) instead of launching a Liquidation Scheme for liquidating their unliquidated investments.

## Miscellaneous

- SEBI rolls out **T+O settlement** for a limited 25 scrips with limited stock broker, the system will be reviewed in next 6 months.
- Stock Exchange recognized as a body for **administration and supervision** of Research Analysts and Investment Advisers
- Privately placed InvITs now permitted to issue **subordinate units** to address the valuation gaps.

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