



CIRCULAR

SEBI/HO/CFD/CMD1/CIR/P/2020/119

August 04, 2020

All listed entities that have listed their specified securities  
All Recognized Stock Exchanges

Madam / Sir,

**Subject: Grievance Resolution between listed entities and proxy advisers**

1. Regulation 4(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**LODR**') casts certain obligations on listed entities to protect and facilitate the exercise of the rights of shareholders, including:
  - a. *right to participate in, and to be sufficiently informed of, decisions concerning fundamental corporate changes,*
  - b. *opportunity to participate effectively and vote in general shareholder meetings,*
  - c. *effective shareholder participation in key corporate governance decisions, such as the nomination and election of members of board of directors and*
  - d. *exercise of ownership rights by all shareholders, including institutional investors.*
2. Proxy advisors, over the past few years, have played a key role in enabling shareholders to effectively participate in corporate governance decisions and thus, furthering the achievement of the above objectives. Proxy advisors provide advice to institutional investors / shareholders of a listed entity, in relation to exercise of their rights in the company including voting recommendation on agenda items. However, due to the inherent nature of the work, it is probable that proxy advisors and listed entities may have different views on any agenda item of the listed entity leading to grievances.
3. In order to facilitate resolution of such grievances of listed entities against SEBI registered proxy advisors, the listed entities may approach SEBI. SEBI will examine the matter for non-compliance by proxy advisors with the provisions of the Code of Conduct under regulation 24(2) read with regulation 23(1) of the SEBI (Research Analyst) Regulations, 2014 and the procedural guidelines for proxy advisors issued vide SEBI circular no. SEBI/HO/IMD/DF1/CIR/P/2020/147 dated August 03, 2020.
4. The provisions of this Circular shall be applicable with effect from September 01, 2020.
5. This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal→Circulars". The recognized stock exchanges are advised to disseminate the contents of this Circular on their website.

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