



SEBI Board Meeting

The SEBI Board met in Mumbai today and took the following decisions:

I. Issuance of SEBI (Portfolio Managers) Regulations, 2019

SEBI had constituted a Working Group to review the SEBI (Portfolio Managers) Regulations, 1993 to suggest steps to be taken to safeguard the interest of investors and development of the investment product.

Public comments were invited on the recommendations of the Working Group through a consultative paper. The Board, after considering the recommendations of the Working Group, public comments received and proposals made thereon for amendment to the extant SEBI (Portfolio Managers) Regulations, approved issuance of SEBI (Portfolio Managers) Regulations, 2019.

The salient features of the proposed SEBI (Portfolio Managers) Regulations, 2019 are:

1. To enhance the eligibility criteria and to define the role of Principal Officer clearly. The enhanced eligibility criteria to be applicable to any employee with decision making authority relating to management of the clients' portfolios.
2. A Portfolio Manager to mandatorily employ minimum one person with defined eligibility criteria in addition to Principal Officer and Compliance Officer.
3. Net-worth requirement of Portfolio Managers to be enhanced from INR 2 Crores to INR 5 Crores. Existing Portfolio Managers to meet the enhanced requirement within 36 months.

4. Minimum investment by clients of Portfolio Managers to be increased from INR 25 lakhs to INR 50 lakhs. Existing investments of clients may continue as such till end date of the PMS Agreement or as specified by the Board.
5. Discretionary Portfolio Managers to invest only in listed securities, money market instruments, units of Mutual Funds and such other securities/instruments as specified by SEBI from time to time.
6. Non-discretionary/ Advisory Portfolio Managers to invest not more than 25% of their AUM in unlisted securities.
7. To make the appointment of custodian mandatory for all the Portfolio Managers except for those providing only advisory services to clients.
8. To restrict off market transfers from/to clients' accounts with certain exceptions to facilitate operational convenience.

II. Review of Rights Issue process

The Board has approved the proposals with respect to Rights Issue process and consequential amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) with an objective to significantly reduce the timeline for the completion of the Rights Issue, as well as introduce the dematerialization and trading of rights entitlements (REs).

The key proposals approved by the Board are as follows:

1. Reduction in the timeline for completion of the Rights Issue from the current ~T+55 days to ~T+31 days.
2. Introduction of dematerialized REs and trading of REs on stock exchange platform.
3. Shareholders holding shares in physical form will be required to provide details of demat account for credit of REs.
4. ASBA facility made mandatory for all investors applying to Rights Issue.

III. Extension of Business responsibility reporting to top one thousand listed entities by market capitalization

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) require that the top five hundred listed entities based on market capitalization, as on March 31 of every financial year shall include Business Responsibility Reporting (BRR) as part of their annual reports.

The Board upon deliberations, approved a proposal to extend the applicability of Business Responsibility Reporting (BRR) to top one thousand listed entities.

IV. Disclosure by listed entities of defaults on payment of interest / repayment of principal amount on loans from banks / financial institutions

In order to address the gaps in availability of information with respect to defaults, the Board has, *inter-alia*, decided that in case of any default in repayment of principal or interest on loans from banks or financial institutions which continues beyond 30 days from the pre-agreed payment date, listed entities shall, promptly, but not later than 24 hours from the 30th day, disclose the fact of such default.

These provisions shall be applicable from January 01, 2020.

Mumbai

November 20, 2019