भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

प्रेस विज्ञप्ति
PRESS RELEASE

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PR No. 70/2015

SEBI Board Meeting

SEBI Board Meeting

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

A. SEBI budget for the year 2015-16:

While approving the SEBI budget for the year 2015-16, the Board noted and approved the following policy initiatives that may be taken during the FY 2015-16:

(i) Extensive and integrated use of technology to facilitate and further ease the investing process in the securities market, e.g. e-IPO, Aadhaar based e-KYC, etc.

(ii) Proactive steps to meet the aspirations of young entrepreneurs and cater to the financing and listing needs of start-ups with measures like Institutional Trading Platform (ITP), crowd funding, etc. or a separate carve out for them in the ICDR regulations.

(iii) Significant increase in investor education and awareness efforts through collaboration with other agencies and through empanelment of more Resource Persons.

(iv) Tapping the increasing stature of social media for enhancing investor awareness and education.

(v) Enhancing the experience and interface of investors and other stakeholders through upgradation of the SEBI website.

(vi) Further streamlining the enforcement process to ensure uniformity in approach and improve the efficiency of enforcement proceedings across the organization.

B. SEBI Guidelines for IFSC

Pursuant to announcement in the Union Budget 2015-2016 on Gujarat International Finance Tec-City (GIFT), SEBI Board has approved SEBI (International Financial Services Centres) Guidelines, 2015. These guidelines facilitate and regulate financial services relating to securities market in an International Financial Services Centre (IFSC) set up under Section 18(1) of Special Economic Zones Act, 2005 and matters connected therewith or incidental thereto. The broad framework of securities laws has been made applicable to the entities operating in IFSC with certain carve outs as specified in the guidelines.

(ii) Indian as well as foreign stock exchanges, clearing corporations and depositories are permitted to set up subsidiaries to undertake the same business in IFSC subject to certain relaxed norms on shareholding and net worth, etc. In addition, stock exchanges are also permitted to set up clearing corporations in IFSC. All Institutions in IFSC will comply with the IOSCO principles and Principles for Financial Market Infrastructures (FMIs) and such other governance norms specified by SEBI. SEBI registered intermediaries or recognized intermediaries of foreign jurisdiction are permitted to operate as securities market intermediaries in IFSC through a subsidiary or joint venture company.

(iii) The guidelines, inter alia, permits issue of depository receipts and debt securities in IFSC by domestic as well as foreign companies subject to the Foreign Currency Depository Receipts Scheme, 2014 and relevant SEBI (Issue of Capital and Disclosure Requirement) Regulations. The guidelines also provide for listing and trading of equity shares issued by companies incorporated outside India, depository receipts, debt securities, currency and interest rate derivatives, index based derivatives and such other securities as may be specified by SEBI from time to time. Non Resident Indian, foreign investors, institutional investors, and Resident Indian eligible under FEMA may participate in IFSC.

(iv) Mutual Funds and Alternative Investment Funds set up in IFSC can invest in securities listed in IFSC, securities issued by companies incorporated in IFSC and securities issued by foreign issuers.

(v) SEBI will be specifying norms and relaxations by way of guidance notes or circulars, for implementation of these guidelines to facilitate and regulate financial services relating to securities market in an IFSC.

C. Conversion of Debt into Equity by the Banks and Financial Institutions

The Board has approved a proposal, prepared in consultation with RBI, to relax the applicability of certain provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 in cases of conversion of debt into equity of listed borrower companies in distress by the lending institutions. Such relaxation in terms of pricing will be subject to the allotment price being as per a fair price formula prescribed and not being less than the face value of shares.. Other requirements would be available if conversions are undertaken as part of the proposed Strategic Debt Restructuring (SDR) scheme of RBI. This is intended to revive such listed companies and provide more flexibility to the lending institutions to acquire control over the company in the process of restructuring, to the benefit of all the stakeholders.

D. Review of Continuous Disclosure Requirements for Listed Entities

SEBI has reviewed the requirements pertaining to disclosures being made by the listed entities on a continuous basis with a view to enable the investors to make well informed investment decisions. The following changes to the proposed SEBI (Listing Obligations and Disclosure Requirements) Regulations, have been approved by the Board:

(i) The listed entity shall make the disclosure of all events/information, first to stock exchange(s), as soon as reasonably practicable and not later than 24 hours of occurrence of event/information.

(ii) Disclosure of outcome of board meetings shall be made within 30 minutes of the closure of the meeting of Board of Directors.

(iii) In addition to current requirement of making disclosure at the time of occurrence and after the cessation of the event, updation of disclosure on material developments shall also be made on a regular basis till such time the event/information is resolved/closed with explanations wherever necessary.

(iv) The listed entity shall disclose on its website all events/information which is material and such information shall be hosted for a minimum period of 5 years and thereafter as per the archival policy of the listed entity, as disclosed on its website.

(v) The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.

(vi) The listed entity shall provide specific and adequate reply to queries of stock exchange(s) with respect to rumours and may on its own initiative also, confirm or deny any reported information to the stock exchange(s).

(vii) In order to determine whether a particular event/information is material, the listed entity shall consider following criteria:

(a) the omission of an event/information, which is likely to result in discontinuity / alteration of information already available publicly; or result in significant market reaction if the said omission came to light at a later date;

(b) if in the opinion of the Board of Directors of the listed entity, the event /information is considered material.

(viii) The Board of the listed entity shall frame a policy for determination of materiality, which shall be disclosed on its website.

(ix) Rationalization, consolidation, enhancement and categorization of existing list of events into two parts:

(a) Events which are by nature material i.e. those that necessarily require disclosure without any discretion by the listed entity.

(b) Events which shall be construed to be material based on application of the guidelines for materiality, as specified by SEBI.

(x) SEBI to specify an indicative list of information which may be disclosed upon occurrence of an event.

E. SEBI (Issue and Listing of Debt Securities by Municipality) Regulations, 2015

The Board considered and approved the SEBI (Issue and Listing of Debt Securities by Municipality) Regulations, 2015 thereby providing a regulatory framework for issuance and listing of debt securities by Municipalities.

The proposed regulations provide framework governing the issuance and listing of bonds by Municipalities and will enable the investors to make an informed investment decision before investing in the bonds issued by such entities. The regulations also provide for disclosure requirements to be made by the prospective issuers. The proposed framework provides for public issuance and listing of privately placed municipal bonds. These regulations are in line with the Government of India guidelines for issue of tax-free bonds by Municipalities. Some of the features of these regulations are:

(i) An issuer making a public issue shall only issue revenue bonds. In case of private placements, an issuer may issue general obligation bonds or revenue bonds.

(ii) Issuer's contribution for each project shall not be less than 20 per cent of the project costs, which shall be contributed from their internal resources or grants.

(iii) Mandatory credit rating, which has to be investment grade rating in case of public issuances.

(iv) Minimum tenure of 3 years.

(v) Municipality should not have defaulted in repayment of debt securities or loans obtained from Banks/Financial Institutions, during the previous 365 days.

(vi) Municipality should not have had negative net worth in any of the last three preceding financial years.

(vii) Banks or Financial Institutions will be appointed as monetary agencies who will inter-alia prepare periodic reports.

F. Amendment to SEBI (Mutual Funds) Regulations, 1996, regarding managing/ advising of offshore pooled funds by local fund managers

As per extant requirements a fund manager who is managing a domestic scheme, is allowed to manage an offshore fund, only if, (i) the investment objective and asset allocation of the domestic scheme and the offshore fund are same, (ii) atleast seventy percent of the portfolio is replicated across both the domestic scheme and the offshore fund, and (iii) the offshore fund should be broad based i.e. there should be at least 20 investors with no single investor holding more than 25 percent of corpus of the fund, etc. Otherwise, a separate fund manager is required to be appointed for managing an offshore fund.

SEBI Board after deliberations decided to remove the above restrictions for managing offshore funds, belonging to Category I FPIs and appropriately regulated broad based Category II FPIs, by local fund manager who is managing a domestic scheme.

This will enable local fund managers to manage offshore funds effectively and also garner more offshore business in future.

New Delhi

March 22, 2015