SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

(Listing Regulations)
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Introduction

- SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Sep 02, 2015 effective from Dec 1, 2015.

- The Regulation have been structured by consolidating into one single document across various types of securities listed on SE.
  - Equity Share listed on Main Board
  - SME Companies listed on SME & SME –ITP Trading Platform
  - NCDs, NCRPS, Indian Depository Receipts, Securitized Debt Instruments and units issued by Mutual Fund Schemes

- Regulations Contains 11 Chapters and 10 Schedules.
  - Chapters on Principles(Disclosures and C.G), General Obligations, Exchange Responsibility

- Shortened version of Listing Agreement required to be executed within 6 months from notification.

- SEBI has a power to remove difficulties and relax strict enforcement of regulations.
Salient Features – Replicated from LA

- No change in submission time line for Financial Results, Shareholding Pattern, Corporate Governance Report reports

- Security Deposit related provisions incorporated in ICDR Regulations.

- Disclosures of Voting Pattern results within 48 hours of meeting.

- Half yearly certificate from PCS regarding transfer of securities

- Payment of Listing Fees, Declaration of Dividend per share basis.

- Submission of Schemes in compliance with provisions of securities laws.

- Minimum public shareholding requirements

- Restriction on issue of superior voting rights shares
Salient Features – Amended Provisions from L.A.

- Reg. 6 - Company require to appoint Qualified CS as company secretary, responsible for ensuring compliance with applicable laws, monitoring grievance redressal. Ensure process help accurate and correct disclosures.

- Reg. 7 - Appointment of RTA, in relation to transfer facility. Mandatory SEBI registration of In-house Share transfer facility if no. of security holders exceeds 1 lac.

- Reg. 13 - Mandatory SCORES registration and quarterly submission of Investor complaint status report within 21 days of end of quarter to SE, said statement to be placed before BOD. Scores Registration is serious.

- Reg. 16 – Material Subsidiary definition includes all subsidiary which are material (done away with the concept of material unlisted Indian subsidiary)

- Reg. 28 - In-principle Approval not required where company has obtained NOC from the Exchange for scheme of arrangement.
Salient Features – Amended Provisions from L.A. (continue)

- Reg. 29 - BM Intimation for financial results has been reduced to 5 days from 7 days. Mandatory BM intimation given for (i) voluntary delisting (ii) any further issuance which require shareholder approval.

- Reg. 30 – Disclosures of Events:
  - Policy to be framed for determining materiality approved by BD.
  - Company has to designate KMP for determining materiality of disclosures and submission to Exchange.
  - Disclosures submitted to SEs to be updated on company website for 5 years and thereafter as per archival policy.
  - Outcome of BM to be submitted within 30 min.
Salient Features – Amended Provisions from L.A. (continue)

- Reg. 32 – Statement of Variation / deviations:
  - Category wise variation between projected & actual utilization of fund to be submitted on quarterly/annual basis till full utilization submitting to Exchange after reviewed by the audit committee.
  - Annual statement shall be certified by Statutory auditor & placed before audit committee.
  - Explanation for variation to be furnished in Directors report.

- Reg. 33 – Financial Results:
  - Authority to approve financial results with only the BOD.
  - Limited review report to be place before Board
  - Company can opt for submission of quarterly consolidated results to the Exchange and shall intimate the same in first quarter of FY.
  - Form A (for unmodified opinion)/ B (for modified opinion) to be submitted along with annual results (standalone as well as consolidated)
Salient Features – Amended Provisions from L.A. (continue)

- Last quarter figure (audited) are balancing figure between 3rdY-T-D and Annual results

- Reg. 34 – Annual Report to be submitted to SE within 21 working days of its adoption at annual general meeting. However it shall send to securities holders at least 21 days before AGM.

- Reg. 36 – Disclosures of only listed companies, in which a person holds directorship, while appointment / reappointment of directors.

- Reg. 39 – The timeline for issuance of certificate pursuant to split/consolidation/renewal/exchanges/duplicate have been streamlined to 30 days from date of lodgement. (earlier 6 week – clause 3). Company can delegate procedure requirements to RTA for unclaimed shares.

- Reg. 42 – Annual Book closure requirement is done away with. Company has to fix the RD (BC is optional). 5 working days gap between BM and RD.
Salient Features – Amended Provisions from L.A. (continue)

- Reg. 45 – Name Change:
  - Mandatory name change (within 6 months) in case company change its activities which is not reflected in its name.
  - Prior approval of SE is mandatory before making application to ROC.

- Reg. 46 Disclosure on website, following additional information required:
  - BOD committee composition, no. of programmes attended by IDs
  - Disclosures submitted to SE, BM, Results, SHP, Analyst Presentation
  - In case of name change - New Name and Old Name (up to 1 year)
  - Statement of deviation, notices sent to shareholders, AR
  - Policy on material events, Archival policy, RPT, material subsidiary
  - Agreement with Media Co.
  - Contact info. Of designated person responsible for IG & email id
  - Above info. Updated with in 2 working days of its change.
Salient Features – New provisions

- Securities laws is first time defined in the Regulation, which includes SEBI Act, SCRA, Depository Act, Companies Act 1956 & 2013.

- Reg. 4 (1) Principles governing disclosures and obligation:
  - To provide adequate, accurate, sufficient, timely & cost efficient access of information to the investors.
  - Disclosure submitted should be in compliance with regulations in letter and spirit & taking into consideration the interest of all stakeholders.
  - Principles on Right of shareholders, Timely information, equitable treatment, Role of Stakeholders in CG, Disclosure & Transparency, Responsibility of Board.
  - In case of ambiguity, Principles will prevail.

- Reg. 5 - KMPs, Directors, Promoters are collectively responsible for compliance with the provisions of the regulations.

- Reg. 7 – C.O. and RTA provide half yearly compliance certificate regarding maintenance of activity of transfer facility (Reg. 7(1)) with in 1 month.
Salient Features – New provisions

- Reg. 8 – Company need to co-operate & provide information to SEBI Registered Intermediaries. (e.g.: Credit rating agencies, debenture trustees).

- Reg. 9 - Company has to devise policy approved by BOD to preserve documents (physically or electronic) either permanently or up to 8 years.

- Reg. 10 - Company shall make the filings on electronic platform as specified by SE & sufficient infrastructure has to be in place for the same.

- Reg. 12- Dividend/ Interest/ Redemption payment :
  - has to be made in electronic mode approved by RBI.
  - RTA shall maintain bank details of investors.
  - Dividend exceeding Rs. 1500 to be paid by cheque / warrant (speed post).
  - Obligatory to print bank a/c details on payment warrant.
Salient Features – New provisions

- Reg. 29(3) – 11 W.D. notice for BM to consider variation of - Shareholders rights / securities / terms of debentures.

- Reg. 31 A - **Reclassification of promoters pursuant to (i) Transmission/Inheritance, (ii) Open Offer, (iii) Company becoming professionally managed:**
  - Shareholders approval is required.
  - Outgoing promoters cannot hold more than 10% shares / VRs &
  - Outgoing promoters cannot act as KMP for more than 3 years without shareholder approval.
  - They shall not exercise control over the listed entity & all Special rights shall be terminated.
  - In case of professionally managed companies- No group can hold more than 1%.
Salient Features – New provisions

- Reg. 34 – BRR is applicable to top 100 listed companies as on March 31 every financial year.
- Reg. 35 - Annual Information Memorandum to be submitted as specified by SEBI.
- Reg. 40 - Detailed procedures with timelines has been prescribed for transfer/ transmission/ transposition of securities.
  - Prohibitory order to be serve by transferor within 60 working days
  - Sch. VII requires PAN from Transferor as well as transferee
  - Detailed procedure given to deal with difference in Signature.
  - In case of delay in transfer the company has to compensate to aggrieved party and any claim / dispute is to be settled by arbitration as per exchange bye-law.
- Reg. 47 – Website link to be given in news paper publications.
- Reg. 108(4) – Refund subscription monies incase of non-receipt of listing permission / withdrawal of observation letter
Salient Features – New provisions

- Schedule V (10) – Following non-compliance to be disclosed in AR
  - Non-compliance, penalties imposed by SE / SEBI / Regulatory Authority on any matter related to capital market.
  - Web link of material subsidiary policy, RPT policy
  - Disclosures of commodity price risks & Commodity hedging activities
  - Non-compliance of any requirement of CG along with reason.

- Chapter X - Duties & Obligation of Stock Exchanges:
  - Dissemination of all the filings submitted by the listed entity immediately.
  - Monitoring of compliance and adequacy / accuracy of the disclosures filing by listed entity.
  - Action by Exchange in case of Default by listed entity.
  - Obligation w.r.t. scheme of Arrangement (in line with SEBI circular dated Feb 4, 2013)
Salient Features – New provisions

➤ Chapter XI – Listing of securities on Stock Exchanges:

• In-principle approval in case of IPO, IDR and further securities before issuing of securities

• Final listing application within 20 days from the date of allotment

• Final listing application made beyond 20 days, penal interest to allottees for each day delay @ at least 10% p.a. after 30 days from date of allotment till listing

• Non-receipt of listing permission or withdrawal of Observation Letter by Stock Exchange or Board, securities shall not be eligible for listing; Refund of subscription monies along with interest @ 10% p.a. from the date of allotment
## Mapping of Listing Agreement with Listing Regulation

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Quick Takeaways

Replacement of Listing Agreement with Listing Regulations now provide for a more consolidated framework for the disclosures to be made by all listed entities and give statutory recognition to the listing norms in India.
Thank You

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