THE GAZETTE OF INDIA

EXTRAORDINARY

PART – III – SECTION 4

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SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 16th June, 2020

SECURITIES AND EXCHANGE BOARD OF INDIA (INFRASTRUCTURE INVESTMENT TRUSTS) (SECOND AMENDMENT) REGULATIONS, 2020

No. SEBI/LAD-NRO/GN/2020/15─ In exercise of the powers conferred under section 30 read with sections 11 and 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2020.
2. They shall come into force on the date of their publication in the Official Gazette.

3. In the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014,-

    I. In regulation 2, in sub-regulation 1,-

a. after clause (sa), the following a new clause shall be inserted, namely,-

"(sb) "inducted sponsor" means any company or LLP or body corporate which has been inducted as a sponsor in accordance with sub-regulation (7) of regulation 22"

b. in clause (zz), the words "and shall include an inducted sponsor" shall be inserted after the word "Board".

c. in clause (zza), the following new sub-clauses shall be inserted after sub-clause (e), namely,-

"f. an insurance company registered with the Insurance Regulatory and Development Authority of India;

g. a mutual fund."

II. After regulation 7, the following new regulation shall be inserted, namely,-

"De-classification of the status of sponsor

7A (1) De-classification of the status of a sponsor(s) of an InvIT whose units have been listed on the stock exchanges for a period of three years shall be permitted upon receipt of an application from the InvIT and subject to compliance with the following conditions:

(a) The unit holding of such sponsor and its associates taken together does not exceed 10% of the outstanding units of the InvIT;

(b) The investment manager of the InvIT is not an entity controlled by such sponsor or its associates;

(c) Approval of unit holders has been obtained in accordance with sub-regulation 4 of Regulation 22."

III. In regulation 14,-

a. in sub-regulation (2), after clause (d), the following new clause shall be inserted, namely,-

"(da) maximum subscription from any investor other than sponsor(s), its related parties and its associates, in initial offer shall not be more than 25 percent of the total unit capital;"

b. in sub-regulation (4), after clause (c), the following new clause shall be inserted, namely,-

"(ca) maximum subscription from any investor other than sponsor(s), its related parties and its associates, in initial offer shall not be more than 25 percent of the total unit capital;"

IV. In regulation 16,-

a. in sub-regulation 7, in clause (a), the words and symbols ",each holding not more than twenty five per cent. of the units of the InvIT" shall be omitted.

b. in sub-regulation 7, in clause (b), the words and symbols ",each holding not more than twenty five per cent. of the units of the InvIT" shall be omitted.

V. In regulation 22,-

a. in sub-regulation (4), after clause (f), a new clause shall be inserted, namely,-

"(fa) de-classification of the status of sponsor;"

b. in sub-regulation (5), the proviso under clause (f) shall be omitted.

c. after sub-regulation (5B), the following new sub-regulation shall be inserted, namely,-

"(5C) No person, other than sponsor(s), its related parties and its associates, shall acquire units of an InvIT which taken together with units held by such person and by persons acting in concert with such person in such InvIT, exceeds twenty-five per cent of the value of outstanding InvIT units unless approval from seventy five per cent. of the unit holders by value excluding the value of units held by parties related to the transaction, is obtained:

Provided that if the required approval is not received, the person acquiring the units shall provide an exit option to the dissenting unit holders to the extent and in the manner as may be specified by the Board."

d. after sub-regulation (6), the following new sub-regulation shall be inserted, namely,-

"(7) In case of any change in sponsor or inducted sponsor or change in control of sponsor or inducted sponsor, -

(a) prior to such change, approval from seventy five per cent. of the unit holders by value excluding the value of units held by parties related to the transaction shall be obtained

(b) if the required approval is not received,-

(i) in case of change of sponsor or inducted sponsor, the proposed inducted sponsor shall provide the dissenting unit holders an option to exit by buying their units in the manner specified by the Board;

(ii) in case of change in control of the sponsor or inducted sponsor, the said sponsor or inducted sponsor shall provide the dissenting unit holders an option to exit by buying their units in the manner specified by the Board;

Explanation: Change in sponsor or inducted sponsor shall mean any change due to entry of a new sponsor with or without exit of an existing sponsor."

Sd/-

AJAY TYAGI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnotes:

1. The Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 was published in the Gazette of India on September 26, 2014 vide No. LAD-NRO/GN/2014-15/10/1577.

2. The Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 was subsequently amended by the –

    a. Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2016, vide No. SEBI/LAD/NRO/GN/2016-17/021, with effect from November 30, 2016;
    b. Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2017, vide No. SEBI/LAD-NRO/GN/2017-18/024, with effect from December 15, 2017.

c. Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2018, vide No. SEBI/LAD-NRO/GN/2018/07, with effect from April 10, 2018.

d. Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2019, vide No. SEBI/LAD-NRO/GN/2019/10, with effect from April 22, 2019.

e. Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2020, vide No. SEBI/LAD-NRO/GN/2020/05, with effect from March 02, 2020.

f. Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2020, vide No. SEBI/LAD-NRO/GN/2020/10, with effect from April 17, 2020.

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