



PR No. 27 /2023

SEBI Board Meeting

The 203rd meeting of the SEBI Board was held in Mumbai today.

The SEBI Board, *inter-alia*, approved the following:

1 Flexibility in the framework for Social Stock Exchange (SSE)

1.1 The Board has approved the following, *inter-alia*, to provide impetus to fund raising by Not for Profit Organizations (NPOs) on the Social Stock Exchange:

1.1.2 Reduction in minimum issue size in case of public issuance of Zero Coupon Zero Principal Instruments (ZCZP) by NPOs on SSE from Rs. 1 Crore to Rs. 50 lakh.

1.1.3 Reduction in minimum application size in case of public issuance of ZCZP by NPOs on SSE from Rs 2 lakh to Rs. 10,000, thereby enabling wider participation of subscribers including retail.

1.1.4 Changing the nomenclature of "Social Auditor" with "Social Impact Assessor" to provide comfort to NPOs and convey a positive approach towards the social sector.

1.1.5 Permitting NPO to disclose past social impact report in the fund raising document as per their existing practice subject to disclosure of key parameters such as number of beneficiaries, cost per beneficiary and administrative overhead.

1.1.6 More entities (NPOs) to be made eligible for registration and fund raising through issuance and listing of ZCZP on SSE by permitting entities registered under section 10(23C) and 10(46) of the Income Tax Act, 1961

2 Introduction of Regulatory Framework for Index Providers

2.1 The Board approved a regulatory framework for Index Providers with the objective of fostering transparency and accountability in governance and administration of financial benchmarks in the securities market.

2.2 The regulations will provide a framework for registration of Index Providers which license 'Significant Indices' that shall be notified by SEBI based on objective criteria.

2.3 The regulatory framework which is in accordance with IOSCO Principles for Financial Benchmarks shall only be applicable to 'Significant Indices'.

3 Facilitation of Small & Medium REITs ("SM REITs") - Amendments to SEBI (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations") for creation of new regulatory framework

3.1 The Board, inter-alia, approved amendments to SEBI (Real Estate Investment Trusts) Regulations, 2014 in order to create a regulatory framework for facilitation of SM REITs, with an asset value of at least Rs. 50 crore vis-à-vis minimum asset value of Rs. 500 crore for existing REITs. SM REITs shall have the ability to create separate scheme(s) for owning real estate assets through special purpose vehicle(s) constituted as companies.

3.2 The regulatory framework approved by the Board for SM REITs, *inter – alia*, provides for the structure of SM REITs, migration of existing structures meeting certain specified criteria, obligations of the investment manager including net worth, experience and minimum unitholding requirement, investment conditions, minimum subscription, distribution norms, valuation of assets, etc.

4 Amendment to SEBI (Alternative Investment Funds) Regulations, 2012, to facilitate ease of compliance and strengthen protection of interest of investors in Alternative Investment Funds

4.1 In order to facilitate ease of compliance and to strengthen investor protection in Alternative Investment Funds ('AIFs'), the Board approved the following proposals-

4.1.1 Any fresh investment made by an AIF, beyond September 2024, shall be held in dematerialised form. The existing investments made by AIFs have been exempted from the said requirement, except in cases where –

- a. Investee company has been mandated under applicable law to facilitate dematerialisation of its securities; and,
- b. Investments where the AIF, on its own, or along with other SEBI registered intermediaries/entities which are mandated to hold their investment in dematerialised form, has control in the investee company.

Further, the said requirement is exempted for investments held by

- a. Liquidation schemes of AIFs;

- b. Schemes of an AIF whose tenure (not including permissible extension of tenure) ends within one year from the date of issuance of necessary notification in this regard; and,
- c. Schemes of an AIF which are in extended tenure as on the date of issuance of the notification.

4.1.2 The mandate for appointment of custodian, currently applicable to schemes of Category III AIFs and to schemes of Category I and II AIFs with corpus more than Rs. 500 Crore, shall be extended to all AIFs. AIFs may appoint a custodian who is an associate of manager or sponsor of the AIF, subject to conditions similar to those prescribed under SEBI (Mutual Funds) Regulations, 1996 for permitting related party of sponsor of a Mutual Fund to act as its custodian. The Board also noted that the cost of compliance to the schemes coming under the said mandate was an average of approximately Rs.88,000 per annum for availing custodial services, based on analysis of sample data.

Mumbai

November 25, 2023