

**Review of the Regulatory Framework for Social Stock Exchange –
Amendments to SEBI (ICDR) Regulations 2018, and (LODR) Regulations,
2015.**

1. Objective

1.1. This memorandum seeks approval of the Board for implementing the recommendations of the Social Stock Exchange Advisory Committee, which have arisen from its exercise to review the existing Regulatory Framework for Social Stock Exchange (SSE), by way of amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**” or “**ICDR**”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**” or “**LODR**”) respectively and issuance of circulars thereunder.

2. (This has been excised for reasons of confidentiality)

3. Background

3.1. The Social Stock Exchange Advisory Committee (SSEAC) at its fifth meeting constituted a sub-group for comprehensive review of SSE Regulatory framework. Accordingly, the sub-group submitted its proposals on various aspects of SSE framework including ICDR Regulations, LODR Regulations and SEBI Circulars dated September 19, 2022 (as amended) for final consideration of SSEAC. The SSEAC considered the proposal and submitted its recommendations to SEBI.

3.2. Subsequently, SEBI issued a consultation paper on January 20, 2025 (“**Consultation Paper**”) seeking views / comments from the public on the recommendations of the SSEAC which is annexed as **Annexure I** to this Board Memorandum.

3.3. In response to the aforesaid Consultation Paper, nine entities have offered comments. The proposal-wise compilation of public comments is placed at **Annexure II**. A brief summary of the responses received across all proposals is tabulated below:

Total comments	Comments in agreement	Partially Agree	Comments in disagreement
112	101	7	4

3.4. The recommendations of the SSEAC with respect to amendments to ICDR Regulations and LODR Regulations are discussed below.

4. Recommendations of the SSEAC with respect to ICDR Regulations

4.1. A detailed analysis of the public comments received on the recommendations of the SSEAC relating to ICDR Regulations is placed at **Annexure III**. The commenters are broadly in agreement with the recommendations of the SSEAC.

4.2. The proposals with respect to ICDR Regulations are given below:

4.2.1. Definition of Not for Profit Organization (NPO)- Expanding the list of permissible legal structures to be recognized as NPOs under Regulation 292A(e) of the ICDR Regulations:

4.2.1.1. **Existing Provision:** Regulation 292A(e) of the ICDR Regulations states that Not for Profit Organization means a social enterprise which is registered under charitable trust registered under the Indian Trusts Act, 1882 or under the public trust statute of the relevant state, or a charitable society registered under the Societies Registration Act, 1860 or a Company incorporated under Section 8 of the Companies Act, 2013.

4.2.1.2. Recommendations of SSEAC:

- i. In States that do not have a Trusts Act, NPOs which are registered under the Indian Registration Act, 1908 may be included in permissible legal structure list.
- ii. While Companies Act, 1956 has been repealed, Companies which are already registered under Section 25 of the erstwhile Companies Act, 1956 [analogous to Section 8 of the Companies Act, 2013 which is already part of permissible legal structure] may be included in the permissible legal structure list.
- iii. Charitable society registered under the society registration statute of the relevant state may be included in permissible legal structure list.

4.2.1.3. **Analysis of Public Comments:** The break-up of the comments received in respect of the proposals are as under. The detailed analysis of public comments is placed at Annexure-III

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To expand the list of legal structures permissible to be recognized as NPOs under ICDR Regulations	4	4	-	-

4.2.1.4. **Proposal for consideration of Board:**

In view of the recommendation of SSEAC and the public comments received in the matter, it is proposed to expand the list of legal structures permissible to be recognized as NPOs under Regulation 292A(e) of the ICDR Regulations to include the following entities:

- i. Trusts registered under Indian Registration Act, 1908 with relevant sub-registrar (in states that do not have a Trusts Act).
- ii. Charitable society registered under the society registration statute of the relevant state.
- iii. Companies registered under Section 25 of the Companies Act, 1956.

4.2.2. **Definition of Social Impact Assessment Firm - Substituting the term ‘Social Impact Assessment Firm’ with ‘Social Impact Assessment Organization’ under Regulation 292A(g) of the ICDR Regulations:**

4.2.2.1. **Existing Provision:**

Regulation 292A(g) of the ICDR Regulations states that “Social Impact Assessment Firm” means any entity which has employed Social Impact Assessor(s) and has a track record of minimum three years for conducting social impact assessment.

4.2.2.2. **Recommendations of SSEAC:**

- i. The term “Social Impact Assessment Firm” may be substituted with “Social Impact Assessment Organization”.
- ii. Further, Social Impact Assessment Organizations (SIAO) may be permitted to be empaneled with Self-Regulatory Organizations (SROs) that have in full time employment, at least two Social Impact Assessors each with a minimum of 3 years of social impact assessment in addition to the existing eligibility requirement for conducting social impact assessment i.e. the

SIAO should have a track record of 3 years for conducting social impact assessment.

- iii. Allowing such SIAO who are not having minimum 3 years of experience of conducting social impact assessment but have employed at least two Social Impact Assessors each with a minimum 3 years of conducting social impact assessment may address the concern of shortage of adequate numbers of SIAOs for conducting social impact assessment. While employing the Social Impact Assessors, the SIAOs should consider their domain knowledge and professional competence in addition to the existing eligibility requirement of passing NISM examination.

4.2.2.3. **Analysis of Public Comments:** The break-up of the comments received in respect of the aforementioned proposals are as under.

The detailed analysis of public comments is placed at Annexure-III

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To substitute the term "Social Impact Assessment Firm" with "Social Impact Assessment Organization"	3	3	-	-
2.	To allow Social Impact Assessment Organizations to get empanel with SROs that have in full time employment at least two Social Impact Assessors each with a minimum of 3 years of social impact assessment in addition to the existing eligibility requirement for conducting social impact assessment.	6	2	1*	3**
*Comment received in partial agreement is not relevant to the proposal. **The commenters who have disagreed with the proposal have suggested that appointment of two Social Impact Assessors may not be a viable proposition for all SIAOs. It has also been commented that not requiring the SIAO to have 3 years of experience can reduce the quality of output of social impact report as it is not necessary that the experienced employees assess every report. The said suggestion has been taken into consideration and accordingly incorporated in the proposal to mandate the social impact assessors to sign the Social Impact Assessment report in cases where the SIAOs are not having experience of minimum 3 years of conducting social impact assessment.					

4.2.2.4. Proposal for consideration of Board:

In view of the recommendations of the SSEAC, the public comments received in the matter and the analysis of public comments, the following changes are proposed in Regulation 292A(g) of the ICDR Regulations:

- i. To substitute the term “Social Impact Assessment Firm” with “Social Impact Assessment Organization”.
- ii. Social Impact Assessment Organizations shall have in full time employment at least two Social Impact Assessors each with a minimum experience of 3 years of social impact assessment for empanelment by Self-regulatory organization under ICAI, ICSI or ICMAI in addition to the existing eligibility requirement for conducting social impact assessment. Social Impact Assessment Organizations may employ or engage on long-term basis with ongoing accountability, Social Impact Assessor(s) considering their domain knowledge and professional competence. Further, these Social Impact Assessors may be mandated to sign the Social Impact Assessment report in cases where the SIAOs are not having experience of minimum 3 years of conducting social impact assessment.

4.2.3. Tenure of registration of NPOs with SSE- Permitting NPOs to be registered on SSE for a period of 2 years without raising funds through SSE:

4.2.3.1. Existing Provision:

Regulation 292F of the ICDR Regulations state that an NPO shall mandatorily seek registration with a SSE before it raises funds through SSE. Further, the said Regulation states that an NPO may choose to merely register on a SSE and not raise funds through it.

4.2.3.2. Recommendations of SSEAC:

SSEAC has recommended that NPOs should be permitted to be registered with SSE for a period of total 2 years without raising funds through SSE or such duration as may be specified by the Board.

4.2.3.3. Analysis of Public Comments: The break-up of the comments received in respect of the proposals are as under. The detailed

analysis of public comments is placed at Annexure-III

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in disagreement
1.	To limit the tenure of registration to total 2 years without raising funds on Social Stock Exchange	5	3	2*	-
*Commentators who have partially agreed with the proposal has suggested that the tenure of registration of 2 years may be extended to 3 years. In the proposed amendment the tenure has been prescribed as 2 years or such duration as may be specified by the Board.					

4.2.3.4. **Proposal for consideration of Board:**

In view of the recommendations of the SSEAC, the public comments received in the matter and the analysis of public comments, the following changes are proposed in Regulation 292F of the ICDR Regulations:

- i. NPOs should be permitted to be registered with SSE for a period of total 2 years without raising funds through SSE. Beyond such period of two years or such duration as may be specified by the Board, the NPOs should have at least one listed project i.e. the project for which funds have been raised through SSE or Otherwise in the event of not raising funds through SSE, the NPO shall no longer be treated as registered on SSE.

4.2.4. **Modifications to eligible activities to be identified as Social Enterprise-To include and modify activities under Regulation 292E(2)(a) of the ICDR Regulations:**

4.2.4.1. **Existing Provision:**

Regulation 292E(2)(a) of the ICDR Regulations provides a list of activities in order for an entity to be eligible as Social Enterprise.

4.2.4.2. **Recommendations of SSEAC:**

SSEAC has recommended inclusion of the following activities:

- i. Welfare of disadvantaged children, women, destitute, elderly and the disabled
- ii. Promoting Vocational skills

- iii. non-profit ecosystem activities that strengthen capacities at the sectoral level or organization level in areas such as: governance, transparency, finance & compliance, leadership and organization development, information systems, research, social innovation, use of technology, fundraising, impact measurement and reporting
- iv. research and development projects in the field of science, technology, engineering, medicine and social science funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.
- v. SSEAC has further recommended to reword the following existing eligible activities:

Existing eligible activity	Proposed Revised Provision
Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation;	“Sustaining and stewarding natural ecosystem and environment, pollution control, addressing climate change, conserving forest and wildlife, welfare of vulnerable animals, and education and awareness on sustainable lifestyle”
Protection of national heritage, art and culture;	Promotion and education of art, culture and heritage and include all heritage instead of only national heritage
Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;	Promoting rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

4.2.4.3. **Analysis of Public Comments:** The break-up of the comments received in respect of the proposals are as under. The detailed analysis of public comments is placed at Annexure-III

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To include welfare of disadvantaged children, women, destitute, elderly and the disabled under eligible activities.	4	3	1*	-
2.	To include vocational skills under eligible activities.	3	3	-	-
3.	To reword Regulation 292E(2)(a)(5) to “Sustaining and stewarding natural ecosystem and environment,	4	3	1*	-

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
	pollution control, addressing climate change, conserving forest and wildlife, welfare of vulnerable animals, and education and awareness on sustainable lifestyle” under eligible activities.				
4.	To include promotion and education of art, culture and heritage and include all heritage instead of only national heritage under eligible activities.	3	3	-	-
5.	To reword the existing provision “training to” to “promoting” in respect of activities such as rural sports, nationally recognised sports, Paralympic sports and Olympic sports.	3	3	-	-
6.	To expand the eligible activity “supporting incubators of Social Enterprises” to specifically include “research and development projects in the field of science, technology, engineering, medicine and social science funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government”.	3	3	-	-
7.	To expand the eligible activity “supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building” to include non-profit ecosystem activities that strengthen capacities at the sectoral level or organisation level in areas such as: governance, transparency, finance & compliance, leadership and organisation development, information systems, research, social innovation, use of technology, fundraising, impact	3	3	-	-

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
	measurement and reporting.				
*Commentators who were in partial agreement to the proposal has suggested certain additional activities to be added to the existing list of eligible activities. However, (this has been excised for reasons of confidentiality), the proposal has been suitably modified to align the same with activities defined under Schedule VII of the Companies Act, 2013 for CSR.					

4.2.4.4. (This has been excised for reasons of confidentiality)

4.2.4.5. Deliberations with SSEAC:

(This has been excised for reasons of confidentiality) was deliberated with SSEAC in its meeting held on April 29, 2025. Pursuant to deliberations SSEAC has recommended that the existing activities defined in Regulation 292E(2)(a) may remain the same.

Further, to align the existing activities with CSR activities, the following additional para may be inserted in Regulation 292E(2)(a):
'All the activities defined under Schedule VII of the Companies Act, 2013 shall be treated as eligible activities in order to establish the primacy of social intent.'

4.2.4.6. Proposal for consideration of Board:

In view of (this has been excised for reasons of confidentiality) deliberations held with SSEAC, it is proposed that Regulation 292E(2)(a) of the ICDR Regulations may be amended to insert the following para to the existing list of eligible activities:

All the activities defined under Schedule VII of the Companies Act, 2013 shall be treated as eligible activities in order to establish the primacy of social intent.

4.2.5. Modifications to target segment to be identified as Social Enterprise-To include cultural and environmental ecosystem entities in addition to social entities under Regulation 292E(2)(b) of the ICDR Regulations:

4.2.5.1. Existing Provision:

In order for an entity to be identified as Social Enterprise, in terms of

Regulation 292E(2)(b) the entity is required to target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments.

4.2.5.2. Recommendations of SSEAC:

SSEAC has recommended to revise the eligibility provision for Social Enterprises pertaining to Target Segment as follows:

- i. The Social Enterprise shall target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments; the environment and/or natural ecosystem entities facing degradation and/or depletion and/or extinction that is creating environmental concerns; and the cultural entities facing erosion and/or extinction contextually and also that need promotions contextually.

4.2.5.3. Analysis of Public Comments: The break-up of the comments received in respect of the proposals are as under. The detailed analysis of public comments is placed at Annexure-III

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To expand the target segment and to include cultural and environmental ecosystem entities in addition to social entities.	3	3	-	-

4.2.5.4. Proposal for consideration of Board:

SSEAC has made recommendations regarding the inclusion of certain more target segments under the eligibility conditions for being identified as social enterprise such as environment/natural ecosystem entities facing degradation/depletion and cultural entities facing erosion/extinction. In this regard, since more such target segments may be identified in future, the Board may be authorized to appropriately specify the target segments after due deliberations. Accordingly, the following amendment is suggested in Regulation 292E(2)(b):

The Board may from time to time specify target segments in clause (b) of Regulation 292E (2).

4.2.6. Modification to applicability of percentage of activities to be eligible activities- Prescribing the criteria of business income for NPOs and For-Profit Social Enterprises to establish the primacy of social intent through eligible activities under Regulation 292E(2)(c) of the ICDR Regulations:

4.2.6.1. Existing Provisions:

Regulation 292E(2)(c) of the ICDR Regulations states that Social Enterprise shall have at least 67% of its activities, qualifying as eligible activities to the target population, to be established through 3-year average of either revenue, expenditure or total customer base.

4.2.6.2. Recommendations of SSEAC:

SSEAC has recommended to revise the eligibility provision for Social Enterprises pertaining to percentage of activities qualifying as eligible activities, as follows:

The For-Profit Social Enterprise (FPE) or Not for Profit Entities where, its annual audit report (Form 10B/ 10BB) and IT Return for the latest Assessment Year (AY) indicates that the NPO has business income of more than 20 percent of its revenue in the latest annual year, shall have at least 67% of its activities, qualifying as eligible social/ environmental/ cultural activities to the target entities, to be established through one or more of the following:

- i. at least 67% of the immediately preceding 3-year average of revenues comes from providing eligible social/ environmental/ cultural activities to the target entities;
- ii. at least 67% of the immediately preceding 3-year average of expenditure has been incurred on eligible social/ environmental /cultural activities to the target entities;
- iii. the entities to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the total entities covered by

Social Enterprise.

- 4.2.6.3. **Analysis of Public Comments:** The break-up of the comments received in respect of the proposals are as under. The detailed analysis of public comments is placed at Annexure-III

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in disagreement
1.	To prescribe the condition of business income of more than 20 percent of revenues in the latest annual year for the For-Profit Social Enterprises or Not for Profit Social Enterprises in order to comply with the criteria of 67% of activities qualifying as eligible activities.	3	2	1*	-
*Comment received in partial agreement is not relevant to the proposal.					

- 4.2.6.4. **(This has been excised for reasons of confidentiality)**

- 4.2.6.5. **Deliberations with SSEAC and SEBI's comments:**

(This has been excised for reasons of confidentiality) was deliberated with SSEAC in its meeting held on April 29, 2025. Pursuant to deliberations SSEAC has recommended that Regulation 292E(2)(c) of ICDR Regulations may be amended to clarify that only For-Profit Social Enterprise may require to comply with the eligibility criteria to have at least 67% of its activities, qualifying as eligible activities to the target population, to be established through 3-year average of either revenue, expenditure or total customer base.

SEBI comments- In view of the above, Not for Profit Organizations which are registered under section 12A/12AA/12AB/10(23C)/10(46) of the Income Tax Act, 1961 may not be required to comply with the eligibility criteria under Regulation 292E(2)(c) of ICDR Regulations. If required clarification may also be provided by amending the relevant circular. Thus, the requirement of 292E(2)(c) of ICDR Regulations may be applicable only to For-Profit Social Enterprises. clarification may be provided through circular.

- 4.2.6.6. **Proposal for consideration of Board:**

In view of (this has been excised for reasons of confidentiality) and

deliberations held with SSEAC, it is proposed that Regulation 292E(2)(c) of the ICDR Regulations may be applicable to only For-Profit Social Enterprises.

5. Recommendations of the SSEAC with respect to LODR Regulations

5.1. A detailed analysis of the public comments received on the recommendations of the SSEAC relating to LODR Regulations is placed at **Annexure IV**. The commenters are broadly in agreement with the recommendations of the SSEAC.

5.2. The proposals with respect to LODR Regulations are given below:

5.2.1. Disclosures by NPOs- Bifurcating the annual disclosures in financial and non-financial aspects and revising the timelines for the annual disclosures under Regulation 91C of the LODR Regulations:

5.2.1.1. Existing Provisions:

In terms of Regulation 91C of the LODR Regulations, a Not for Profit Organization registered on the Social Stock Exchange(s), including a Not for Profit Organization whose designated securities are listed on the SSE, is required to make annual disclosures to the SSE on matters specified by the Board, within 60 days from the end of the financial year or within such period as may be specified by the Board.

Further, SEBI vide Circular dated September 19, 2023 (as amended) has prescribed the matters on which annual disclosures are required to be made by the Not for profit organization.

5.2.1.2. Recommendations of SSEAC:

- i. SSEAC has recommended to bifurcate the annual self-disclosures in two aspects i.e. financial aspects and non-financial aspects as prescribed in the Circular dated September 19, 2023 (as amended).
- ii. SSEAC has further recommended to revise the timelines for disclosures, as prescribed in the ICDR Regulations, to October 31st after the end of the financial year or within such period as may be specified by the Board for matters pertaining to

financial aspects. The timelines for disclosures pertaining to non-financial aspects may remain same i.e. within 60 days from the end of the financial year.

5.2.1.3. **Analysis of Public Comments:** The break-up of the comments received in respect of the proposals are as under. The detailed analysis of public comments is placed at Annexure-IV

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To bifurcate the annual disclosures into two aspects Financial Aspects and Non-Financial Aspects.	3	3	-	-
2.	To revise the timelines for disclosing Financial Aspects to October 31st after the end of the Financial Year and Non-Financial aspects to be disclosed within 60 days from the end of the F.Y.	4	3	1*	-
* Commenter who has partially agreed with the proposal has suggested that the impact report should be carried out within a period of 12 to 24 months from the date of raising funds by NPO, the same is not relevant to the proposal.					

5.2.1.4. **Proposal for consideration of Board:**

In view of recommendation of SSEAC, public comments received in the matter, it is proposed to amend Regulation 91C of the LODR Regulations to prescribe the following:

- i. Annual disclosures shall be bifurcated into Financial Aspects and Non-Financial Aspects.
 - a. Financial Aspects-covering disclosures of general, governance and finance aspects that have a reference to audited financial statements.
 - b. Non-Financial Aspects-covering general and governance disclosure aspects that are not dependent on audited financial statements.
- ii. The timelines for disclosures pertaining to financial aspects shall be October 31st each year or within the due date of filing income tax return by Not for Profit Organizations as per the Income Tax Act, 1961, whichever is later or within such period

as may be specified by the Board. The timelines for disclosures pertaining to non-financial aspects shall remain same i.e. within 60 days from the end of the financial year.

5.2.2. Submission of Social Impact Report-Segregating reporting for listed and other non-listed projects under Regulation 91E of the LODR Regulations:

5.2.2.1. Existing Provisions:

- i. In terms of Regulation 91E (1) of LODR Regulations, a Social Enterprise, which is either registered or has raised funds on the Exchange is required to submit an annual impact report to the Exchange in the format specified by the Board from time to time.
- ii. Further, in terms of Regulation 91E (2) of LODR Regulations, the annual impact report is required to be assessed by annual impact assessment firm.
- iii. SEBI vide Circular dated September 19, 2022 (as amended) has prescribed matters to be included in the annual impact report.

5.2.2.2. Recommendations of SSEAC:

- i. SSEAC has recommended to bifurcate annual impact reporting for listed projects and for other non-listed projects.
- ii. Annual Impact Reporting for listed projects and non-listed significant projects should account for at least 67% of programme expenditure in the previous financial year.
- iii. It has also recommended that the Annual Impact Report for non-listed significant projects shall be self-reported.
- iv. SSEAC has further recommended that for a period of two years the NPOs which are only registered on SSE without raising funds may submit self-assessed impact reports for their non-listed projects. Beyond the period of two years the NPOs should have at least one listed project for which funds have been raised through SSE that would be liable to social impact assessment by a social impact

assessment organization.

5.2.2.3. **Analysis of Public Comments:** The break-up of the comments received in respect of the proposals are as under. The detailed analysis of public comments is placed at Annexure-IV

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To segregate the reporting for listed projects and other significant non-listed projects.	3	3	-	-
2.	To prescribe self-reporting for other significant non-listed projects.	5	4	-	1*
3.	To provide a moratorium period of two years to all the NPOs registered on SSE to get listed on SSE.	3	3	-	-
*Comment received in dis-agreement is not relevant to the proposal					

5.2.2.4. **Proposal for consideration of Board:**

In view of recommendations of SSEAC, public comments received in the matter, and analysis of the public comments, the following amendments are proposed to the Regulation 91E (1) of LODR Regulations

- i. It is proposed to segregate reporting for listed projects and for other non-listed projects. Social Impact Reporting for listed projects and non-listed projects should account for at least 67% of programme expenditure in the previous financial year.
- ii. It is further proposed that, the Annual Social Impact Report for non-listed projects shall be self-reported.
- iii. It is also proposed that NPOs should be permitted for a period of maximum two years without raising funds through SSE. Beyond such period of two years or such duration as may be specified by the Board, the NPOs should have at least one listed project for which funds have been raised through SSE, that would be liable to social impact assessment by a social impact assessment organization or Otherwise in the event of not raising funds through SSE shall no longer be treated as registered on SSE.

6. Proposal to the Board

- 1.1. The Board is requested to consider and approve the proposals mentioned above at paragraphs 4.2.1.4, 4.2.2.4, 4.2.3.4, 4.2.4.6, 4.2.5.4, 4.2.6.6, 5.2.1.4 and 5.2.2.4. The draft amendment notification to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are placed at **Annexure- V** and the draft amendment notification to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are placed at **Annexure- VI**.
- 1.2. The proposed amendments shall come into force from the date of their publication in the official gazette.
- 1.3. The Board is also requested to authorize the Chairman to carry out suitable amendments to the regulations and to take any other consequential or incidental steps for implementation of decisions of the Board.

Encl.:

1. Annexure I – Consultation Paper
2. Annexure II – Details of Public Comments
3. Annexure III – Analysis of Public Comments on recommendations with respect to ICDR Regulations
4. Annexure IV – Analysis of Public Comments on recommendations with respect to LODR Regulations
5. Annexure V – Draft amendments to the ICDR Regulations
6. Annexure VI – Draft amendments to the LODR Regulations

Consultation Paper is available on SEBI Website

This may be accessed at-

https://www.sebi.gov.in/reports-and-statistics/reports/jan-2025/consultation-paper-on-review-of-framework-for-social-stock-exchange_91022.html

Details of Public Comments

(This has been excised for reasons of confidentiality)

**Analysis of public comments received on the recommendations with
respect to the ICDR Regulations**

1. Definition of Not for Profit Organization- Expanding the list of permissible legal structures to be recognized as NPOs under Regulation 292A(e) of the ICDR Regulations

1.1. Recommendations of the SSEAC:

SSEAC recommended to expand the list of legal structures permissible to be recognized as NPOs under ICDR Regulations to include the following:

- a) Trusts registered under Indian Registration Act, 1908 with relevant sub-registrar (in states that do not have a Trusts Act).
- b) Charitable society registered under the society registration statute of the relevant state.
- c) Companies registered under Section 25 of the Companies Act, 1956

1.2. Rationale: NPOs take varying forms of legal structure. The amendment shall help in expanding the list of legal structures which are permissible to be recognized as NPOs under ICDR Regulations.

1.3. Public comments and analysis:

1.3.1. The aforesaid recommendation was placed as proposal 1 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

1.3.2. **Proposal 1:** To expand the list of legal structures permissible to be recognized as NPOs under ICDR Regulations.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
4	1	3	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

- a) All commentators have agreed with the proposal and it is also noted that there are no specific suggestions or comments with respect to this proposal

2. Definition of Social Impact Assessment Firm-Substituting the term ‘Social Impact Assessment Firm’ with ‘Social Impact Assessment Organization’ under Regulation 292A(g) of the ICDR Regulations

2.1. Recommendations of the SSEAC:

SSEAC has recommended to substitute the term “Social Impact Assessment Firm” with “Social Impact Assessment Organization” and to permit Social Impact Assessment Organisations that have in full time employment at least two Social Impact Assessors each with a minimum experience of 3 years of social impact assessment for empanelment by Self-regulatory organization under ICAI, ICSI or ICMAI in addition to the existing eligibility requirement for conducting social impact assessment

2.2. Rationale:

- a) Substituting the term “Social Impact Assessment Firm” with “Social Impact Assessment Organization” will help encourage social impact assessment organisations in the development sector to also get empanelled with SROs
- b) It is also critical that the social impact assessment organization is not a proprietary firm but at least an organisation of individuals so that there is continuity, reliability and greater objectivity and accountability.
- c) The proposal will also encourage the growth of social impact assessment organisations without compromising on required the requisite experience.

2.3. Public comments and analysis:

2.3.1. The aforesaid recommendation was placed as proposals 2 & 3 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

2.3.2. **Proposal 2:** To substitute the term “Social Impact Assessment Firm” with “Social Impact Assessment Organization”.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	0	3	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

- a) All commentators have agreed with the proposal and it is also noted that there are no specific suggestions or comments with respect to this proposal

2.3.3. Proposal 3: To allow Social Impact Assessment Organizations to get empanel with SROs that have in full time employment at least two Social Impact Assessors each with a minimum of 3 years of social impact assessment in addition to the existing eligibility requirement for conducting social impact assessment.:

- (i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
6	0	2	1	2	1

- (ii) Suggestions / comments received on the proposal are summarized below:

- a) Majority of the commentators have disagreed with the proposal. Those who are in partial agreement have suggested that individuals who have more than 10 years of experience in CSR impact assessment and also have relevant qualification of having completed IICA, CBI Netherlands training programs on CSR or Ph.D. in CSR may also be empanelled as a Social Auditors. Exemption may be granted to such CSR professionals from the NISM Social Auditor Examination, if possible.
- b) Commentators who are in disagreement have rationalized that full time appointment of two Social Impact Assessors may not be a viable proposition for all Social Impact Assessment Organizations.
- c) (This has been excised for reasons of confidentiality)

2.3.4. Analysis of comments:

As highlighted by SSEAC in its recommendations, currently there is a shortage of social impact assessment organizations(SIAOs) having 3 years of experience. Further, allowing the SIAOs who are not having minimum 3 years of experience of conducting social impact assessment but have at least two Social Impact Assessors each with a minimum

experience of 3 years of social impact assessment in full time employment for empanelment by Self-regulatory organization under ICAI, ICSI or ICMAI may address the concern of shortage of adequate number of SIAOs for conducting Social Impact Assessment. Further, SIAOs should consider their domain knowledge and professional competence in addition to the eligibility criteria of passing the NISM certification examination. Further considering the comments and suggestions, these full time Impact Assessors may be mandated to sign the Social Impact Assessment report in cases where the SIAOs are not having experience of minimum 3 years of conducting social impact assessment.

3. Tenure of registration of NPOs with SSE- Permitting NPOs to be registered on SSE for a period of 2 years without raising funds through SSE

3.1. Recommendations of the SSEAC: SSEAC has recommended that NPOs should be permitted to be registered with SSE for a period of total 2 years without raising funds through SSE or such duration as may be specified by the Board.

3.2. Rationale: The intent of registration was to create a pool of NPOs that would learn about the SSE ecosystem and eventually list projects.

3.3. Public comments and analysis:

3.3.1. The aforesaid recommendation was placed as proposal 4 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

3.3.2. Proposal 4: To limit the tenure of registration to total 2 years without raising funds on Social Stock Exchange.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
5	0	3	2	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) Most of the commentators have agreed with the recommendation. Commentators who are in partial agreement have suggested that tenure of 2 years may be extended to 3 years.

4. Modifications to eligible activities to be identified as Social Enterprise-To include and modify activities under Regulation 292E(2)(a) of the ICDR Regulations

4.1. Recommendations of the SSEAC: Regulation 292E(2)(a) of the ICDR Regulations provides a list of activities in order for an entity to be eligible as Social Enterprise. SSEAC recommended to make the list of eligible activities more inclusive and broader.

4.2. Rationale: SSEAC has proposed the amendments in order to make the list of eligible activities more inclusive and convey the correct intent of the Regulations.

4.3. Public comments and analysis:

4.3.1. The aforesaid recommendation was placed as proposal 5 to 11 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

4.3.2. **Proposal 5:** To include welfare of disadvantaged children, women, destitute, elderly and the disabled under eligible activities.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
4	1	2	1	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) Most of the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal. One commentator who has partially agreed with the proposal has suggested that a reference may be made to Schedule VII of Companies Act, 2013 wherein list of eligible activities for CSR funding are listed. Natural calamities like flood, draught, earthquake, landslide, Covid 19 like pandemic, national emergency issues etc. may also be included.

4.3.3. **Proposal 6:** To include vocational skills under eligible activities.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	1	2	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

- a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal

4.3.4. **Proposal 7:** To reword Regulation 292E(2)(a)(5) to “Sustaining and stewarding natural ecosystem and environment, pollution control, addressing climate change, conserving forest and wildlife, welfare of vulnerable animals, and education and awareness on sustainable lifestyle” under eligible activities.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
4	1	2	1	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

- a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal. One Commentator who has partially agreed with the proposal has suggested that there is an imperative need to explicitly state/ include Climate, Environment, Health, Financial Literacy/Investment Education etc. in the eligible activities.

4.3.5. **Proposal 8:** To include promotion and education of art, culture and heritage and include all heritage instead of only national heritage under eligible activities.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	1	2	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

- a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal

4.3.6. **Proposal 9:** To reword the existing provision “training to” to “promoting” in respect of activities such as rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

- (i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	1	2	0	0	0

- (ii) Suggestions / comments received on the proposal are summarized below:

- a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal

4.3.7. **Proposal 10:** To expand the eligible activity “supporting incubators of Social Enterprises” to specifically include “research and development projects in the field of science, technology, engineering, medicine and social science funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government”.

- (i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	1	2	0	0	0

- (ii) Suggestions / comments received on the proposal are summarized below:

- a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal

4.3.8. **Proposal 11:** To expand the eligible activity “supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building” to include non-profit ecosystem activities that strengthen capacities at the sectoral level or organisation level in areas such as:

governance, transparency, finance & compliance, leadership and organisation development, information systems, research, social innovation, use of technology, fundraising, impact measurement and reporting.

- (i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	1	2	0	0	0

- (ii) Suggestions / comments received on the proposal are summarized below:

- a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal

5. Modifications to target segment to be identified as Social Enterprise-To include cultural and environmental ecosystem entities in addition to social entities under Regulation 292E(2)(b) of the ICDR Regulations

5.1. Recommendations of SSEAC: SSEAC has recommended to expand the target segment and to include cultural and environmental ecosystem entities in addition to social entities.

5.2. Rationale: The eligibility criteria framed under Section 292 E(b) of ICDR Regulations need to include Social Enterprises working for environment and cultural cause in addition to Social Enterprise working for social cause. The proposal will bring environmental and cultural activities under the definition of Social Enterprise under Section 292E (2)(b).

5.3. Public comments and analysis:

5.3.1. The aforesaid recommendation was placed as proposal 12 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

5.3.2. **Proposal 12:** To expand the target segment and to include cultural and environmental ecosystem entities in addition to social entities.

- (i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	0	3	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal

6. Modification to applicability of percentage of activities to be eligible activities- Prescribing the criteria of business income for NPOs and For-Profit Social Enterprises to establish the primacy of social intent through eligible activities under Regulation 292E(2)(b) of the ICDR Regulations

6.1. Recommendations of SSEAC: SSEAC has recommended to revise the eligibility provision for Social Enterprises pertaining to percentage of activities qualifying as eligible activities, as follows:

The For-Profit Social Enterprise (FPE) or Not for Profit Entities where, its annual audit report (Form 10B/ 10BB) and IT Return for the latest Assessment Year (AY) indicates that the NPO has business income of more than 20 percent of its revenue in the latest annual year, shall have at least 67% of its activities, qualifying as eligible social/ environmental/ cultural activities to the target entities*, to be established through one or more of the following:

- i. at least 67% of the immediately preceding 3-year average of revenues comes from providing eligible social/ environmental/ cultural activities to the target entities*;
- ii. at least 67% of the immediately preceding 3-year average of expenditure has been incurred on eligible social/ environmental /cultural activities to the target entities*;
- iii. the entities to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the total entities* covered by Social Enterprise.

*Entities means things, articles, beings, individuals, bodies, persons, people, creatures.

6.2. Rationale: Tax exemption from Income Tax under section 12A/ 12AA/12AB is an indicator of an NPO qualifying as eligible activities to establish primacy of social intent. Income Tax authorities examine eligibility of charitable activities as per section 2(15) of the Income Tax Act and the tax exemption is reviewed every 3 to 5 years and in the annual audit report to be filed by the Chartered

Accountants. In the annual income tax returns, NPO is required to furnish details of source of revenues, details of expenditure, business income, if any. Together with 292E (2) (a) and (b), tax exemption would be sufficient in most cases to ensure that only NPOs catering to privileged target segments or entities are excluded. In case of exceptions, where the NPO also caters to privileged target segments, or charges more than nominal fees for its services, the Social Stock Exchange may specify additional requirements to establish primacy of social intent.

6.3. Public comments and analysis:

6.3.1. The aforesaid recommendation was placed as proposal 13 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

6.3.2. **Proposal 13:** To prescribe the condition of business income of more than 20 percent of revenues in the latest annual year for the For-Profit Social Enterprises or Not for Profit Social Enterprises in order to comply with the criteria of 67% of activities qualifying as eligible activities.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	1	1	1	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

- a) All the commentators have agreed with the recommendation and it is also noted that there are no new suggestions or comments with respect to this proposal. One Commentator who has partially agreed has suggested that we may introduce a tiered approach where different threshold for eligible activities can be set based on the size and capacity of the NPO, allowing smaller organizations to participate more easily.

**Analysis of public comments received on the recommendations with
respect to the LODR Regulations**

1. Disclosures by NPOs- Bifurcating the annual disclosures in financial and non-financial aspects and revising the timelines for the annual disclosures under Regulation 91C of the LODR Regulations:

1.1. Recommendations of the SSEAC:

SSEAC has recommended to bifurcate the annual self-disclosures in financial and non-financial aspects and to revise the timelines for disclosures pertaining to financial aspects to October 31st after the end of the financial year or within such period as may be specified by the Board.

1.2. Rationale: In order to align reporting timelines based on whether information to be reported is dependent on the audited financial information and has reference to auditor's report and annual returns filed with the Income Tax, the timeline for annual disclosures is recommended to be revised to 31st October after the end of the financial year.

1.3. Public comments and analysis:

1.3.1. The aforesaid recommendation was placed as proposal 14 and 15 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

1.3.2. **Proposal 14:** To bifurcate the annual disclosures into two aspects Financial Aspects and Non-Financial Aspects. The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	1	2	0	0	0

(i) Suggestions / comments received on the proposal are summarized below:

a) All commentators have agreed with the proposal and it is also noted that there are no specific suggestions or comments with respect to this proposal

1.3.3. **Proposal 15:** To revise the timelines for disclosing Financial Aspects to

October 31st after the end of the Financial Year and Non-Financial aspects to be disclosed within 60 days from the end of the F.Y. The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
4	1	2	1	0	0

(i) Suggestions / comments received on the proposal are summarized below:

- a) All commentators have agreed with the proposal and it is also noted that there are no specific suggestions or comments with respect to this proposal. One commentator who has partially agreed with the proposal has suggested that the impact report should be carried out within a period of 12 to 24 months from the date of raising funds by NPO.

2. Submission of Social Impact Report-Segregating reporting for listed and other significant non-listed projects under Regulation 91E of the LODR Regulations:

2.1. Recommendations of the SSEAC:

SSEAC has recommended to bifurcate reporting for listed projects and for other significant non-listed projects. Social Impact Reporting for listed projects and non-listed significant projects should account for at least 67% of programme expenditure in the previous financial year. It has also recommended that the Annual Social Impact Report for non-listed significant projects shall be self-reported.

2.2. Rationale:

The objective for introducing registration of NPOs without listing was to familiarize NPOs with the market mechanism of due diligence, periodic and event based disclosures to the stock exchange and undergo capacity building to eventually list projects. The NPO sector is already well regulated and requires exhaustive annual audit and reporting by the Income Tax. Regulators presently require exhaustive reporting on governance and financial matters to satisfy that programmes are charitable and are for the under-privileged to qualify for tax exemptions and to ensure that donors are legitimate, identifiable, and are not anti-nationals or terrorists.

It is necessary to have separate reporting requirements for listed projects and

non-listed other significant programmes of NPOs funded through other sources.

2.3. Public comments and analysis:

2.3.1. The aforesaid recommendation was placed as proposals 16, 17 and 18 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

2.3.2. **Proposal 16:** To segregate the reporting for listed projects and other significant non-listed projects.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	0	3	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

- a) All commentators have agreed with the proposal and it is also noted that there are no specific suggestions or comments with respect to this proposal

2.3.3. **Proposal 17:** To prescribe self-reporting for other significant non-listed projects.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
5	1	3	0	1	0

(ii) Analysis of the suggestions / comments received is given below:

All commentators have agreed with the proposal and it is also noted that there are no new suggestions or comments with respect to this proposal. However, one of the commentator has suggested that significant non-listed projects should also be required to undergo third party impact assessment albeit with a limited scope where stakeholder consultations cover only the direct beneficiaries. Further, the commentator who is in disagreement with the proposal has rationalized that Self Reporting of Social Impact of unlisted projects may be reviewed by an Individual Social Impact Assessor so as to serve as a process of education of unlisted Social Enterprise and thus help them graduate in due course to listing requirements. This will

also provide opportunities to gain varied experience and insight by the Social Impact Assessors.

- 2.3.4. **Proposal 18:** To provide a moratorium period of two years to all the NPOs registered on SSE to get listed on SSE. The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
3	0	3	0	0	0

- (i) Analysis of the suggestions / comments received is given below: All commentators have agreed with the proposal and it is also noted that there are no new suggestions or comments with respect to this proposal.

Draft amendments to the ICDR Regulations

(This shall be notified at a later date)

Draft amendments to the LODR Regulations

(This shall be notified at a later date)