



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

CAPITAL MARKETS – APRIL, 2022

EXECUTIVE SUMMARY

- ♦ The requirement for appointment of separate Chairperson and Managing Director ('MD')/CEO for listed company has been done away with.
- ♦ SEBI has clarified requirements for fresh approval of material related party transactions.
- ♦ SEBI has clarified the validity of omnibus approvals of shareholders of listed entities for Material Related Party Transactions ('RPTs').
- ♦ SEBI has brought flexibility in the investment criteria of Category III AIFs and clarified the procedure for AIFs going for scheme of arrangement.
- ♦ SEBI has amended SEBI (Substantial Acquisition of Shares and Takeover) Regulations ('SAST Regulations') to initiate online filing of certain disclosures.

CHANGE IN REQUIREMENTS FOR CHAIRPERSON AND MD/CEO

- ♦ SEBI has omitted the requirement for the Chairperson of the board of directors to be a non-executive director and to not be a relative of MD and CEO. It is now at the discretion of listed entities to appoint separate persons to the post of Chairperson and MD or CEO.

CLARIFICATIONS IN APPROVAL FOR RPTs

- ♦ SEBI has clarified that fresh approval of shareholders shall be required for an existing related party contract of the company if the said contract becomes material as per the revised materiality thresholds.

VALIDITY OF OMNIBUS APPROVAL OF SHAREHOLDERS FOR MATERIAL RPTs

- ♦ The omnibus approval of shareholders for material RPTs taken in:
 - AGM shall remain valid till the date of the next AGM for a period not exceeding 15 months.
 - General meetings other than AGMs shall be valid for one year from the date of approval.


AMENDMENTS AND CLARIFICATIONS FOR CATEGORY III AIF

- ♦ Earlier, the Category III AIF could invest up to:
 - 10% of its net assets in listed equity; and
 - 10% of its investable funds in other securities, of a particular listed entity (20% in case of large value funds for accredited investors).
- ♦ SEBI has now given the flexibility in case of investment in listed equity by allowing to calculate the 10%/20% limits on either the investable funds or net assets, at the discretion of the AIF, subject to conditions by SEBI. With respect to investment in other securities, the concentration norms remain unchanged.

- ♦ SEBI has clarified that an AIF under a scheme of arrangement shall apply to SEBI for change in control and shall receive in-principle approval before proceeding to NCLT for the scheme.

SYSTEM DRIVEN DISCLOSURES UNDER SAST REGULATIONS

- ♦ Earlier, SEBI had introduced System driven disclosures under SAST Regulations, to trim down the manual filing of disclosures to the stock exchanges.
- ♦ Pursuant to the above, SEBI has provided that only following disclosures in relation to acquisition and disposal of shares as well as for encumbered shares are required to be filed manually with stock exchanges:
 - Triggering of disclosure requirement due to acquisition or disposal of the shares, by the acquirer together with persons acting in concert (PACs).
 - Triggering of disclosure requirement in case the shares are held in physical form by the acquirer and/or PACs.
 - Listed companies who have not provided PAN of promoter(s) including member(s) of the promoter group to the designated depository or companies which have not appointed any depository as their designated depository.



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