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BULLETIN

CAPITAL MARKETS BULLETIN – AUGUST 2023

EXECUTIVE SUMMARY

- ♦ SEBI has modified the pricing norms for units issued by way of institutional placement by listed InvITs and REITs.
- ♦ New framework for Corporate Debt Market Development Fund (CDMDF) has been specified by SEBI.
- ♦ Introduction of reasonable assurance of Business Responsibility and Sustainability Report (BRSR) core and Environmental, Social and Governance (ESG) disclosure for value chain.
- ♦ Mandating Legal Entity Identifier (LEI) code for all non-individual Foreign Portfolio Investors (FPIs).
- ♦ SEBI has prescribed timelines for disclosure of events or information by the listed entity to the stock exchanges.
- ♦ Introduction of Alternate Dispute Resolution Mechanism for any disputes between intermediaries and listed entity.

AMENDMENTS FOR LISTED INVITs AND REITs (“INVESTMENT FUNDS”)

- ♦ The methodology for pricing of units to be issued by way of institutional placement by the listed Investment Funds having infrequently traded units has been made at par with the frequently traded units as follows:
 - The Price shall not be less than average of the weekly high and low of closing price of units during the last 2 weeks preceding the relevant date (date of board resolution where the decision for issue is taken)
 - Maximum of 5% discount is allowed, subject to approval of unitholders.

FRAMEWORK FOR CDMDF

- ♦ **Guarantee Scheme:**
 - CDMDF shall comply with the Guarantee Scheme for Corporate Debt which is issued by the Ministry of Finance which can be accessed [here](#).
- ♦ **Investment Avenues:**
 - CDMDF shall deal only in the following securities during normal times:
 - Low duration G-sec
 - T-Bills
 - Tri-party Repo on G-sec
 - Guaranteed corporate bond repo with maturity not exceeding 7 days.
 - Purchase of corporate debt securities during market dislocation includes money market instruments of which the long-term rating of the issuer shall be considered.
- ♦ **Others:**
 - Fair pricing principles during market dislocation and loss waterfall accounting shall be followed as provided in the annexures - [link](#).
 - Disclosure of the Net Asset Value of the fund shall be made on the website of investment manager and AMFI by 9.30 pm on all business days. In case of corporate debt, disclosure shall be by 11 pm.

LEI MANDATED FOR ALL NON-INDIVIDUAL FPIs

- All the non-individual FPIs are now mandated to provide the LEI details to the Designated Depository Participants (DDPs) as follows:

Particulars	Timeline
Existing FPIs	Till 23 rd January 2024
FPIs seeking fresh registration	At the time of registration

INTRODUCTION TO BRSR CORE AND ESG DISCLOSURE

♦ BRSR Core

- BRSR Core is a subset of BRSR which consist of Key Performance Indicators (KPIs) or metrics under 9 ESG attributes.
- The listed entities shall mandatorily provide updated BRSR as a part of their annual report and undertake reasonable assurance of the BRSR Core as per the following applicability:

Reports	Financial Year	Top listed entities (by market capitalisation)
Updated BRSR	2023-24	Top 1000 listed entities
BRSR core	2023-24	Top 150 listed entities
	2024-25	Top 250 listed entities
	2025-26	Top 500 listed entities
	2026-27	Top 1000 listed entities

- Formats of the above reports can be accessed below:
 - Updated BRSR - [link](#)
 - BRSR core - [link](#)

♦ ESG Disclosure for Value Chain

- Listed entities shall disclose the Value Chain as per the BRSR Core in their annual report which shall encompass top upstream and downstream partners of the entities comprising 75% of its purchase or sale, respectively.
- Applicability to the listed entities shall be as follows:

Financial Year	Applicability
2024-25	Top 250 listed entities (by market capitalization) on a comply-or-explain basis
2025-26	Limited assurance of the above on a comply-or-explain basis

ALTERNATE DISPUTE RESOLUTION MECHANISM

- Any claims or disputes arising out of business activities between intermediaries and listed entities shall be submitted for a resolution mechanism being mediation or conciliation or arbitration, in accordance with the procedure specified by SEBI.
- In case of involvement of any trust, no loss, damage, expense or amount of claim or dispute shall be met out of the trust fund or property.

TIMELINE FOR DISCLOSURE OF EVENTS/INFORMATION UNDER LODR REGULATIONS


- SEBI has issued circular containing the details, timelines, and guidelines for disclosure of material events/information.
- The timelines for disclosures of events by the listed entity to the stock exchanges are as follows:

Timeline	Events
A. Events which shall be disclosed without any application of the guidelines for materiality	
30 mins	Outcome of board meetings
12 hours	Acquisitions, Scheme of Arrangement (amalgamation /merger/demerger/restructuring), sale or disposal of any its unit, division, the whole or substantially whole of the undertaking, its subsidiary or associate company or any other restructuring
	Issuance, forfeiture, split, consolidation, buyback, alteration in terms, reissue, redemption, etc. of securities
	Agreements which may impact the management and control of the listed entity, that are binding and not in the normal course of business*
	Agreements entered into by the shareholders, promoters, promoter group entities, directors, KMP, related parties, employees of the listed entity or of its holding, subsidiary or associated company which may impact the management and control, imposes or creates liability on the listed entity* ***
	Change in directors, KMP, senior management, Auditor and Compliance Officer (except in case of resignation)
	Disclosure of reasons for unavailability of CEO or MD for more than 45 days in a rolling period of 90 days
	Appointment or discontinuation of share transfer agent
	Issuance of notices, call letters, resolutions and circulars to security holders or creditors or advertised in the media
	Proceedings of general meetings
	Amendments to the memorandum and articles of association
	Initiation of forensic audit if initiated by the listed entity**
	Voluntary revision of the financial statements or board's report

Timeline	Events
24 hours	New ratings or revision in ratings
	Fraud or defaults by listed entity or its subsidiary, promoter, director, KMP, senior management or their arrest in India or abroad.
	Resignation of the auditor
	Resolution plan/restructuring in relation to borrowings from banks/financial institutions
	One time settlement with bank
	Winding up petition filed by any party/creditors
	Presentation and audio or video recordings of post earnings/quarterly calls
	Events in relation to Corporate Insolvency Resolution Process under insolvency code
	Announcement of any event not available in public domain by directors, promoters, KMPs or senior management of the entity via social media intermediaries or mainstream media
	Action initiated or orders passed by any regulatory, statutory or judicial body against the listed entity or its directors, KMPs, senior management, promoters or subsidiary of the listed entity
2 working days (before)	Schedule of analysts or institutional investors meet and presentations
5 days	Transcripts of post earnings/quarterly calls
7 days	Resignation of KMP, senior management, compliance officer and directors
B. Events which shall be disclosed upon application of materiality guidelines	
12 hours	Commencement or postponement of commercial production or operations of any unit/division
	Arrangements for strategic or technical or marketing tie-ups, adoption of new lines of business or closure of any unit or division or subsidiary
	Capacity addition or product launch
	Agreements (e.g.: loan agreements, etc.) which are binding and not in normal course of business*
	Options to purchase securities including ESOP/ESP scheme
	Giving of guarantees or indemnity or becoming a surety for any third party

Timeline	Events
	Delay or default in the payment of fines, penalties, dues, etc. to any regulatory authority
24 hours	Awarding, receiving or termination of orders or contracts not in normal course of business
	Disruption of operations due to natural calamity, force majeure or events such as strikes, lockouts, etc.
	Effect of change in regulatory framework applicable
	Pendency or outcome of any litigation
	Frauds or defaults by employees
	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals
C. Any other event having major development that is likely to affect business – 24 hours	
<p><i>* Timeline shall be 24 hours in case listed entity is not a party</i></p> <p><i>** Timeline shall be 24 hours in case forensic audit is initiated by external agency</i></p> <p><i>*** Disclosure shall be made by the parties to the listed entity within 2 working days.</i></p> <p><i>Further, disclosure of any subsisting agreements shall be made to the listed entity till 31st July 2023 which shall further disseminate to the stock exchanges till 14th August 2023.</i></p>	

- The annexures can be accessed at [link](#).



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