

SEBI (Listing Obligations and Disclosure Requirements) Regulations

1. Regulation 17A: Maximum Number of Directorships

Comparison with Companies Act: Co. Act limit is 20; SEBI LODR is stricter for listed entities.

Type of Directorship	Maximum Limit
Directorships in Listed Entities	7
Independent Directorship (ID) in Listed Entities	7
If serving as MD/WTD in any listed entity	ID in max 3 listed entities

Important Notes:

- **Inclusions:** Includes entities where Equity shares are listed and High Value Debt Listed Entities.
- **Alternate Directorships:** Now specifically included in the count.
- **Exclusions:** Ex-officio Directorships (held due to official position in PSUs or PPP entities) are not counted.

2. Regulation 6: Compliance Officer Role

The Compliance Officer must be a Senior Employee in whole-time employment.

- **Hierarchy:** Must not be more than one level below the Board of Directors (BOD).
 - Interpretation: "One level below" means reporting directly to the MD or WTDs.
- **Designation:** Must be designated as Key Managerial Personnel (KMP).
- **Prohibition:** Cannot be an external Consultant.

Provisions during Insolvency (IBC)

If a company undergoes insolvency and lacks a Compliance Officer after the resolution plan is approved:

1. **Appointment Timeline:** Must appoint a new Compliance Officer within 3 months of approval of resolution plan.
2. **Interim Requirement:** At least one full-time KMP must manage day-to-day operations until the appointment.

3. Regulation 24A: Secretarial Audit

Applicability: Every listed entity AND its material unlisted subsidiaries incorporated in India.

Requirement	Details
Auditor Qualification	Must be a Peer Reviewed Company Secretary (Individual CS or a Firm of CS).
Reporting	Report must be annexed to the Annual Report of the listed entity.
Term (Individual)	Max one term of 5 consecutive years.
Term (Firm)	Max two terms of 5 consecutive years.
Approval	Shareholders' approval in the AGM is required.

4. Quarterly & Periodic Compliances (Amended Timelines)

Note: The rigid "21 days" limit has been replaced by "Timeline specified by SEBI" in several areas.

Regulation	Subject Matter	New Timeline / Requirement
13(3)	Investor Complaints	Within timeline specified by SEBI. (Must show Pending, Received, Disposed, and Unresolved Complaints).
27(2)	Corporate Governance Report	Within timeline specified by SEBI (Timeline specified is currently 30 days). Annual report submitted within 6M of FY end.
33(3)	Financial Results (Quarterly & YTD)	45 days (except last quarter).
33(3)	IBC Cases (Special)	If Resolution Plan is approved (in first 3 quarters): Submit results within 90 days from the end of that quarter. Resolution Plan approved (in last quarter) = Annual Compliance of 60 days will apply.

5. Regulation 42: Prior Intimation to RSE

Amendment: Notice period reduced from 7 days to 3 days.

- **Purpose:** Covers Dividend, Rights/Bonus issues, Conversion of debentures, and Mergers/Demergers.
- **Timeline:** Intimate the Stock Exchange at least 3 working days before the Record Date (excludes date of intimation and record date).

6. Regulation 24: Corporate Governance (Subsidiaries)

Definition of Material Subsidiary

- **Before:** Income or Net Worth > 20% of consolidated totals.
- **After (Amendment):** Turnover or Net Worth > 20% of consolidated totals of the previous year.

Disposal of Assets (>20% of total assets of material subsidiary)

- **Requirement:** Requires Special Resolution (SR) by shareholders.
- **New Exemptions (No SR needed):**
 1. Disposal between two wholly-owned subsidiaries of the same listed entity.
 2. Disposal under a Court/Tribunal scheme or IBC Sec 31 Resolution Plan (Disclosure to RSE required within 1 day).

7. Regulation 26: Committee Membership Limits

Limits apply to Chairmanship/Membership in Audit and Stakeholders' Relationship Committees.

- **Included for count:** All Public Limited Companies (Listed/Unlisted) and High Value Debt Listed Entities.
- **Excluded from count:** Private Ltd Companies, Foreign Companies, and Section 8 Companies.

8. Regulation 21: Risk Management Committee

- **Amendment:** The maximum gap between two consecutive meetings has been increased to **210 days** (previously 180 days).

SEBI (ICDR) Regulations, 2018

1. Regulation 3: Applicability of SEBI (ICDR) Regulations, 2018

The provisions of these regulations apply to the following categories of issues:

- **Initial Public Offer (IPO):** By an unlisted issuer.
- **Further Public Offer (FPO):** By a listed issuer.
- **IPO or Rights Issue of IDRs:** Issues related to Indian Depository Receipts.
- **IPO by SME:** Initial Public Offer by Small and Medium Enterprises.
- **Preferential Issue:** By a listed issuer.
- **Bonus Issue:** By a listed issuer.
- **Listing on Innovators Growth Platform:** Through an IPO or a follow-on offer.
- **Rights Issue by a Listed Issuer (AMENDMENT):**
 - **Before:** Previously, SEBI ICDR regulations applied only if the aggregate value of the rights issue was **₹50 Crores or more**.
 - **After (Current):** The threshold of **₹50 Crores has been removed (omitted)**. Regulation 3 now applies to **all Rights Issues** by listed issuers, regardless of the issue size.

2. Regulation 5: Eligibility to make an IPO

Issuers with outstanding convertible securities are generally ineligible to make an IPO, but there are critical exceptions.

General Rule: An issuer is **NOT eligible** if there are **outstanding convertible securities or rights entitlements** at the time of filing the offer document.

Exceptions (Issuer remains Eligible):

- **ESOPs:** Outstanding Employee Stock Option Plans.
- **SARs (Stock Appreciation Rights): [New Point]** Held by past or present employees.
 - **Condition:** Must be converted to shares **before filing the RHP/Prospectus**.
 - **Disclosure:** Total resulting equity shares must be disclosed in the RHP/Prospectus.
- **Fully Paid Securities:** If they are convertible on or before the date of filing the prospectus.

3. Regulation 14: Minimum Promoter's Contribution (MPC)

Promoters must maintain a stake in the issue. If they cannot meet the 20% requirement alone, others can step in.

Clause	Requirement	Details
Basic Rule	Minimum Holding	Promoter must hold at least 20% of post-issue capital .
Shortfall	Contribution by others	Shortfall (up to 10% of post-issue capital) can be met by:

		1. AIF's, Foreign VC's, Scheduled Commercial Banks, PFI's, or Insurance Co's.
		2. [New] Public Shareholders (non-individual) holding $\geq 5\%$.
		3. [New] Any Promoter Group Entity (other than the promoter himself).
Exception	No Promoter	If there is no identifiable promoter, the 20% requirement does not apply.

4. Regulation 26 & 139: Public Announcement & Ads

Regulation	Subject	Before Amendment	After Amendment
Reg 26	DOD Hosting (Draft Offer Doc.)	21 days from date of filing.	Made public for at least 21 days from date of Public Announcement.
Reg 139	Advertisements	-	Pre-issue & Price Band ads must be in the same newspaper used for the Public Announcement under Reg 124.

Note: DOD must be hosted on websites of SEBI, Stock Exchanges, and Lead Managers.

5. Regulation 54: Reporting Requirements

- **Promoter Transactions:** Any transaction between the Promoter and Promoter Group from the date of filing DOD to the date of closure must be reported to the Stock Exchange (SE) within 24 hours.
- **Pre-IPO Placement:** Any private sale of shares just before the IPO which is disclosed in the DOD must be reported to SE within 24 hours of transaction.
- **Deletion Note:** The requirement for Lead Managers to submit Post-Issue reports and Due Diligence certificates within 7 days has been deleted in the latest updates.

SEBI (SAST) Regulations, 2011

Regulation 2(1): Relevant Definitions

1. Enterprise Value

The formula to calculate the total value of the company:

Market Cap + Debt + Minority Interest + Preference Shares - Cash & Cash Equivalents

2. Frequently Traded Shares

Shares are considered "Frequently Traded" if the trading turnover during the 12 calendar months preceding the month of Public Announcement (PA) is 10% of the total number of listed shares.

- **Calculation Tip:** If there are Bonus/Rights issue during the year, use the Weighted Average number of shares.

3. Identified Date

- **Timeline:** 10 working days before the start of the tendering period.

- **Purpose:** It is the cut-off date for determine the shareholders who will receive the **Letter of Offer**.

4. Other Key Definitions

- **Immediate Relative:** Spouse, and the parents, brother, sister, or child of the person or the spouse.
- **Tendering Period:** The window during which shareholders can "tender" **(offer) their shares** to the acquirer.
- **Working Day:** Any working day of the Board (i.e. SEBI).

SEBI (Prohibition of Insider Trading) Regulations, 2015,

1. Regulation 2: Key Definitions

A. Insider

An "Insider" is any person who is:

1. A **Connected Person**; OR
2. In **possession of** or having **access to UPSI**.

Onus of Possessing UPSI (Burden of Proof)

Category	Person	Requirement
Category 1	Connected Person	Onus on such Connected Person to prove that he did not have UPSI.
Category 2	Other Cases	Onus on SEBI to prove that the person had UPSI in his possession.

B. Connected Person

A person associated with a company in **any capacity** (contractual, fiduciary, employment, director, officer, or professional relationship) during the **6 months prior** to the concerned act, which **provides** or is expected to provide **access to UPSI**.

Deemed Connected Persons

The following categories are automatically "deemed" to be connected:

- a) **Relatives** of connected persons.
- b) Holding, Associate, or Subsidiary companies.
- c) Intermediaries (Sec 12 of SEBI Act), their employees, or directors.
- d) Investment Companies, Trustee Companies, AMCs, and their employees/directors.
- e) Officials of Stock Exchanges or Clearing Corporations.
- f) Members of the Board of Trustees of a Mutual Fund or Board of an AMC of Mutual Fund or its employees.
- g) Members of the BOD or employees of a Public Financial Institution (PFI).
- h) Officials or employees of self-regulatory organizations recognized by SEBI.
- i) Bankers of company.

j) Any Firm/Trust/HUF/Company/AOP where a director, relative, or banker has **10% holding or interest**.

k) [Addition/Amendment]: If a person is a **connected person** (as per point "d" above) and he is a **partner** of a firm, the **entire firm, its partners, and employees** are treated as connected persons.

l) [Addition/Amendment]: Any person **sharing a household or residence** with a person mentioned in point "d" above.

C. Generally Available Information (GAI)

Information accessible to the public on a **non-discriminatory basis** (e.g., information published on a Stock Exchange website).

- **Exclusion:** GAI does **not include unverified events** or **information** reported solely in print or electronic media.

D. Unpublished Price Sensitive Information (UPSI)

Any non-public info relating to a company or its securities that, if made public, is likely to **materially affect the price**.

Inclusions (Non-Exhaustive List)

To decide materiality, companies should refer to **Schedule III of LODR Regulations**.

Category	Specific Inclusions	Specific Exclusions
Financials	Financial results, Dividends, Capital structure changes.	—
Corporate Actions	Mergers, demergers, acquisitions, delisting and expansions.	—
Management	Changes in KMP, Resignation of Stat/Secretarial Auditor.	Changes due to Superannuation or Term End .
Ratings	Any change in Credit Rating.	ESG Ratings .
Legal/Regulatory	Fraud/Default by: Company or Promoter or KMP or Director or Subsidiary Arrest of: KMP or Promoter or Director .	—
Forensic Audit	Initiation of Forensic Audit and Receipt of its Final Report.	—
Winding Up	Admission of Winding up Application	—
Actions under IBC, 2016	Admission of Application for CIRP, Approval or Rejection of Resolution Plan	—
Operations	Outcome of litigation, Giving Guarantees/Surety (non-routine).	—
Key License or Regulatory Approval	Grant, Withdrawal, Surrender, Cancel or Suspension of such approval	—

Loan Borrowed	Restructuring or one-time settlement of loan	—
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2. Regulation 3: Structured Digital Database (SDD)

The Board of Directors (BOD) or the Head of the Organization dealing with UPSI is mandated to maintain a **Structured Digital Database**.

Requirements of SDD:

- **Data to be recorded:**
 1. **Nature** of the UPSI shared.
 2. Name and **PAN** of the person who shared the UPSI.
 3. Name and **PAN** of the person who received the UPSI.
- **Internal Maintenance:** The database must be maintained **internally and cannot be outsourced**. It must have adequate **internal controls** (e.g., time-stamping, audit trails).

The "2-Day" Amendment Rule:

If UPSI originates from **outside** the organization, the company might not be able to record it instantly.

- **Timeline:** SEBI allows **a maximum of 2 calendar days** to enter such information into the database once it is received.

1. FEMA

Exemptions from Declaration (Export of Goods/Software)

Generally, every exporter must declare the full value of goods/software. However, certain "Special Categories" are exempt from this requirement.

Category Type	Included Items
Standard Special Categories	Ship's stores, Trans-shipment cargo, and Goods for Military/Naval/Air Force use.
New Addition (Amendment)	Tugs/Tug Boats, Dredgers, and Vessels used for providing off-shore support services.
Condition for Exemption	This exemption is strictly subject to their re-import into India .

2. FCRA

Section 8(1)(b): Administrative Expenses Limit

FCRA strictly monitors how much foreign contribution (FC) an association can spend on "running the office" versus actual "social work."

Aspect	Before Amendment	After Amendment (Current Provision)
Spending Limit	Cannot spend > 20% of FC in a FY on administrative expenses.	Unchanged: Still 20% limit.

Exception	Can exceed 20% only with prior CG approval.	Unchanged.
Unspent Limit	No clear provision for carrying forward unspent limits.	Carry Forward (C/F) is now allowed.

The New "Carry Forward" Provision:

- **The Option:** Associations can carry forward the unspent portion of the allowable 20% limit to the **immediately succeeding financial year.**
- **Procedural Requirement:** Reasons for the carry-forward must be mentioned in **Form FC4.**
- **Example:** If you spent only 15% this year, you can spend the remaining 5% as an *additional* allowance in the next year.

3. IBC

A. Section 12: Time Limit for Completion of CIRP

Procedural clarification regarding extensions of the Corporate Insolvency Resolution Process (CIRP).

- **Role of RP vs. COC:** The Resolution Professional (RP) **cannot** file for a time extension on his own. RP must be **instructed by the Committee of Creditors (COC)** to file the application with the Adjudicating Authority (AA).
- **Continuity of Duties:** While the **application** for extension is **pending** (waiting for AA's approval/rejection), the **RP must continue** to discharge their duties.

B. Section 24: Meeting of Committee of Creditors (COC)

Special provisions for **Real Estate Project Corporate Debtors** (e.g., a developer like DLF in insolvency).

The COC may now direct the RP to invite the following persons to attend meetings as **Observers** without voting rights:

Person Invited	Role/Context	Voting Rights
Competent Authority	Defined under Sec 2(p) of the RERA Act, 2016 (e.g., Municipality/RERA officials). They provide input on project development matters.	No Voting Right
Financiers	Providers of Interim Finance to the corporate debtor.	No Voting Right