

Outcome of the SEBI Board meeting on June 28th

SEBI, in its Board meeting yesterday, approved a comprehensive range of measures to strengthen the securities market and the Corporate Governance of listed entities. These changes signify SEBI's commitment to promoting transparency, accountability, and investor confidence in India's capital markets. Most of these changes have been discussed with market participants as a part of consultative process, therefore I don't see much challenge in their implementation.

Some of the important changes are as follows -

Special Rights to unitholders and role of sponsor in REITs and InvITs

SEBI has proposed the concept of self-sponsored real estate investment trust (REIT) or infrastructure investment trust (InvIT). This is akin to a board control/ professionally managed company. Given that the REIT/ InvIT product has matured over a period of time, SEBI has taken the step to set up a framework whereby board control/ investment manager control REIT/ InvIT can be set up.

Secondly, similar to the corporation law, it has provided a special right to unitholders of REITs and InvITs with a ten percent and above holding to nominate representative on the boards. This will fulfil the important demand of REITs and InvITs holders. This move will give greater comfort to institutional investors who would want to have certain governance rights by way of their board representation.

Reduction of timeline for listing of shares in Public Issue from existing T+6 days to T+3 days post the closure of the issue

SEBI has approved the reduction of the listing time for shares in public issues from 6 days to 3 days from the date of issue closure (T Day). The revised timeline will be implemented in two phases, with voluntary application starting from September 01, 2023, and mandatory application from December 01, 2023. This decision aims to expedite the listing process and provide quicker access to the capital market for issuers. This change has been made post wider consultation with a number of stakeholders therefore its implementation should be smooth.

With this initiative we are very close to the global best standard. We have come a long way from the time when the post issue activities used to take almost 90days to the latest move of down to just 3days cycle which will bring in a lot of efficiency in the IPO process.

Our Views

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Disclosure requirement by Foreign Portfolio Investors (FPIs)

SEBI has prescribed additional disclosure requirements for Foreign Portfolio Investors (FPIs). These requirements are applicable to FPIs who are either holding over 50% of their Indian equity Asset Under Management in a single corporate group or holding more than ₹25,000 crore in the Indian equity market.

This aims to prevent violations of minimum public shareholding norms.

Sunil Sanghai
Founder & CEO
NovaaOne Capital Pvt. Ltd

NovaaOne