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INDEX

1. Modification in framework for valuation of investment portfolio of AIFs

The SEBI has issued modification in the framework for the valuation of the investment portfolio of Alternate Investment Funds (**AIFs**):

- Valuation of securities shall be as follows:

Securities	Valuation methodology
Thinly traded and non-traded securities	As per the guidelines endorsed by an AIF industry association representing at least 33% of SEBI-registered AIFs. Such methodology will be harmonized for valuation of portfolios on or after 31st March 2025
Unlisted securities	As per the guidelines endorsed by an AIF industry association representing at least 33% of SEBI-registered AIFs
Other securities	Norms as prescribed under the Mutual Fund Regulations

- The eligibility criteria of an independent valuer being a firm or a company is as follows:
  - Valuer should be registered valuer entity as per IBBI
  - The authorised person must hold membership of ICAI or ICSI or ICMAI or CFA
- The deadline for AIFs to report their valuations to performance benchmarking agencies based on audited data has been extended from 6 months to 7 months.

2. Amendments in relation to Foreign Venture Capital Investors (FVCIs)

SEBI has introduced numerous amendments to the FVCIs Regulations which will be effective from 01st January 2025 onwards. The significant amendments are as follows:

- **Onboarding of Designated Depository Participant (DDP)**

  FVCI registration application shall be made to DDP instead of SEBI along with an application fee of USD 2,500.

- **Eligibility criteria**

  The eligibility criteria have now been changed with the ones currently applicable to the FPIs. FVCIs shall be resident of:

  - Country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or signatory to a bilateral Memorandum of Understanding with SEBI.
  - Being a bank, a country whose central bank is a member of Bank for International Settlements (BIS), with the exceptions of (a) a central bank applicant, and (b) in case the applicant is regulated by the banking sector regulator in its home jurisdiction even if the central bank of that country is not a member of BIS.

Restricted List: FVCIs shall not be from United Nations Security Council's Sanctions List or from country under Financial Action Task Force's Grey or Blacklist.

- **Conditions to grant license**

  Additional obligations on FVCIs to inform SEBI and DDP in writing within 7 working days in case the FVCI no longer meets the specified eligibility criteria.

- **Renewal of registration / surrender of certificate**

  - Registration renewal fee of USD 100 shall be paid by FVCIs for every block of 5 years.
  - In case the FVCIs holds investment in India and the renewal fee is not paid within 30 days form the expiry of block, the registration certificate may be suspended / cancelled. However, in case no investments are held in India, they shall be considered for voluntary surrender.

- **Beneficial Ownership**

  Existing and new FVCIs shall provide details of their beneficial owners to DDPs. Further any material change in information in its ownership or control shall be informed to SEBI and DDP.

- **Quarterly reporting**

  FVCIs are required to submit quarterly reports to SEBI regarding their venture capital activities regardless of whether any investments were made during the quarter. The format for these reports has been revised and the timeline for filing is as follows:

Quarter	Timeline	Format
30th September 2024	15th November 2024	In email to SEBI's designated email ID
31st December 2024	15th January 2025	
31st March 2025	15th April 2025	Directly on SEBI's intermediary portal

3. Amendments to Delisting of Equity Shares Regulations

SEBI has introduced following amendments to the Delisting of Equity Shares Regulations.

- **Introduction of fixed pricing mechanism**

  - Fixed Price Process (**FPP**) has been introduced as an alternative to the Reverse Book Building Process (**RBBP**) to be used for delisting of companies whose shares are frequently traded on the stock exchanges.
  - For computing the total amount to be deposited in the escrow account, the number of shares outstanding with the public shareholders shall be multiplied by fixed price offered by the acquirer.
  - The minimum price for this delisting shall be at a 15% premium over the floor price.
  - The acquirer shall be bound to accept the equity shares tendered if the post offer shareholding of the acquirer reaches 90%.

- **Computation of floor price**

  - The floor price under the RBBP and FPP shall be atleast higher of the following:

  - Volume weighted average price over the preceding 52 weeks preceding the reference date;
  - Highest price over the preceding 26 weeks preceding the reference date;
  - Adjusted book value determined by the registered valuer;
  - Volume-weighted average market price over 60 trading days preceding the reference date;
  - Price determined by registered valuer considering various valuation parameters.
- The reference date shall be the date of public announcement in case the same is made within trading hours or the next date in other case.

- **Counter Offers**
  - Until now if the RBB discovered price was not acceptable, the acquirer may make a counter-offer at a price not lower than the book value. Now the counter-offer can be made if:
    - Post-offer shareholding of the acquirer including the shares tendered by public shareholders is at least 75%; and
    - At least 50% of the public shareholding has been tendered.
  - Further, the counter-offer price shall be atleast higher of:
    - Volume weighted average price of the shares tendered / offered in the RBBP; and
    - Indicative price

- **Special provisions of delisting for Investment Holding Company (IHCs)**

  The delisting of IHCs shall not be as per the existing provisions but directly through the scheme of arrangement with the National Company Law Tribunal subject to the following conditions:

  - Pro-rata distribution of listed securities to public shareholders;
  - Cash payment to public shareholders for investments in unlisted companies and other assets;
  - Capital reduction of the public shareholding in the IHCs
  - IHCs shall have atleast 75% of its fair value from listed securities
  - IHCs have been listed for atleast 3 years and have not been suspended
  - Relisting of IHCs shall not be permitted within 3 years from the date of delisting

The above changes shall only apply to those delisting offers where the public announcement has been made on or after the date of amendment.

4. Amendments in relation to Issue and Listing of Non-Convertible Securities (NCS)

The following amendments have been made in the Issue and Listing of Non-Convertible Securities Regulations:

Sr No.	Amendment	Particulars
1.	Public disclosure of draft offer documents	The draft offer documents filed with the stock exchange shall now to be made publicly available for their comments on the stock exchange's website for 5 days from the filing date instead of 7 days.
2.	Posting of draft offer document	Issuers shall post the draft offer documents with the stock exchange on which specified securities are listed and having nationwide terminals for 1 day immediately after filing it with the stock exchange.
3.	Advertisement for public issues	Issuers can now advertise their public issue through electronic modes such as online newspapers, website of the issuer or the stock exchange in addition to the printed newspapers.
4.	Public issue period	The minimum period for which the public issue of NCS shall be kept open has been revised to 2 working days down from 3 while the maximum period still remains 10 working days.
5.	Reduction in timeline for listing	The timeline for listing of NCS has been reduced from T+6 to T+3 working days. Issuers may choose to adopt this reduced timeline voluntarily. However, for securities listed on or after 01st November 2025, the T+3 working day timeline shall be mandatory.

5. Amendments in relation to REITs and InvITs

- Sebi has amended regulations of Real Estate Investment Trusts (**REITs**) and Infrastructure Investment Trust (**InvITs**).
- The lot size for trading of units of InvITs on the stock exchange has been reduced from INR 1 crore to INR 25 lakhs.
- The distributions to be made by the REITs and InvITs should be made within 5 working days from the record date instead of 15 working days from the date of declaration. Further, the record date shall be 2 working days from the date of declaration.
- Unitholders meetings of REITs and InvITs can be called after giving shorter notice as below:

Meetings	Approval by
Annual meeting	Atleast 95% of the unitholders
Other meetings	Majority in number representing 95% in value

- Manager of the REITs and InvITs shall provide an option to unit holders to attend the meetings through video conferencing or other audio visual means.
- In case of any change in the manager, investment strategy management fees, auditor, valuer and trustee, proposal for delisting, transaction in relation to unit based employee benefit schemes, etc. shall now require from approval of atleast 60% of total votes cast instead of 50%.

By:

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