



## SECURITIES AND EXCHANGE BOARD OF INDIA

### **1. Relaxation from certain provisions for units allotted to an employee benefit trust for the purpose of a unit-based employee benefit scheme, Alignment of timelines for making distribution by InvITs and Format of Quarterly Report and Compliance Certificate – Infrastructure Investment Trusts (InvITs).**

On November 13, 2024, SEBI released a circular addressing multiple updates for Infrastructure Investment Trusts (InvITs), including relaxations, reporting format standards, and timeline alignments. SEBI provided relaxation on lock-in and allotment restrictions for units allotted to employee benefit trusts under the unit-based employee benefit (UBEB) scheme. This adjustment aims to facilitate smoother acquisition and transfer of units to employees, aligning with SEBI's July 2024 UBEB framework under InvIT regulations. SEBI also directed the Bharat InvITs Association (BIA) to standardize the format for quarterly reports and compliance certificates that investment managers of InvITs submit to trustees. This uniform format will enhance industry compliance with regulatory requirements and must be adopted by all InvITs for regular submissions. Additionally, SEBI updated the Master Circular for InvITs to align the timelines for distributions, effective November 27, 2024, and specified procedures for managing unclaimed amounts. Any unpaid distributions are now required to be transferred to an "Unpaid Distribution Account" within seven days of the distribution deadline. These measures aim to streamline compliance and distribution processes across the InvIT sector, promoting transparency and standardized practices.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/nov-2024/relaxation-from-certain-provisions-for-units-allotted-to-an-employee-benefit-trust-for-the-purpose-of-a-unit-based-employee-benefit-scheme-alignment-of-timelines-for-making-distribution-by-invits-and-88472.html>

### **2. Relaxation from certain provisions for units allotted to an employee benefit trust for the purpose of a unit-based employee benefit scheme, Alignment of timelines for making distribution by REITs and Format of Quarterly Report and Compliance Certificate - Real Estate Investment Trusts (REITs).**

SEBI has released a circular addressing three key regulatory updates for Real Estate Investment Trusts (REITs). Firstly, SEBI relaxed specific lock-in and allotment requirements for units assigned to employee benefit trusts under unit-based employee benefit (UBEB) schemes, promoting operational ease for such trusts in aligning with REIT regulations. Secondly, SEBI, in collaboration with the Indian REITs Association (IRA), introduced a standardized format for quarterly reports and compliance certificates, which REITs managers must submit to trustees, aiming to streamline industry practices and ensure regulatory consistency. Lastly, SEBI updated the timeline requirements for distributions by REITs, aligning them with recent amendments to REIT regulations. To address unclaimed distributions, any unpaid amounts will now be transferred to an Escrow Account termed as the "Unpaid Distribution Account." These updates are immediately effective and aim to enhance transparency and compliance within the REIT sector. The circular details the specific regulatory clauses and requires recognized stock exchanges to publish it on their platforms.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/nov-2024/relaxation-from-certain-provisions-for-units-allotted-to-an-employee-benefit-trust-for-the-purpose-of-a-unit-based-employee-benefit-scheme-alignment-of-timelines-for-making-distribution-by-reits-and-88471.html>

### **3. Simplified registration for Foreign Portfolio Investors (FPIs)**

The Securities and Exchange Board of India (SEBI) issued a circular on November 12, 2024, to simplify the registration process for Foreign Portfolio Investors (FPIs). Following industry feedback, SEBI now permits certain FPI applicants to complete a shortened version of the Common Application Form (CAF). This abridged CAF is available to specific FPI categories, such as funds managed by already-registered investment managers, sub-funds of master funds, and insurance schemes with registered parent entities. Applicants in these categories are allowed to fill only fields unique to them, while other fields are either auto-populated or disabled in the system. SEBI requires applicants to provide explicit consent for the use of previously submitted information and to confirm any unchanged details. Designated Depository Participants (DDPs) must ensure that complete information, both filled and auto-populated, is reflected accurately in the CAF module for each applicant. The Custodians and Designated Depository Participants Standards Setting Forum (CDSSF), in collaboration with SEBI, will establish implementation standards for these changes, which will take effect three months from the circular's issue date. This move aims to streamline the registration process, reduce redundancy, and enhance efficiency in FPI onboarding.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/nov-2024/simplified-registration-for-foreign-portfolio-investors-fpis-88408.html>

### **4. Trading supported by Blocked Amount in Secondary Market.**

Securities and Exchange Board of India (SEBI) has introduced new guidelines to enhance investor protection in the secondary market by allowing trading supported by blocked funds in the investor's bank account. This facility, which was launched in January 2024, enables clients to block funds at the time of placing buy orders without transferring them to Trading Members (TMs) upfront. The feature includes integration with demat and bank accounts, blocking funds or securities as necessary, and releasing them if the orders are not executed. SEBI now mandates that Qualified Stock Brokers (QSBs) provide clients with the option to trade using the UPI block mechanism or a 3-in-1 trading account, which integrates trading, bank, and demat accounts. Clients can choose between the new facility or continue with the traditional method of transferring funds to TMs. The provisions will be effective from February 1, 2025, and exchanges and clearing corporations are required to amend their rules accordingly.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/nov-2024/trading-supported-by-blocked-amount-in-secondary-market-88339.html>

### **5. Procedure for reclassification of FPI investment to FDI.**

SEBI's recent circular (SEBI/HO/AFD/AFD-POD-3/P/CIR/2024/152) outlines the updated procedure for reclassifying Foreign Portfolio Investor (FPI) investments to Foreign Direct Investment (FDI). According to the circular, if an FPI's investment in an Indian company exceeds 10% of its paid-up equity capital, the FPI can reclassify its holdings as FDI, following the guidelines set by the Foreign Exchange Management Act (FEMA). Upon receiving intent from the FPI, the Custodian must report it to SEBI and freeze the FPI's purchase transactions of the company's equity until the reclassification process is complete. The Custodian will then facilitate the transfer of equity instruments from the FPI's demat account to its FDI demat account once all necessary reporting to the Reserve Bank of India (RBI) is fulfilled. This procedure is effective immediately, ensuring greater clarity and compliance with regulations governing cross-border investments in India.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/nov-2024/procedure-for-reclassification-of-fpi-investment-to-fdi-88329.html>

**6. Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities.**

SEBI has issued a Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities. The listed entity shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- i) Type, material terms and particulars of the proposed transaction;
- ii) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii) Tenure of the proposed transaction (particular tenure shall be specified);
- iv) Value of the proposed transaction;
- v) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi) Justification as to why the RPT is in the interest of the listed entity;
- vii) Copy of the valuation or other external party report, if any such report has been relied upon;
- viii) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.

For more information, you can access the SEBI master circular here:

[https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities\\_88388.html](https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities_88388.html)

**7. Master Circular for Issue of Capital and Disclosure Requirements**

SEBI has issued a Master Circular for Issue of Capital and Disclosure Requirements. SEBI has introduced an online system for filings related to public issues, rights issues, institutional placement programme, schemes of arrangement, takeovers and buy backs. All Merchant Bankers that are required to file the offer documents and related documents in physical form with SEBI shall simultaneously file the same online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>.

Recognized stock exchanges filing the draft scheme of arrangement and related documents in physical form with SEBI under the provisions of LODR Regulations 2015 shall simultaneously file the same online through SEBI Intermediary Portal.

For more information, you can access the SEBI master circular here:

[https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-issue-of-capital-and-disclosure-requirements\\_88398.html](https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-issue-of-capital-and-disclosure-requirements_88398.html)

**MINISTRY OF FINANCE**

**1. PSBs set to launch MSME credit model this month.**

In accordance with directives from the finance ministry, the majority of public sector banks (PSBs) are prepared to introduce the credit risk assessment model for MSMEs. The model will evaluate loan amounts ranging from Rs 25 lakh to Rs 5 crore for various banks, according to an internal government document examined by Business Standard.

On November 25, Bank of India, Punjab & Sind Bank, Canara Bank, and Indian Bank intend to introduce this concept.

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2072705>

## **RESERVE BANK OF INDIA**

### **1. Operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment (FDI).**

Attention is drawn to the recent notification regarding the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, issued by the Central Government on October 17, 2019. The notification emphasizes Schedule II, which stipulates that investments by foreign portfolio investors (FPIs) and their investor groups must remain below 10% of the total paid-up equity capital on a fully diluted basis. In cases where FPIs exceed this limit, they have the option to either divest their excess holdings or reclassify them as foreign direct investment (FDI). An operational framework for this reclassification has been outlined in the accompanying Annex, which AD Category-I banks are expected to utilize for reporting such transactions. These directives are effective immediately, and AD Category-I banks are instructed to inform their clients about these changes. The issuance of these directions is in accordance with sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999, and does not affect any permissions or approvals that may be required under other laws.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12749&Mode=0>

### **2. Operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment (FDI) under Foreign Exchange Management (Non-debt Instruments) Rules, 2019.**

In consultation with the Government of India and SEBI, the Reserve Bank of India has finalised an operational framework for reclassification of Foreign Portfolio Investment made by Foreign Portfolio Investors (FPI) to Foreign Direct Investment (FDI) under Foreign Exchange Management (Non-debt Instruments) Rules, 2019 in case of any breach of the investment limit by the FPIs concerned. This would further enhance the ease of doing business in India. Accordingly, the Reserve Bank of India has issued the operational framework for reclassification of such foreign portfolio investments to foreign direct investment vide A.P. (DIR Series) Circular No. 19 dated November 11, 2024.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59073](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59073)

### **3. Premature redemption under Sovereign Gold Bond (SGB) Scheme – Redemption Price for premature redemption due on November 13, 2024 (Series VII of SGB 2017-18 and Series III of SGB 2018-19).**

In terms of GOI Notifications F. No. 4(25) – W&M/2017 dated October 06, 2017 (SGB 2017-18 Series VII - Issue date November 13, 2017) and F. No. 4(22) –B(W&M)/2018 dated October 08, 2018 (SGB 2018-19 Series III-Issue date November 13, 2018) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranches shall be November 13, 2024. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on November 13, 2024, shall be ₹7,637/- (Rupees Seven Thousand Six Hundred and Thirty-Seven only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., November 08, November 11, and November 12, 2024.

For more information, you can access the RBI notification here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59085](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59085)

#### 4. RBI releases 2024 list of Domestic Systemically Important Banks (D-SIBs).

SBI, HDFC Bank and ICICI Bank continue to be identified as Domestic Systemically Important Banks (D-SIBs) under the same bucketing structure as in the 2023 list of D-SIBs. The additional Common Equity Tier 1 (CET1) requirement for these D-SIBs will be in addition to the capital conservation buffer. The Reserve Bank had issued the Framework for dealing with Domestic Systemically Important Banks (D-SIBs) on July 22, 2014, which was subsequently updated on December 28, 2023. The D-SIB framework requires the Reserve Bank to disclose the names of banks designated as D-SIBs starting from 2015 and place these banks in appropriate buckets depending upon their Systemic Importance Scores (SISs). Based on the bucket in which a D-SIB is placed, an additional common equity requirement has to be applied to it. In case a foreign bank having branch presence in India is a Global Systemically Important Bank (G-SIB), it has to maintain additional CET1 capital surcharge in India as applicable to it as a G-SIB, proportionate to its Risk Weighted Assets (RWAs) in India, i.e., additional CET1 buffer prescribed by the home regulator (amount) multiplied by India RWA as per consolidated global Group books divided by total consolidated global Group RWA.

For more information, you can access the press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59088](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59088)

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