

Amendment to Master Circular for InvITs dated May 15, 2024 - Review of statement of investor complaints and timeline for disclosure of statement of deviation(s)

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Background on the Circular

SEBI's Circular No. CIR/IMD/DF/127/2016 on InvITs, now part of the Master Circular dated May 15, 2024, details continuous disclosure requirements. To enhance business efficiency, a Working Group reviewed and recommended changes to the review process for investor complaints and the timeline for disclosing deviations.

Review of statement of investor complaints

With regard to the provisions related to the review of statement of investor complaints, **paragraph 4.16.3 and 4.16.4 of the Master Circular reads as under:**

4.16.3. All complaints including SCORES complaints received by the InvIT shall be disclosed in the format mentioned in **Annexure – 7** on the website of the InvIT and also filed with the recognized stock exchange(s), where its units are listed **within 21 days from the end of financial year or end of quarter, as the case may be.**

4.16.4 The Trustee and the Board of Directors/Governing Body of the Investment Manager, shall review the aforementioned statement, before submission of the same to the Stock Exchange(s), and shall ensure that all investor complaints are redressed by the Investment Manager in timely manner

Based on recommendations the Working Group and HySAC found that requiring prior board review of investor complaints before submitting to stock exchanges is inconsistent with SEBI's LODR Regulations. Instead, the LODR Regulations only mandate quarterly board review of these statements.

Accordingly, in order to promote ease of doing business, it is proposed to amend paragraph 4.16.4. of the Master Circular as under:

“The Trustee and the Board of Directors/Governing Body of the Investment Manager shall ensure that all investor complaints are redressed by the Investment Manager in timely manner. Further, the statement as specified in **Para 4.16.3. above shall be placed, on a quarterly basis, before the Board of Directors/Governing Body of the Investment Manager and the Trustee for review**

Timeline for disclosure of statement of deviation(s)

With regard to the provisions related to the timeline for disclosure of statement of deviation(s) in the use of proceeds from the stated objects, paragraph 4.17.2 of the Master Circular reads as under

“The statement(s) specified above, shall be continued to be given till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

Such statement(s) shall also be placed before the Trustee and **the Board of Directors/Governing Body of the Investment Manager for review**. Pursuant to such review, the statement shall be submitted to the stock exchange(s). Such submission to the Stock Exchange(s) shall be made within twenty-one days from the end of each quarter”

According to the Working Group and HySAC recommendations, the LODR Regulations require statements on deviations in use of proceeds to be submitted quarterly with financial results. Alignments with LODR Regulations should reflect this requirement.

Accordingly, in order to promote ease of doing business, it is proposed to amend paragraph 4.17.2. of the Master Circular as under:

“The statement(s) specified above, shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.

Such statement(s) shall also be placed before the Trustee and the Board of Directors/Governing Body of the Manager for review. Pursuant to such review, the statement shall be submitted to the stock exchange(s). Such submission to the Stock Exchange(s) shall be made along with the submission of financial results.”

Impact of the Circular

The proposed amendments aim to streamline compliance by aligning the review and submission timelines of investor complaint statements and statements on deviations in the use of proceeds with SEBI's LODR Regulations. The revised provisions eliminate the requirement for prior Board review before submission to stock exchanges and instead ensure quarterly reviews by the Board and Trustees. This change is intended to promote ease of doing business.



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