

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

August 22, 2024

Disclaimer - This document is neither a legal interpretation nor a statement of the SEBI's directive. All information is posted merely for educational and informational purposes. It is not intended as a substitute for professional advice. Should you decide to act upon any information in this document, you do so at your own risk.

Background on the Circular

SEBI's Circular No. CIR/IMD/DF/146/2016 on REITs disclosures has been incorporated into Chapter 4 of the Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024. SEBI's Working Group, tasked with improving business operations for InvITs and REITs, recommended changes to investor complaint reviews and disclosure timelines.

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 REIT shall be disclosed in the format mentioned in Annexure – 4 on the website of the REIT 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 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 Manager in timely manner

Based on recommendations from the Working Group and HySAC, the requirement for prior Board review of investor complaint statements before submission to stock exchanges is inconsistent with SEBI's LODR Regulations. The LODR Regulations stipulate that such statements should be reviewed by the Board quarterly, not before submission.

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 Manager shall ensure that all investor complaints are redressed by the 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 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 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 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



Visit Beacon Research Webpage to get more updates like these

www.beacontrustee.co.in/research

Follow Us On

