



# SEBI Board Meeting

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# Background

SEBI held its 203rd Board Meeting in Mumbai on November 25, 2023, to discuss the following matters:-

**1** Flexibility in the framework for Social Stock Exchange (SSE)

**2** Introduction of Regulatory Framework for Index Providers

**3** Facilitation of Small & Medium REITs ("SM REITs") - Amendments to SEBI (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations") for creation of new regulatory framework

**4** Amendment to SEBI (Alternative Investment Funds) Regulations, 2012, to facilitate ease of compliance and strengthen protection of interest of investors in Alternative Investment Funds

# 1 Flexibility in the framework for Social Stock Exchange (SSE)

## Brief

- The Board has approved measures to boost fundraising for Not-for-Profit Organizations (NPOs) on the Social Stock Exchange (SSE)
- Reduction in Minimum Issue size in case of public issuance of **Zero Coupon Zero Principal Instruments (ZCZP)** by NPOs on SSE from **Rs. 1 Crore to Rs. 50 lakhs** and reduced the minimum application size from **Rs. 2 lakhs to Rs. 10,000**.
- SEBI also permitted NGOs to share their previous social impact reports in fund raising documents. Additionally, more NGOs **can now register, and fund raise on the SSE** by allowing entities under sections **10(23C) and 10(46)** of the **Income Tax Act to participate**.

## Impact

- **SSE reforms open doors for smaller NPOs and retail investors, making fund raising more accessible and inclusive.** Permitting NGOs to share impact reports builds trust, attracting investors aligned with social causes. **Expanding eligibility criteria under the Income Tax Act broadens the SSE's scope,** fostering a diverse platform for impactful initiatives to thrive

# 2 Introduction of Regulatory Framework for Index Providers

## Brief

The Board approved a regulatory framework for Index Providers with the following objectives-

- Providing transparency and accountability in governance and administration of **financial benchmarks in the securities market.**
- Registration of Index Providers which license **'Significant Indices'**
- IOSCO Principles for Financial Benchmarks shall only be applicable to **'Significant Indices'**.

## Impact

- The new rules for Index Providers aim to make how financial benchmarks work clearer and more responsible. Index Providers that handle important benchmarks need to register, ensuring better oversight. **These guidelines, applying specific rules to 'Significant Indices,' intend to ensure these important benchmarks meet high standards, boosting trust in the market's key benchmarks**

# 3 Facilitation of Small & Medium REITs (“SM REITs”) - Amendments to SEBI (Real Estate Investment Trusts) Regulations, 2014 (“REIT Regulations”) for creation of new regulatory framework

## Brief

- The Board approved changes to the **SEBI (REIT) Regulations, 2014** to set up guidelines for **SM REITs** with a **minimum asset value of Rs. 50 crores** as compared to **Rs. 500 crores** for existing REITs. These **SM REITs** can create separate schemes using special purpose vehicles formed as companies

## Impact

- **This change helps smaller players to get into the real estate space, offering more options for investments and making it easier for smaller real estate projects to get Capital**

# 4 Amendment to SEBI (Alternative Investment Funds) Regulations, 2012, to facilitate ease of compliance and strengthen protection of interest of investors in Alternative Investment Funds

## Brief

To facilitate ease of compliance and to strengthen investor protection in Alternative Investment Funds ('AIFs'), the Board approved the following proposals:-

### I. Investments made by AIFs to be in Demat Form

- Any fresh investment made by an AIF after, **September 2024**, shall be held in dematerialized form.

The existing investments made by AIFs have been exempted from the said requirement, except in cases where:-

- Investee company has been mandated under applicable law to facilitate dematerialization of its securities; and,
- Investments where the AIF, on its own, or along with other **SEBI registered intermediaries/entities which are mandated to hold their investment in dematerialized form**, has control in the investee company

Note:- The said requirement is exempted for investments held by:-

- **Liquidation schemes of AIF's**
- **Schemes of an AIF whose original tenure ends within one year from the date of issuance of necessary notification in this regard; and**
- **Schemes of an AIF which are in extended tenure as on the date of issuance of the notification**

### II. Mandatory Appointment of Custodian – All AIF's

- The mandate for appointment of custodian, currently applicable to schemes of **Category III AIFs** and to schemes of **Category I and II AIFs with corpus more than Rs. 500 Crore**, shall be extended to all AIFs.

## Impact

- These moves aim to streamline operations, enhance transparency, and make sure investors are strongly protected.



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