

SEBI Board Meeting

March 24, 2025

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Key Points of the SEBI Board Meeting

The 209th SEBI Board meeting was held in Mumbai on 24th March 2025 to discuss the following topics

1. Proposal to increase the threshold under size criteria (set to guard against potential circumvention of Press Note 3 stipulations) in the additional disclosure framework

- SEBI has raised the disclosure threshold for FPIs from ₹25,000 crore to ₹50,000 crore in equity AUM. This change comes in response to a more than doubling of cash equity trading volumes since FY23, requiring enhanced transparency from larger FPIs.
- FPIs exceeding the ₹50,000 crore threshold must disclose ownership, economic interest, and control details up to the natural person level. This ensures that large FPIs do not bypass regulatory norms, particularly Press Note 3, which aims to prevent any potential risks to market stability.
- FPIs investing over 50% of their equity AUM in a single corporate group must continue to comply with additional disclosure requirements. This rule prevents circumvention of Minimum Public Shareholding (MPS) and Substantial Acquisition of Shares and Takeovers (SAST) norms, ensuring fair market participation.
- SEBI has clarified that there are no modifications to disclosure requirements for FPIs related to MPS and SAST compliance. The current framework remains in place to prevent large investors from exerting indirect control over listed companies or acquiring substantial stakes without proper disclosures.
- All FPIs, regardless of their AUM size, must ensure compliance with the Prevention of Money Laundering Act (PMLA) and related regulations (PMLR). This reinforces the regulatory framework to maintain transparency, prevent illicit financial activities, and safeguard the integrity of Indian capital markets.

2. Review of Regulation 17 (a) of SEBI (AIF) Regulations, 2012, with the objective of Ease of Doing Business

- Category II Alternative Investment Funds (AIFs) typically invest primarily in unlisted securities.
- Recent SEBI LODR regulations mandate listing for newly issued debt securities, potentially reducing the availability of unlisted debt.
- This could hinder Category II AIFs from meeting their minimum unlisted investment requirements.
- To mitigate this, SEBI will now treat investments by Category II AIFs in listed debt securities rated 'A' or below as equivalent to unlisted investments for compliance purposes.
- This change is designed to boost the issuance and trading of lower-rated debt securities.

3. Provisions Related to the Appointment of Public Interest Directors (PIDs), Cooling-Off Period for Key Management Personnel (KMPs) and Directors, and the Appointment Process for Specific KMPs in Market Infrastructure Institutions (MIIs)

- SEBI's prior approval remains mandatory, but shareholder approval is not required. If an MII chooses not to re-appoint a PID after their first term, it must provide a rationale to SEBI.
- MIIs can set a minimum cooling-off period for their KMPs and Directors, including MDs and PIDs, before joining a competing MII. SEBI will no longer prescribe a cooling-off period for PIDs moving between MIIs.
- The appointment, re-appointment, or termination of key personnel Compliance Officer (CO), Chief Risk Officer (CRiO), Chief Technology Officer (CTO), and Chief Information Security Officer (CISO) will now require approval from the Governing Board instead of the Nomination and Remuneration Committee (NRC).

4. Deferment of proposals on amendments to SEBI (Merchant Bankers) Regulations, 1992, SEBI (Debenture Trustee) Regulations, 1993, and SEBI (Custodians) Regulations 1996

- The Board has deferred the implementation of amendments requiring Merchant Bankers, Debenture Trustees, and Custodians to operate as separate legal entities. Initially approved on Dec 18, 2024, the requirement is now under review, with alternative approaches being evaluated to ensure a level playing field. Revised proposals will be considered in the next Board meeting.

5. Review of Provisions and Constitution of High- Level Committee on Conflict of Interest, Disclosures and related matters

- The Board, in its March 24, 2025, meeting, decided to set up a High-Level Committee (HLC) for a comprehensive review..
- The HLC will assess conflict of interest rules, disclosure requirements (property, investments, liabilities), and related governance matters for Board Members and Officials.
- The committee will consist of distinguished professionals from regulatory bodies, government, public/private sectors, and academia. Member names will be announced later.
- The HLC will submit its recommendations within three months, which will then be reviewed by the Board.



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