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SEBI makes shareholding pattern disclosure more elaborate

I. Introduction:

SEBI had, vide its circular dt: November 30, 2015, provided the format for submission of shareholding pattern by listed entities on quarterly basis and on occasions listed under Regulation 33 of SEBI LODR Regulations. Now SEBI has, vide its circular dated June 30, 2022 amended the format for submission of shareholding pattern. The amendment format of disclosure is required to be given **from quarter ending on September 30, 2022.**

II. New broad category introduced:

SEBI has added one more category in shareholding pattern viz. Statement Showing Foreign Ownership Limits. Till now Shareholding Pattern was broadly divided into three categories viz., Promoter & Promoter Group, Public category and Non promoter – Non-public category.

Now **with effect from quarter ended September 30, 2022** shareholding pattern will be divided into **four broad categories** as follows:

1. Promoter & Promoter Group
2. Public
3. Non promoter – Non public
4. Statement Showing Foreign Ownership Limits

III. Changes in disclosures under "Statement of public shareholders" category:

1. New bifurcation has been made under sub-category "Institution" as, "Institutions (Domestic) & Institutions (Foreign)".
2. Under sub-category '**Institutions (Domestic)**', separate disclosures will have to be given if shareholder(s) are '**Asset Reconstruction Companies**' or '**Sovereign Wealth Funds**'. Earlier there was a clubbed category of 'Financial institutions/banks'. This category has been bifurcated into separate categories as - **banks, NBFCs registered with RBI** (which was earlier covered under Non-Institution category) and Other Financial Institutions.
3. Under sub-category 'Institutions (Foreign)', separate disclosures will have to be given if investment is under '**Foreign Direct Investment**' or shareholders are **Sovereign Wealth Funds** or **Foreign Portfolio Investors with specific categorisation under I or II** or **Overseas Depositories** (holding depository receipts).
4. Under the earlier sub-category of 'Central Government/ State Government(s)/ President of India', now bifurcation needs to be given for shares held by Central Government/ President of India, shares held by State Government(s) / Governor, and a new sub-category has been added for '**Shareholding by Companies & body Corporates where Central / State Government is a promoter**'.

5. In the sub-category of Non-institution, shareholding needs to be categorised under below additional headings:-

- Associate / Subsidiary Companies,
- Directors and their relatives (excluding independent directors and nominee directors),
- KMP,
- Relatives of promoters (other than 'immediate relatives' of promoters disclosed under the 'Promoter and Promoter Group' category)
- Trusts where any person belonging to 'promoter and promoter group' category is 'trustee' or 'beneficiary' or 'author' of the trust
- The following categories of shareholders need to be separately disclosed now. Earlier they were shown under 'any other' category.
 - IEPF
 - Non resident Indians (NRIs)
 - Foreign nationals
 - Foreign companies
 - Bodies corporate

6. A new requirement has also been introduced for **sub-categorisation of all public category shareholders**. Listed entities will also have to mention whether the shareholders under 'Public Category' is:-

- (i) Shareholders who are represented by a nominee Director on the board of the listed entity or has the right to nominate a representative (i.e. Director) on the board of the listed entity
- (ii) Shareholders who have entered into a shareholder agreement with the listed entity
- (iii) Shareholders acting as persons in concert with promoters.

7. Earlier 'Employee trusts' were to be shown under 'Non-Institution' category under Table III – Public Shareholders, whereas 'Employee Benefit Trusts' under SEBI (Share based Employee Benefit) Regulations, 2014) were to be shown in Table IV – Non Promoter Non Public Shareholders.

Post amendment, the category of '**Employee Trust**' has been deleted from Table III – **Public shareholders** and the scope of Table IV -**Non Promoter Non Public Shareholders has been extended to include Employee Benefit Trust / Employee Welfare Trust** under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

8. Names of the shareholders needs to be shown (including individual shareholders) if the shareholder is holding 1% or more than 1% of shareholding of listed entity. If the shareholding is less than 1% then names of shareholder need not be shown.

IV. FAQs on revised format of disclosure:

The Bombay Stock Exchange and National Stock Exchange have released FAQs on new format of shareholding pattern. These FAQs have clarified on various procedural issues

viz. definition of various categories that are newly added i.e. asset reconstruction companies, sovereign wealth fund, Foreign Direct Investment etc, what if a shareholder is falling under two categories i.e. Promoter and non-institutions where should he be shown etc.

Copy of the SEBI circular and NSE and BSE FAQ can be accessed at below mentioned link: https://www.sebi.gov.in/legal/circulars/jun-2022/disclosure-of-holding-of-specified-securities-and-holding-of-specified-securities-in-dematerialized-form_60459.html
<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20220701-40>
<https://www.nseindia.com/companies-listing/circular-for-listed-companies-equity-market>



Stock Exchanges' advisory for streamlining websites of Listed Entities

1. **Introduction:**

All listed entities (having equity listed or non-convertible securities listed) are required to maintain a functional website as per Regulation 46 and Regulation 62 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ['SEBI LODR']. The **various disclosures** listed under Regulation 46 and Regulation 62 of SEBI LODR are **required to be hosted** under a **separate section** on its website.

2. **Stock exchanges' Advisory on how to maintain 'separate section' on website:**

Bombay Stock Exchange ['BSE'] and National Stock Exchange ['NSE'] have vide their circulars dt: July 4, 2022 highlighted that sometimes it becomes cumbersome for investors to locate the disclosures on website. So now BSE and NSE have clarified that how are listed entities expected to maintain a separate section to host the prescribed disclosures. The path where disclosures under the separate section have to be provided on website is prescribed as follows:

- a. Home>Investors>Disclosures under Regulation 46 of the LODR> and details of requirements mentioned in sub-regulation 2 of Regulation 46 of Listing Regulation.
- b. Home>Investors>Disclosures under Regulation 62 of the LODR> and details of requirements mentioned in sub-regulation 1 of Regulation 62 of Listing Regulation.

3. **Stock exchanges' Advisory with regard to policies hosted on website:**

BSE and NSE have also stated that listed entities have not been mentioning the last amendment date of various statutory policies available on website of listed entity. Now BSE and NSE have asked listed entities to **update the last amendment date in all the policies hosted on website of listed entity.**

4. **Consequences of non-compliance:**

It needs to be highlighted that as per Regulation 46 & 62 of SEBI LODR, the website disclosures need to be updated within 2 working days from the date of change in content. As per SEBI Circular dt: January 22, 2020 listed entities are subject to penalty for not maintaining functional website. Further as per Point 2(ii) of Uniform listing agreement it is mandatory on the part of listed entities to comply with exchange circulars. This circular is applicable with immediate effect i.e. from July 4, 2022, i.e., with immediate effect.

Copy of circular can be accessed at this link:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20220704-44>

https://static.nseindia.com//s3fs-public/inline-files/NSE_CIRCULAR_04072022.pdf



The Insolvency and Bankruptcy Board of India (IBBI/Board) notified the below mentioned regulations effective from 14th June 2022.

1. Insolvency and Bankruptcy Board of India (Grievance and Complaint Handling Procedure) (Amendment) Regulations, 2022

- The Insolvency and Bankruptcy Code, 2016 (Code) read with Insolvency and Bankruptcy Board of India (Grievance and Complaint Handling Procedure) Regulations, 2017 provide mechanism for redressal of complaints and grievances filed against insolvency professionals, insolvency professional agencies and information utilities.
- Further the Code read with Insolvency and Bankruptcy Board of India (Inspection and Investigation) Regulations, 2017 provide mechanism for carrying out inspections and investigations on insolvency professional agencies, insolvency professionals and information utilities and passing orders by Disciplinary Committee.
- The mechanism of complaint/ grievance redressal and subsequent enforcement action has been amended **to have expeditious redressal and also to avoid placing undue burden on the service providers** curtailing delays and to ensure expeditious and result oriented enforcement mechanism.

The Amendment Regulations provides for following:

- Revisions in various timelines related to enforcement process provided in the (Grievance and Complaint Handling Procedure) Regulations, 2017 and (Inspection and Investigation) Regulations, 2017 for addressing the issue of delay in present mechanism.
- Effective participation of IPAs in regulating the IPs through examination of grievances received against Ips.
- Intimation to Committee of Creditor and Adjudicating Authority about the outcome of Disciplinary Committee order.

2. Insolvency and Bankruptcy Board of India (Information Utilities) (Amendment) Regulations, 2022

- New definition inserted for record of default.
- Before filing application under section 7 or 9 of the Code creditors are mandated to file the information with information utility and then information utility shall process the information for the purpose of issuing record of default.
- Short title is substituted from *information of default* to *authentication of default*. The information utility should deliver the information of default or reminder to the MCA-21 and the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) registry as repositories or any other statutory repository as approved by the Board, failing which information utility shall communicate the status of authentication in physical or electronic form to the registered users who are-
 - (a) creditors of the debtor who has defaulted in payment of a debt;
 - (b) parties and sureties, if any, to the debt in respect of which their information of default has been received.

- The disciplinary proceedings shall be conducted in accordance with the provisions of the Insolvency and Bankruptcy Board of India (Inspection and Investigation).
 - 3. **Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016**
 - The amendment provides the operational creditors to furnish extracts of Form GSTR-1, Form GSTR-3B and e-way bills, wherever applicable along with the application filed under section 9 of the Code.
 - These additional set of documents, can be used as evidence of transaction with the corporate debtor, debt and default easing the process of admission.
 - These documents will also to be submitted as part of the claims submitted to the resolution professional to help collation of claims. Further, creditors filing applications under section 7 or 9 of the Code are required to furnish details of their PAN and Email ID to ensure smooth correspondence.
 - In order to improve availability of information, the amendment places a duty on corporate debtor, its promoters or any other person associated with the management of the corporate debtor to provide the information in such format and time as sought by the resolution professional.
 - The amendment also places a duty on the creditors to share information regarding the assets and liabilities of the corporate debtor, the financial statements and other relevant financial information from their records and available reports to help the resolution professional in preparation of the information memorandum and relevant extracts from the transaction or forensic audit reports to aid the resolution professional in preparation of the avoidance application.
 - The Amendment also addresses the issue of treatment of avoidance applications filed with the Adjudicating Authority after closure of the CIRP. It provides that the resolution plan shall provide for manner in which such applications will be pursued after the approval of the resolution plan and the manner in which the proceeds, if any, from such proceedings shall be distributed.
 - The amendment includes a definition of significant difference in valuations during CIRP and enables the committee of creditors to make a request to the resolution professional regarding the appointment of a third valuer.
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