

# THE MARKET CHRONICLE

~BY CATALYST

NEWS

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## ALTERNATIVE INVESTMENT FUNDS (AIFs) CIRCULAR ISSUED BY SEBI:

*Here's the link for amendment in SEBI (AIFs) regulation for your perusal:*

[https://www.sebi.gov.in/legal/regulations/jun-2023/securities-and-exchange-board-of-india-alternative-investment-funds-second-amendment-regulations-2023\\_72778.html](https://www.sebi.gov.in/legal/regulations/jun-2023/securities-and-exchange-board-of-india-alternative-investment-funds-second-amendment-regulations-2023_72778.html)

### Issuance of units of AIFs in dematerialised form (Applicability-Immediate Effect)

All schemes of AIFs shall dematerialise their units in the following time frame:

Particulars	Schemes of AIFs with corpus $\geq$ Rs 500 Crore	Schemes of AIFs with corpus $<$ Rs 500 Crore
Dematerialization of all the units issued	31-Oct-23	30-Apr-24
Issuance of units only in dematerialized form	01-Nov-23 onwards	01-May-24 onwards

- The above requirement is not applicable for schemes whose tenure (excluding permissible extensions in tenure) ends on or before April 30, 2024.
- Approval of AIF/manager of the AIF is required for any transfer of units of AIF held in dematerialised form.
- Manager of AIF shall submit report on compliance with the provisions of this circular on SEBI Intermediary Portal.

Read more: [https://www.sebi.gov.in/legal/circulars/jun-2023/issuance-of-units-of-aifs-in-dematerialised-form\\_72921.html](https://www.sebi.gov.in/legal/circulars/jun-2023/issuance-of-units-of-aifs-in-dematerialised-form_72921.html)

### Standardised approach to valuation of the investment portfolio of Alternative Investment Funds (AIFs) - (Applicability -Effective 01-Nov-23)

- Manner of valuation of AIF's investments – Criteria are specified in terms of Regulation 23(1) of AIF Regulations to carry out the valuation of their investments.
- Responsibility of the manager of AIF with regard to the valuation of investments of AIF.
- Eligibility criteria for Independent Valuer.
- Reporting of valuation of investments of AIF to performance benchmarking agencies.

Read more: <https://www.sebi.gov.in/legal/circulars/jun-2023/standardised-approach-to-valuation-of-investment-portfolio-of-alternative-investment-funds-aifs-72924.html>

### Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds (AIFs) in-specie - (Applicability - Immediate Effect)

- Liquidation Scheme– Liquidation scheme' means a close-ended scheme launched by an Alternative Investment Fund only for the purpose of liquidating the unliquidated investments purchased from its scheme, whose tenure has expired.
- In-specie distribution of unliquidated investments of a scheme–The in-specie distribution shall be carried out after complying with the specified provisions and the Original Scheme shall be wound up, prior to the expiry of the Liquidation Period of the Original Scheme.
- Mandatory in-specie distribution of unliquidated investments – If the AIF fails to obtain requisite investor consent for the launch of the Liquidation Scheme or in-specie distribution of unliquidated investments, then the unliquidated investments shall be mandatorily distributed to investors in-specie, without the requirement of obtaining the consent of 75% of investors by the value of their investment in the scheme of the AIF.
- Responsibility for compliance is of the manager, trustee and key management personnel of AIF.

Read more: [https://www.sebi.gov.in/legal/circulars/jun-2023/modalities-for-launching-liquidation-scheme-and-for-distributing-the-investments-of-alternative-investment-funds-aifs-in-specie\\_72922.html](https://www.sebi.gov.in/legal/circulars/jun-2023/modalities-for-launching-liquidation-scheme-and-for-distributing-the-investments-of-alternative-investment-funds-aifs-in-specie_72922.html)

# HIGHLIGHTS OF THE RECENT BOARD MEETING OF SEBI:

SEBI in its Board Meeting dated. 28-Jun-23 has approved the following proposals however circulars are awaited:

Sr. No.	Particulars
1	<b>Reduction of timeline for listing of shares in Public Issue from existing T+6 days to T+3 days:</b> Reducing time period for listing of shares in Public Issue from existing 6 days to 3 days, from the date of issue closure (T Day). The revised timeline of T+3 days shall be made applicable in 2 phases i.e. voluntary for all public issues opening on or after 01-Sep-23 & mandatory on or after 01-Dec-23.
2	<b>Introduction of provisions in respect of (a) listing of NCDs (b) voluntary delisting of NCDs:</b> <ul style="list-style-type: none"><li>- Amendment to SEBI (LODR) Regulations, 2015 requiring listed entities having o/s listed NCDs (as on 31-Dec-23) to list their subsequent issuances of NCDs at the stock exchange(s).</li><li>- If an entity with listed debt securities has o/s unlisted NCDs as on 31-Dec-23, the entity will have the option to list them.</li><li>- Enabling entities having listed debt securities to delist such securities, subject to compliance with certain requirements incl. 100% approval from all Debentures holders, suitable disclosures to Stock Exchanges, etc</li><li>- Entities having privately placed, listed debt securities wherein no. of Debenture holders is less than 200, shall be eligible to delist their debt securities under this framework.</li></ul> <b>Exemptions:</b> <ul style="list-style-type: none"><li>• Capital Gains Tax debt securities issued u/s 54 EC of Income Tax Act, 1961</li><li>• Non-convertible securities issued pursuant to an agreement entered into between the listed entity of such securities &amp; multilateral institutions, subject to the condition that such non-convertible debt securities shall be locked-in and held till maturity and accordingly shall be unencumbered.</li><li>• Non-convertible debt securities issued pursuant to an order of any Court or Tribunal or regulatory requirement as stipulated by a financial sector regulator.</li></ul>
3	<b>Enablement of direct participation by participants (clients) in the Limited Purpose Clearing Corporation (LPCC):</b> Setting up of a Limited Purpose Clearing Corporation for clearing and settling repo transactions in corporate debt securities. The launch of LPCC is expected to facilitate active trading, especially by market makers, by enabling them to finance their inventory of bond holdings through an active repo market.
4	<b>Revision of minimum unitholding requirement for Sponsor(s) and introduction of provision for Self-Sponsored Investment Manager/ Manager of InvITs/ REITs:</b>
5	<b>Introduction of board nomination rights to unitholders of InvITs and REITs</b>
6	<b>Introduction of provisions for additional disclosures from Foreign Portfolio Investors (FPIs) that fulfil certain objective criteria</b>
7	<b>Strengthening of investor grievance handling mechanism through SCORES and linking the new platform with the Online Dispute Resolution Mechanism</b>



# VOICES' BY CATALYST

## "AN INTERVIEW WITH MS. VALLARI GUPTA: CS/ COMPLIANCE OFFICER - CEAT LTD."

**VOICES' by Catalyst is delighted to have Ms Vallari Gupta as an interviewee for our monthly newsletter- The Market Chronicle by Catalyst. Ms Vallari comes from an incredible & holistic work and education background, having her major interest & proficiency in legal, compliance, Company secretary, Independent director, Social welfare and most important of all ESG implementation & strategy. With her work expertise and dedication, she not only intends to make impactful contribution towards ESG factors but on every other role she takes up. It is our pleasure to have her speak to us and our readers.**



**Being a CS & handling Compliance for CEAT, your role goes hand in hand with the regulator and regulatory framework, what are your thoughts on the recent framework brought by the regulator?**

The intent of the Regulators is certainly good in bringing about better governance and transparency for all the stakeholders. The speed at which they are being implemented is leaving very little time for the compliance officers to understand, interpret, coordinate and implement for ultimate compliance as per timelines. There needs to be a robust system in the organization to support the compliance officers towards all such critical and timely compliances, apart from managing the regular compliances and routine work. Clarity on the expectations of the Regulators and clear identification of compliance requirements would be helpful.

**Being a compliance officer how do you manage to cope and compile with the rapidly evolving regulations? What piece of advice would you give to the young generation intending a stable career in compliance?**

Honestly, it is becoming challenging day by day to keep track of these new changes and rapidly evolving regulations. We can certainly work on interpretation and implementation, but the speed at which these changes come up is a bit challenging to cope with. Fortunately, the info-web and technology are available to our rescue, but at times feels like there should be some hi-tech memory storage in our brains which can help in proper storage and timely retrieval of information.

With time I think we are all evolving, I studied in the era when there was not much of the advent of the internet and search engines. But today we use web-based information extensively, including the website of the Regulators.

For the young generation, I would only like to state that read the act, rules, and regulations first and frame your interpretation and try to connect with others and debate. This will help sharpen your focus on interpretation as well as help you understand practical views and different perspectives for implementation.

**Having an extensive experience of 20 years, what is your secret to juggling between work, hobby, and other roles in your life? What are some of the challenges faced and what motivated you to keep going?**

Well, I believe in enjoying everything that I do... whether work, job or fun. So, whenever I get time I enjoy my hobbies or give more time to my family. They also understand -

this and support it. The most challenging time for me is usually the annual report preparation work where I literally didn't see my family for at least about 2-3 weeks as I have to focus on the annual report, but family support is essential to keep one going through such tough times. Once I had been on a holiday while preparing for the NCD issuance. I enjoyed being with the family but also completed my work when everyone was asleep...thus, I just try to give my best in the situation I am in.

**You have recently issued NCDs under the new regime of compliance. What have been your experience through the NCD issuance process and any challenges or learnings you had?**

As an Issuer, CEAT issued its NCDs in 2020 and also recently in 2022. There were a lot of changes in the compliance process and requirements. A major shift in the compliance timelines was observed. Indeed, it was a fast-paced event with each day and moment counting for some or the other activity, including the final listing process to be completed in coordination with the relevant intermediaries. We learnt a lot in the process and were happy to have support from Catalyst to ensure timely filings and listing of NCDs. This will also help us prepare better for the future.

**During the beginning of the new FY23-24 the Market regulator came up with the Operations Circular for Debenture Trustee, what is your opinion on the same from the compliance point of view?**

I think the idea of an operational circular is good, as it brings all the relevant compliances in one place rather than looking at several regulations at a time. If the formats are specified, it will solely help the issuers and debenture trustees to align their respective compliance areas. The Regulators however need to look at some duplication of reporting between the issuers and debenture trustees and also resolve the exact requirements regarding various certifications. This is an area I think many of the compliance officers may be struggling with.

**Many thanks to Ms. Vallari for taking her time out and accepting this interaction opportunity, by sharing her insightful thoughts with our readers. Her story inspires many souls and her viewpoint of life of "100% dedication towards each of your roles and giving your best in everything you do" is a key take away from this interview.**

## HIGHLIGHTS OF THE MONTH:

### Security Trustee deals:

Sectors	No. of Transaction	Facility Amount (Cr.)
Infrastructure Sector	6	890
Renewable Sector	15	3189
Real Estate Sector	8	498
NBFC	25	37224
Others	3	3575
Grand Total	57	45376

### Debenture Trustee deals:

Sector	Category	Issue Size in Crores
Banking & Finance	10	7469
NBFC	28	12079.5
Real Estate	10	5242.2
Power & Energy	2	280
Manufacturing	2	207
Other	7	288.5
Grand Total	57	25566.2

### Securitization deals:

Asset Class	No. of Deals	Pool Size in Crores
Secured Business Loan	1	24
Commercial Vehicle	2	305
Farm loans (Tractor Loans)	2	350
Gold Loan	1	334
Housing Loan	3	1,118
Hypothecated Loan Pool	1	43
Microfinance Loans	31	3,550
Personal Loan	6	457
Two-Wheeler Loan	3	935
Unsecured Business Loan	4	176
Grand Total	54	7,292

### AIFs deals:

Category of the Fund	No. of funds	Issue Size in Crores
CAT I	1	100
CAT II	3	1,43,375
CAT III	3	170
Grand Total	7	1,43,645

Thanks and Regards, ~ Editorial team of Catalyst.

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