



N. A. SHAH ADVISORY SERVICES LLP

# BULLETIN

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CAPITAL MARKETS BULLETIN  
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## EXECUTIVE SUMMARY

- ◆ SEBI has amended the guidelines for Preferential Issue and Institutional placement of units by a listed Infrastructure Investment Trust (“InvIT”) and Real Estate Investment Trust (“REIT”).
- ◆ SEBI has amended the guidelines for Overseas Investment applicable to Alternative Investment Funds (“AIFs”) and Venture Capital Funds (“VCFs”).

## AMENDMENT TO GUIDELINES FOR LISTED INVIT/REIT

- ◆ SEBI has amended the detailed framework for Preferential issue and Institutional placement of units by listed InvITs and REITs. The amendments are identical for InvITs as well as REITs.
- ◆ For the ease of understanding, the amendments are depicted in the table below:


Sr.no	Regulations	Extant	Proposed
1	Listing of units on stock exchange to be made within:	7 working days from the date of allotment	2 working days from the date of allotment
2	In case the units are not listed within the above specified period, monies received to be refunded within:	20 days from the date of allotment	4 days from the date of allotment
3	For the issue of units by way of preferential issue, price of frequently traded units shall not be lower than higher of the following:	a. Average of weekly high and low VWAP <sup>1</sup> for 26 weeks preceding the relevant date b. Average of weekly high and low VWAP <sup>1</sup> for 2 weeks preceding the relevant date	a. 90 trading days VWAP <sup>1</sup> preceding the relevant date b. 10 trading days VWAP <sup>1</sup> preceding the relevant date
4	Units shall be considered as frequently traded if their traded turnover is at least 10% of total outstanding units during:	12 calendar months preceding the relevant date	240 trading days preceding the relevant date
5	Units shall not be issued to any person who has sold or transferred any units of the issuer during:	6 months preceding the relevant date	90 trading days preceding the relevant date*

\* This restriction shall not apply to a sponsor where any asset is acquired by the InvIT/REIT from that sponsor and preferential issue of units is made to that sponsor as full consideration of such asset.

<sup>1</sup> Volume Weighted Average Price

## AMENDMENT TO OVERSEAS INVESTMENTS BY AIFs AND VCFs

- ◆ With a view to promote overseas investments by AIFs and VCFs (together referred as “Investment Funds”), SEBI has amended the guidelines for overseas investment as follows:
  - Investment:
    - The Trustee/Board/Designated Partners of the Investment Funds need to apply to the SEBI for allocation of overseas investment limit in the specified format.
    - The condition for Investment Funds to invest only in those overseas investee company (“OIC”) having Indian connection has been done away. Further, VCFs are now permitted to invest more than 25% of their investible funds in the OICs.
    - The OICs shall be incorporated in a country whose securities market regulator is a signatory to the International Organization of Securities Commission’s Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI and which is FATF compliant.
  - Divestment:
    - Upon sale of investments in OIC, the Investment Funds are permitted to reinvest sale proceeds received to the extent of investment made earlier i.e. original cost of investment and shall ensure to comply with the rules and regulations under Foreign Exchange Management Act, 1999.
    - The Investment Funds are required to report SEBI any new divestment in the specified format within 3 working days and any divestment made before issuance of these new guidelines till 16<sup>th</sup> September 2022.



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