



N. A. SHAH ADVISORS LLP

# BULLETIN

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CAPITAL MARKETS BULLETIN – JANUARY 2024

## EXECUTIVE SUMMARY

- ◆ Amendment in Listing Obligations and Disclosure Requirements (LODR) and Issue of Capital and Disclosure Requirements (ICDR) in relation to assessment of Social Enterprise and fund raising by NPOs.
- ◆ SEBI has introduced a revised framework for calculation of available Net Distributable Cash Flow (NDCF) by Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs), for accreditation of investors by Accreditation Agencies and for Social Stock Exchange.
- ◆ Guidelines have been issued by SEBI for dematerialization and crediting of Alternate Investment Fund (AIF) units.

## AMENDMENT IN LODR AND ICDR

- ◆ SEBI has amended the LODR to provide for assessment of annual impact report of the Social Enterprise by a Social Impact Assessment Firm employing Social Impact Assessor instead of audit by the social audit firm.
- ◆ A NPO may raise funds on a SSEs through issuance of Zero Coupon Zero Principal Instruments to Eligible Investors instead of Institutional and Non-institutional Investors.

## REVISED FRAMEWORK FOR COMPUTATION OF NDCF BY INVITs AND REITs

- ◆ In order to promote ease of doing business and to standardize the framework for calculation of available Net Distributable Cash Flows (NDCF) by REITs, INVITs and their Hold cos/SPVs, SEBI has issued revised framework which shall be applicable from 01<sup>st</sup> April 2024.
- ◆ Detailed revised framework can be accessed at following links:  
For REITs - [Link](#)  
For INVITs - [Link](#)

## SIMPLIFICATION OF REQUIREMENTS FOR GRANT OF ACCREDITATION TO INVESTORS

- ◆ SEBI through its recent circular has decided to simplify the requirements for grant of accreditation to investors by providing modalities of accreditation and documents to be submitted by the applicant for accreditation.
- ◆ The revised validity period of accreditation certificate is as under:

Time period for which eligibility criteria is met	Earlier period	Revised period
Newly incorporated entities	-	2 years
Eligibility criteria are met for preceding one FY	1 year	2 years
Eligibility criteria are met for preceding two FY	2 years	3 years

- ◆ The detailed circular can be accessed [here](#).


## CREDIT OF UNITS OF AIFs IN DEMATERIALISED FORM

- ◆ In June 2023, SEBI had mandated AIFs to dematerialize existing units / issue new units in dematerialise form within a specified timeframe.
- ◆ In cases where unitholders haven't provided demat account details, SEBI has now issued revised timelines for dematerializing / crediting units as under:

Particulars	Schemes with corpus $\geq$ INR 500 crore as on 31 <sup>st</sup> Oct 2023	Schemes with corpus < INR 500 crore as on 31 <sup>st</sup> Oct 2023 and schemes launched after 31 <sup>st</sup> Oct 2023 irrespective of corpus
Investors who have provided their demat accounts	Units issued after 31 <sup>st</sup> October 2023 shall be in demat form and credited only to investors demat accounts	Units issued after 30 <sup>th</sup> April 2024 shall be in demat form and credited only to investors demat accounts
Investors who have not provided their demat account details	For investors on-boarded prior to 01 <sup>st</sup> November 2023, units shall be credited in Aggregate Escrow Demat Account temporarily, till investors provide their demat account details	For investors on-boarded prior to 01 <sup>st</sup> May 2024, units shall be credited in Aggregate Escrow Demat Account temporarily, till investors provide their demat account details
Completion of credit of demat units to: a) demat accounts of investors who have provided demat account details and b) Aggregate Escrow Demat Account, for those who have not provided demat account details	Latest by 31 <sup>st</sup> January 2024	Latest by 10 <sup>th</sup> May 2024

## FRAMEWORK ON SSE

- ◆ SEBI has issued a revised framework for the SSE and the key highlights of the same are as follows:
  - Social Impact Assessment: SEBI has emphasized the importance of detailing past social impact metrics such as the number of beneficiaries, cost per beneficiary, and administrative overheads.
  - Zero Coupon Zero Principal (ZCZP) Instruments in NPO public issuance: SEBI has provided the procedure for public issuance of ZCZP Instruments by NPOs including filing of draft fund raising documents, obtaining public comments, and observations by the SSE. Procedure for the same is as follows:
    - The NPO shall file the draft fund raising document with the SSE along with the fees and an application seeking in-principle approval for listing of its ZCZP Instruments on the SSE.
    - The draft fund raising document shall be made available on the website of SSE and the NRP for a period of at least 21 days for public comments.
    - The SSE shall provide its observation on the draft fund raising document to the NPO within a time period of 30 days from the later of
      - i. the filing of the draft fund raising document; or
      - ii. receipt of clarification, if any, sought by the SSE.
  - Contents of fund raising document: The draft and final fund raising document must contain material disclosures enabling informed decisions in addition to the disclosures mandated by SEBI and SSE.
  - Other Conditions related to issuance of ZCZP Instruments:
    - Such instruments shall be in dematerialized form and shall not be transferable till the expiry of the tenure.
    - Minimum issue size and application size shall be INR 50 Lakhs and INR 10 thousand respectively.
    - Minimum subscription shall be 75% of the funds proposed to be raised.
  - The detailed framework can be accessed [here](#).



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