

COVID 19 – SEBI relaxes certain compliances under its Listing Regulations and Mutual Funds Regulations

25 March 2020

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Further to the circular issued by the Securities and Exchange Board of India (SEBI) on 19 March 2020, another circular dated 23 March 2020 (**Circular**) has been issued by SEBI providing certain clarifications relating to timelines for listed entities under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**) and relaxations for issuers which have listed or propose to list non-convertible debentures (**NCDs**), non-convertible redeemable preference shares (**NCRPS**) and commercial papers (**CPs**), effective immediately.

Additionally, recognising a need for temporary relaxations with respect to compliance requirements for mutual funds, SEBI has issued a separate circular on 23 March 2020 (**MF Circular**) providing certain relaxations for compliance requirements for mutual funds under the SEBI (Mutual Funds) Regulations, 1996 (**MF Regulations**).

Considering the global pandemic caused by the novel coronavirus and the ensuing disruption to businesses, SEBI has relaxed certain compliance requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Mutual Funds) Regulations, 1996.

1 Relaxations Introduced under the Listing Regulations

1.1 Timelines for Filings under the Listing Regulations

The due date for the following filings has been extended:

S. No.	Filing	Relaxation for half year/financial year ending 31 March 2020		
		Due Date	Extended Due Date	Period of Relaxation
1	Large Corporates - Initial Disclosure	30 April 2020	30 June 2020	60 days
2	Large Corporates - Annual Disclosure	15 May 2020	30 June 2020	45 days

Non-Convertible Debentures/Non-Convertible Redeemable Preference Shares

3	Half Yearly Financial Results	15 May 2020	30 June 2020	45 days
4	Yearly Financial Results	30 May 2020	30 June 2020	30 days
5	Common Obligations prescribed under Chapter III of the Listing Regulations	Timelines in accordance with SEBI circular dated 19 March 2020		

Commercial Papers

6	Half Yearly Financial Results	15 May 2020	30 June 2020	45 days
7	Yearly Financial Results	30 May 2020	30 June 2020	30 days

1.2 Timelines for Issuers who have listed/propose to list NCDs, NCRPS or CPs

Companies proposing to make a public issue of their debt securities were previously required to disclose audited financials in the offer document which were not older than six months from the date of the prospectus. Unaudited financials with limited review could be submitted for the stub period, by compliant listed entities.

Similarly, companies proposing to list their CPs were previously required to submit its audited financials which were not older than six months. Unaudited financials with limited review can be submitted for the stub period in the current financial year.

Further, the date for issuance of NCDs, NCRPS or CPs has been extended as follows:

Particulars	Available Financials	Audited	Date for Issuance	Extended Date for Issuance	Period of Relaxation
Cut-off date for issuance of	As on 30 September 2019		31 March 2020	31 May 2020	60 days

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Particulars	Available Financials	Audited	Date for Issuance	Extended Date for Issuance	Period of Relaxation
NCDs, NCRPS or CPs					

1.3 Timelines for Filings by Issuers of Municipal Debt Securities

The due date for the following filings has been extended:

S. No.	Filing	Relaxation for half year/financial year ending 31 March 2020		
		Due Date	Extended Due Date	Period of Relaxation
1	Half Yearly Investor Grievance Report	15 May 2020	30 June 2020	45 days
2	Half Yearly Financial Results	30 May 2020	30 June 2020	30 days
3	Quarterly Accounts maintained by Issuers	15 May 2020	30 June 2020	45 days

While these are important reliefs for listed entities, considering the ongoing pandemic, we expect that SEBI may issue further relaxations on other fronts as well.

2 Relaxations Introduced under the MF Regulations

2.1 Validity Period for New Fund Offer (NFO) Schemes

For (i) NFO schemes where SEBI has issued its observation letter but is yet to be launched, and (ii) NFO schemes where SEBI is yet to issue its observation letter, the validity period will be one year from the date of the SEBI letter.

2.2 Timelines for Disclosures

The due dates for the following disclosures have been extended:

S. No.	Disclosure	Due Date	Extended Due Date
1	Half yearly disclosures of unaudited financial results	30 April 2020	31 May 2020
2	Disclosure of commission paid to distributors	10 April 2020	10 May 2020
3	Yearly disclosure of investor complaints with respect to Mutual Funds	31 May 2020	30 June 2020

2.3 Implementation of Policy Initiatives

The implementation dates of the following policy initiatives have been extended:

S. No.	Circular Name	Particulars	Due Date	Extended Due Date
1	Risk management framework for liquid and	Liquid funds to hold at least 20% of its net assets in liquid assets.	1 April 2020	1 May 2020

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S. No.	Circular Name	Particulars	Due Date	Extended Due Date
	overnight funds and norms governing investment in short term deposits dated 20 September 2019			
2	Review of investment norms for mutual funds for investment in Debt and Money Market Instruments dated 1 October 2019	Existing open-ended mutual fund schemes to comply with the revised limits for sector exposure.	1 April 2020	1 May 2020
3	Review of investment norms for mutual funds for investment in Debt and Money Market Instruments dated 1 October 2019	Maximum investment in unlisted NCDs as a percentage of the debt portfolio of the scheme.	15% - 31 March 2020	15% - 30 April 2020
4	Valuation of money market and debt securities dated 24 September 2019	Amortization based valuation to be dispensed with and irrespective of residual maturity, all money market and debt securities to be valued as prescribed under the MF Circular.	1 April 2020	1 May 2020

2.4 Relaxation of Access Control of Asset Management Companies (AMCs)

The requirements for AMCs to maintain access control in their dealing room, including call recording of deals, has been temporarily relaxed. However, checks and balances such as electronic confirmation by way of email or any other system with an audit trail must be in place.

Considering the ongoing pandemic, we expect that SEBI may issue further relaxations on other aspects as well.

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