

SEBI CA. Bhavesh Vora, CA Jayant Thakur	
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Key Updates

- **Transaction in Corporate Bonds through RFQ platform by Alternative Investment Funds (AIFs)**

To increase the liquidity on RFQ platform of stock exchanges and to enhance the transparency and disclosure pertaining to trading in secondary market in Corporate Bonds, SEBI had prescribed stipulations for transactions on RFQ platform by Mutual Funds, Portfolio Management Services and Stock Brokers.

Considering the above and taking into account the recommendations of the Alternative Investment Policy Advisory Committee (AIPAC), it is stipulated that AIFs shall undertake at least 10% of their total secondary market trades in Corporate Bonds by value in a month by placing/seeking quotes on the RFQ platform.

Also this circular clarifies that all transactions in Corporate Bonds wherein AIF(s) is on both sides of the trade shall be executed through RFQ platform in 'one-to-one' mode. However, any transaction entered by an AIF in Corporate Bonds in 'one-to-many' mode which gets executed with another AIF, shall be counted in 'one-to-many' mode and not in 'one-to-one' mode.

- **Framework for Adoption of Cloud Services by SEBI Regulated Entities**

SEBI vide circular dated 6th March 2023 have defined Cloud Framework to provide baseline standards of the security and for the legal and regulatory compliances by the regulated entity.

The main purpose of this framework is to highlight the key risks, and is mandatory control measure with the REs need to put in place before adoption cloud computing.

This framework is applicable to Stock Exchanges, Clearing Corporations, Depositories, Stock Brokers through exchanges, Depository participant through depositories, AMCs & MFs, Qualified registrar to an Issue and Share Transfer Agents, KYC registration authorities.

- **Changes in Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives Segment**

In view of the representations received from market participants and based on deliberations with various stakeholders, SEBI vide circular dated 1st February 2023 has decided that EOD (End of Day) margin collection requirement from clients, in derivatives segments (including commodity derivatives), shall also be calculated based on the fixed BOD (Beginning of Day) margin parameters.

- **Revised Disclosure Requirement for Issuance and Listing of Green Securities**

In the backdrop of increasing Interest in sustainable finance in India as well as around the globe, and with a view to align the extant framework for green debt securities with the updated Green Bond Principles (GBP), SEBI vide circular dated 6th February 2023 have issued revised disclosure requirement for Issuance and Listing of Green Securities on the following parameters :-

- A) Initial Disclosure requirements for issue and listing of green debt securities.
 - a. Statement on environment sustainability objectives of the issue of green debt securities;
 - b. Brief details of Decision-Making Process
 - c. Details of System / procedures to be employed for tracking the deployment of the proceeds of the issue.
 - d. Details of Project / Asset or areas where the issuer proposes to utilise the proceeds of the issue.
 - e. Details of Indicative estimate of distribution of proceeds raised.
 - f. Details of intended types of temporary placement of the unallocated and utilised net proceeds form the issue of green debt securities.
 - g. Details related to the perceived social and environmental risks and proposed mitigation plan associated with the project.
 - h. The issuer shall appoint an independent third party reviewer / certifier.
- B) Continuous Disclosure requirements for listed green securities.

- a. Utilisation of Proceeds as per the tracking done by the issuer using the internal process as disclosed in offer documents
- b. Details of unutilised proceeds including the temporary placement / utilization of unallocated and unutilised proceeds
- c. List of Projects / asset , Qualitative performance indicators , methods and key underlying assumptions , details of deployment of the mitigation plan should be additionally disclosed in the Annual Report
- d. Impact Reporting
- e. Disclosure of major elements of Business Responsibility Statement

C) Responsibilities of the issuer

An issuer of Green Debt Securities shall

- a. maintain a decision-making process which it uses to determine the continuing eligibility of the project and/or asset.
- b. ensure that all project and/or asset(s) funded by the proceeds of green debt securities, meet the documented objectives of green debt securities
- c. Utilise the proceeds only for the stated purpose, as disclosed in the offer document.
- d. Ensure compliance with the SEBI circular "Dos and don't relating to green debt securities to avoid occurrences of greenwashing"

- **Enhanced obligations and responsibilities on Qualified Stock Brokers (QSBs)**

As per SEBI circular dated 6th February 2023, Qualified Stock Brokers (categorised based on prescribed parameters) are required to comply with enhanced obligations and responsibilities with respect to various aspects like Governance Structure and processes, Risk Management Policy & processes, Surveillance of Client behaviour, Ensuring integrity of operations, Scalable Infrastructure and appropriate technical capacity, Framework for orderly winding down, Robust cyber security framework and processes, Vulnerability Assessment and penetration testing, Business continuity plan, Periodic Audit, Investor Services including online complaint redressal systems.