

<b>SEBI</b> CA. Bhavesh Vora, CA Jayant Thakur	
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- Risk Disclosure with respect to trading by individual traders in Equity Futures & Options Segment**

In order to facilitate informed decision making by the investors trading in derivatives segment, SEBI introduced "Risk Disclosure" with respect to trading in F&O segment vide circular dated 19th May 2023 .As per the circular all the stock brokers shall display following "Risk disclosure" on their website.

<p><b>RISK DISCLOSURES ON DERIVATIVES</b></p> <ul style="list-style-type: none"> <li>➤ 9 out of 10 individual traders in equity Futures and Options Segment, incurred net losses.</li> <li>➤ On an average, loss makers registered net trading loss close to ₹50,000.</li> <li>➤ Over and above the net trading losses incurred, loss makers expended an additional 28%of net trading losses as transaction cost.</li> <li>➤ Those making net trading profits,incurred between 15% to 50% of such profits as transaction cost.</li> </ul>
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The clients upon login of their trading account may be prompted to read the "Risk Disclosures" and shall be allowed to proceed ahead only after acknowledging the same.

Further all the Qualified Stock Brokers (QSBs) shall maintain the Profit and Loss data (P&L) data of their clients on continuous basis and shall be retained for at least 5 years.

- Additional disclosure requirements for issues of Transition Bonds.**

Transition bonds is one of the sub categories of the revised definition of "green debt security". As per the SEBI (Issue and Listing of Non – Convertible Securities). Transition bonds comprise of "funds raised for transitioning to a mere sustainable form of operations, in line with India's Intended Nationality Determined Contributions"

In order to facilitate transparency and informed decision making amongst the investors in the transition bonds and to ensure that the funds raised through transition bonds are not misallocated, SEBI have introduced following additional disclosure for such issuers of transition bond.

In the offer document for public issues / private placement, the Issuer of transition bonds shall use a denotation 'GB-T'. Transition Plan shall contain details of Interim Target / Milestone, brief implementation strategy, details of usage of technology, mechanism to oversee the utilization of the funds raised through transition bonds and the implementation of the transition plan.

In case of revision in the transition plan, an Issuer of transition bonds, during the year, shall disclose the revised transition plan along with an explanation for any such revision to the already disclosed plan

The Issuer, shall disclose the transition plan along with a brief on the progress of the implementation of the transition plan in the Annual Report

- Introduction of Legal Entity Identifier for issuers who have listed and / or propose to list non-convertible securities, securitised debt instruments and security receipts.**

LEI is a unique global identifier for legal entities participating in financial transactions. LEI is designed to create a global reference data system that uniquely identifies every legal entity, in any jurisdiction, that is party to a financial transaction.

The requirements are tabulated below :-

Category of security	Relevant Regulation	Applicability	Timeline
Non – Convertible Securities	SEBI (Issue and listing of Non-convertible Securities ) Regulations, 2021	Issuer proposing to issue and list non-convertible security.	On or after September 1, 2023
		Issuer having outstanding listed non-convertible security as on August 21, 2023	On or before September 1, 2023
Securitized Debt instrument and Security Receipts	SEBI (Issue and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008	Issuer proposing to issue and list Securitized Debt Instruments or Security Receipts	On or after September 1, 2023
		Issuer having outstanding listed Securitized Debt Instruments and Security Receipts as on August 31,2023	On or before September 1, 2023

- **Trading Supported by Blocked Amount in Secondary Market**

In order to provide protection to Investors from the default of members, SEBI vide circular dated 23rd June 2023 has decided to introduce a supplementary process for trading in secondary market based on blocked funds in investor's bank account thereby providing enhanced protection of cash collateral.

Under this proposed framework, funds shall remain in the account of client but will be blocked in favour of the Clearing Corporation (CC) till the expiry date of the block mandate or till block is released by the CC, or debit of the block towards obligations arising out of the trading activity of the client, whichever is earlier. Further, settlement for funds and securities will be done by the CC without the need for handling of client funds and securities by the member.

The circular also discusses various features and process in areas of

- 1) Settlement
- 2) Eligible Investors
- 3) Process for facility
- 4) Release of block
- 5) Dealing with Shortages

- **Standardisation of Format for "Trading Preferences"**

Investor Clients need to provide trading account related details while opening a trading account with a stock broker. Currently clients need to give separate authorization / letter in case they want to trade on different stock exchange for the same segment or on different segment. Based on the representations received and in consultation with Stock Exchanges, SEBI vide circular dated 21st June 2023 has been decided that all stock brokers are mandated to register their new client on all the active stock exchanges after obtaining the trading preferences as per the given new format in circular.

- **SEBI Consultation Paper on Regulatory Framework for Micro, Small & Medium REITs (MSME REIT)**

In the past years, there has been increase in web based platforms offering fractional ownership of real estate assets. These platforms provide investors an option to invest in buildings and office spaces including warehouse, shopping center's etc. It has become necessary to require registration and regulate these fractional ownership platforms to bring regulatory oversight, common uniform standard disclosure practices, ensuring liquidity by way of listing or similar such measure, investor redressal mechanism etc.

Accordingly, in addition to many other compliances SEBI vide consultation paper dated have proposed the following:-

- 1) Registration & regulations of FOPs under REIT Regulations
- 2) Structure of MSME REITs
- 3) Mandatory SEBI registration
- 4) Valuation of Assets as defined under regulation 2(1)(zz) of SEBI (REIT) Regulations,2014
- 5) Capping of total expenses ratio for MSME REITs
- 6) Various disclosure & reporting requirements
- 7) Investor rights who are investing via such FOPs etc.

- **Consultation paper on draft SEBI (Prohibition of Unexplained Suspicious Trading Activities in the Securities Market) Regulations, 2023.**

SEBI have identified various cases of contravention of provisions of the securities laws, particularly resulting in manipulative, fraudulent and unfair trade practice, insider trading, front running, pump and dump etc. which severely undermine the integrity of the securities market. Despite surveillance system of SEBI repeatedly detecting such instances, the use of Innovative, vanishing, and encrypted methods of private communication, as well as complex and untraceable funding arrangements, makes it impossible to establish the preponderance of probability. To address these challenges and in order to avoid repetitive abnormal gainful dealings in a security or a set of securities and unfair trade practices, SEBI has proposed regulatory framework for such suspicious trading activities.

The framework have proposed following provisions:-

- Definition of Unusual Trading Pattern (UTP)
- Definition of Deemed UTP
- Definition of Material Non – Public Information
- Definition of Suspicious Trading Activity
- Rebuttal by the persons charged under the regulations
- Definition of Unexplained Suspicious Trading Activity

- **SEBI Consultation paper on reduction in timelines for listing and trading of shares through public issues from the existing six days to three days.**

SEBI vide consultation paper dated 20th May 2023 had proposed reduction in timelines for listing and trading of shares will benefit both issuers as well as investors. Issuers will have faster access to the capital raised thereby enhancing the ease of doing business and the investors will have the opportunity for having early credit and liquidity of their investments.

SEBI has proposed various changes in following key activities involved in the public issue process.

- 1) Submission of application and modification of bid by Investors
- 2) Processing of application by Self Certified Syndicate Banks (SCSBs) and Intermediaries prior to the closure of public issue
- 3) Scrutiny of applications with respect to third party investors
- 4) Submission of Final Certificates by SCSBs and Sponsor Bank.
- 5) Lock – in of Pre issue capital
- 6) Finalization and Unblocking of ASBA application monies.
- 7) Execution of corporate action for credit of shares to allottees
- 8) Listing and Trading approval.

9) Publishing of allotment advertisement

10) Commencement of Trading