



- THE LAWSPECT -

REGULATORY UPDATES

July, 2022 edition

WHAT WE'LL DISCUSS - PREFACE

We exist in a dynamic and ever-changing business environment. The uncertainty is not limited to the commercial aspects of the business, but the legal and regulatory aspects as well. The legal environment around businesses has been constantly changing as regulators are keen on introducing a well-balanced framework. Thus, as working professionals, it becomes very important that we have a knowledge of updated laws and regulations. In an attempt to achieve the same, we have come up with this newsletter.

The newsletter covers the relevant regulatory updates in the financial and commercial law domain, for the month of July, 2022.

The Securities and Exchange Board of India was established as a statutory body in the year 1992 and the provisions of the SEBI Act, 1992 came into force on January 30, 1992.

The SEBI is the capital markets regulator and is trusted with the responsibility of healthy development of the capital markets and investor protection. SEBI primarily acts as the watchdog of the capital market.

SEBI regularly notifies amendments and circulars in order to effectively discharge its responsibilities. Thus, it is imperative to analyse the prescriptions by the SEBI.

SECURITIES AND EXCHANGE BOARD OF INDIA



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

Declaration of zero coupon zero principal instruments as securities

Date of notification: July 15, 2022

Effective Date: Not Applicable

BACKGROUND

Section 2(h) of the Securities Contracts (Regulation) Act, 1956 defines the term "security".

ABOUT THE UPDATE

The SEBI, vide the aforesaid notification, declared zero coupon zero principal instruments as securities under the Securities Contracts (Regulation) Act, 1956. Zero coupon zero principal instruments have been defined as:

instrument issued by a Not for Profit Organisation which shall be registered with Social Stock Exchange segment of a recognised Stock Exchange in accordance with the regulations made by the Securities and Exchange Board of India.

IMPLICATIONS:

Now that zero coupon zero principal instruments have been recognised as a security, they can be listed on the social stock exchange.

Levy of Goods & Services Tax (GST) on the fees payable to SEBI

Date of notification: July 18, 2022

Effective Date: July 18, 2022

BACKGROUND

The GST Council had granted an exemption, to services provided by the SEBI, from the goods and services tax. However, the exemption has been withdrawn vide notification dated 13th July, 2022.

ABOUT THE UPDATE

Pursuant to withdrawal of the exemption on GST on fees paid to the SEBI, by the GST Council, GST@ 18% shall be applicable on all fees paid to the SEBI w.e.f July 18, 2022.

IMPLICATIONS:

The fees payable to the SEBI shall be accompanied by the applicable GST.

Single Operational Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper

Date of notification: July 29, 2022

Effective Date: Not Applicable

BACKGROUND

The SEBI has, from time to time, issued various circulars pertaining to disclosure requirements by entities whose Non-convertible Securities, Securitized Debt Instruments and Commercial Paper are listed on a recognised stock exchange.

ABOUT THE UPDATE

The SEBI, vide the above circular, has consolidated all the disclosure obligations applicable to issuers of listed Non-convertible Securities, Securitized Debt Instruments and Commercial Paper. The operational circular also consolidates the formats in which such disclosures are to be made.

IMPLICATIONS:

The entities whose Non-convertible Securities, Securitized Debt Instruments and Commercial Paper are listed are required to comply with the prescriptions of the circular.

LET'S CONNECT

Hope you find the newsletter enriching and worthy of your time.

We welcome constructive feedback, reach us out at our contact.

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