



To,  
Pradeep Ramakrishnan,  
General Manager,  
Securities and Exchange Board of India,  
Via email to: pradeepr@sebi.gov.in

11<sup>th</sup> October, 2020

**Sub: Discussion paper on Listing Obligations and Disclosure Requirements**

At the outset, we, at Indian Association of Investment Professionals (IAIP), a member society of the CFA Institute, appreciate the opportunity to submit our comments to the **DISCUSSION PAPER ON LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS**.

IAIP is an association of over 2000 local investment professionals who are CFA charterholders and about 4000+ professionals who have cleared exams, eligible and awaiting charter. The Association consists of valuation professionals, portfolio managers, security analysts, investment advisors, and other financial professionals that promote ethical and professional standards within the investment industry, facilitate the exchange of information and opinions among people within the local investment community and beyond, and work to further the public's understanding of the CFA designation and investment industry.

CFA Institute is a global non-profit association of investment professionals with over 164,000 members in over 165 countries. In India, the community of CFA charterholders is represented by the Indian Association of Investment Professionals (CFA Society India).

Through our global research and outreach efforts, CFA Societies around the world endeavour to provide resources for policy makers, financial services professionals and their customers in order to align their interests. Our members engage with regulators in all major markets.

The recommendations put forth in the discussion paper on Listing Obligations and Disclosure requirements, are commendable to bring forward strong changes in the Compliance Framework, which listed entities have to adhere to on a regular basis. We are in complete agreement to all the proposals recommended by SEBI, and appreciate the efforts to harmonise the LODR regulations with the Companies Act. The recommended policies will help ease the compliance burden, and doing away with redundant policies, will help improve the governance in listed entities. We would like to add a few suggestions, with respect to the above mentioned paper consistent with our objective to promote fair and transparent global practices.

**A. Details of our Organisation:**

- 1. Name:** Indian Association of Investment Professionals (CFA Society India)
- 2. Contact number:** +91 98196 30042
- 3. Email address:** [advocacy@iaipirc.org](mailto:advocacy@iaipirc.org)
- 4. Postal address:** 702, 7th Floor, A Wing, One BKC Tower, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

**B. Key Contributors:**

Sivananth Ramachandran, CFA      Rashmi Modi, CFA      Shwetabh Sameer, CFA  
  
Ashwini Damani, CFA      Om Jha, CFA



C. Suggestions / Comments:

<b>Name of Entity/Person:</b> Indian Association of Investment Professionals (CFA Society India) <b>Contact Number &amp; Email Address:</b> +91 9819630042(Rajendra Kalur, CFA) ; <a href="mailto:advocacy@iaipirc.org">advocacy@iaipirc.org</a>			
Sr. No.	Pertains to Regulation/sub-regulation/schedule/clause/sub-clause (as applicable)	Proposed /Suggested changes	Rationale
1.	3	Insertion of new sub- regulation (2) (1) The provisions of these regulations which become applicable to listed entities on the basis of market capitalisation criteria shall continue to apply to such entities even if they fall below such thresholds.	This is a good change towards market integration, and improving the overall corporate governance within the organization.
2.	Second proviso to regulation 15(2)(a)	Insertion of new proviso: Provided that once the above regulations become applicable to a listed entity, they shall continue to remain applicable irrespective of subsequent changes in equity share capital or net-worth of such entity.	This regulation will induce consistency in reporting by companies, and we should look forward to bringing more companies on board.
3.	24(5)	A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved	The proposed changes in the given provision are appreciated. We suggest that the term “shareholding” should not be limited to only the stakeholding but also extend to the net assets of the company. This will protect the shareholders interest, where the company may not be able to go for a slump sale of its assets without passing a special resolution.
4.	Schedule III,	Part A, Para A ... 4. Outcome of Meetings of the	This is a very good clause which will reduce market manipulation, which happens



		<p>board of directors: <b>Insertion of new sub- clause (i)</b></p> <ol style="list-style-type: none"> <li>1. (i) The listed entity shall disclose the financial results to the Exchange(s) within 30 minutes of approval by the board.</li> <li>2. (ii) The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following: a)</li> </ol> <p>b).... h) financial results i) decision on voluntary delisting by the listed entity from stock exchange(s).</p>	<p>before the final declaration of results.</p> <p>It is suggested that, more clarity should be provided, regarding market surveillance, around the result announcement, in addition to the proposed regulation.</p>
5.	<b>43A (1)</b>	<p>The top <b>five hundred one thousand</b> listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.</p>	<p>This will help in the inclusion of the broader market segment under the regulators purview and help improve governance.</p>
6.	<b>47(1)(a) &amp; (c)</b>	<p><del>Proposed to be Deleted</del></p> <p>1) The listed entity shall publish the following information in the newspaper: (a) notice of meeting of the board of directors where financial results shall be discussed. ... (c) statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit committee and its explanation in directors report in annual report;</p>	<p>This regulation had become redundant in changing times where all information is accessible on the exchange website and companies websites.</p> <p>We would suggest to include the changes in regulation to the filing of results as well.</p>

Thank you again for the opportunity to comment on this important regulatory framework. If you or your staff have questions or seek further clarification, please do not hesitate to contact Mr. Rajendra Kalur, CFA at +91 98196 30042 or at [advocacy@iaipirc.org](mailto:advocacy@iaipirc.org).

Sincerely yours,  
Rajendra Kalur, CFA  
Director - Research and Advocacy Committee  
Indian Association of Investment Professionals, Member Society of CFA Institute