

# Regulatory updates for the month of May 2024

26 June 2024

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# Introduction

The regulatory updates publication issued by the Foundation for Audit Quality (FAQ) highlights the latest developments in accounting, auditing and regulatory space in India and internationally. This month's edition covers important updates on accounting and regulatory matters and other discussion/consultation papers from regulators for the period from 1 May 2024 to 31 May 2024.

Some of the key topics covered in this edition include:

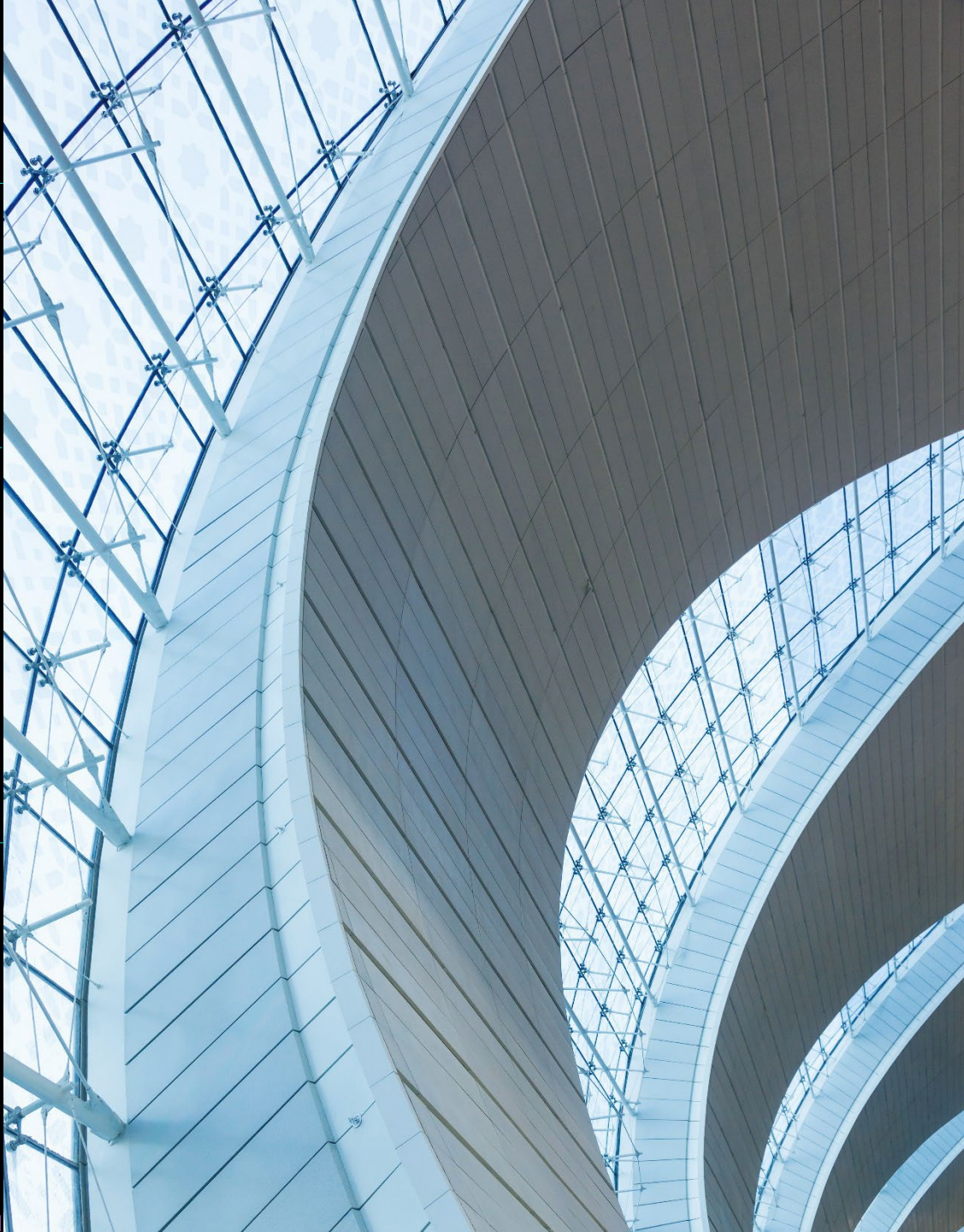
- Revised guidelines for verification of market rumour
- Amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations)
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* issued by the International Accounting Standards Board (IASB).



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# India updates

## Regulatory updates



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## Updates from SEBI

### Amendments to Listing Obligations and Disclosure Requirements

On 17 May 2024, the Securities and Exchange Board of India (SEBI) issued the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024 (Amendment Regulations), notifying the following amendments:

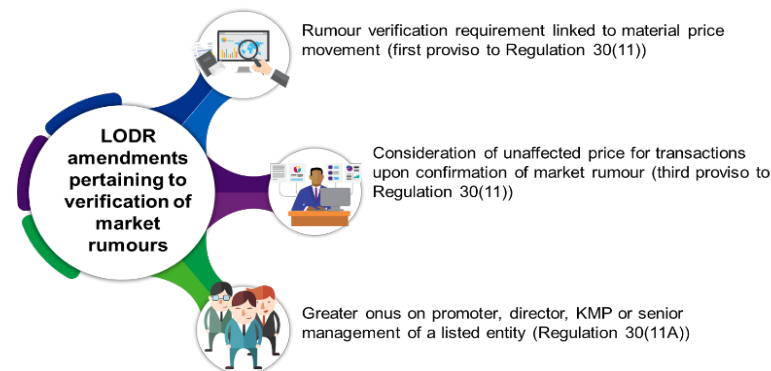
- Verification of market rumours (Regulation 30(11)) (effective 17 May 2024),
- Basis of determining market capitalisation of companies for applicability of various regulations (Regulation 3) (effective 31 December 2024), and
- **Other key matters**  
(Mainly pertaining to:
  - Deferring mandatory compliance of corporate governance requirements applicable to High Value Debt Listed Entities (HVDLEs) (Regulation 15) (effective 17 May 2024),
  - Timelines for holding meetings of Risk Management Committee (RMC) (Regulation 21) (effective 17 May 2024),
  - Filling vacancy of Key Managerial Personnel (KMP) and the Chief Financial Officer (CFO) (Regulation 26A) (effective 17 May 2024), and
  - Prior intimation of board meeting (Regulation 29) (effective 17 May 2024).)

These updates have been discussed in the sections below:

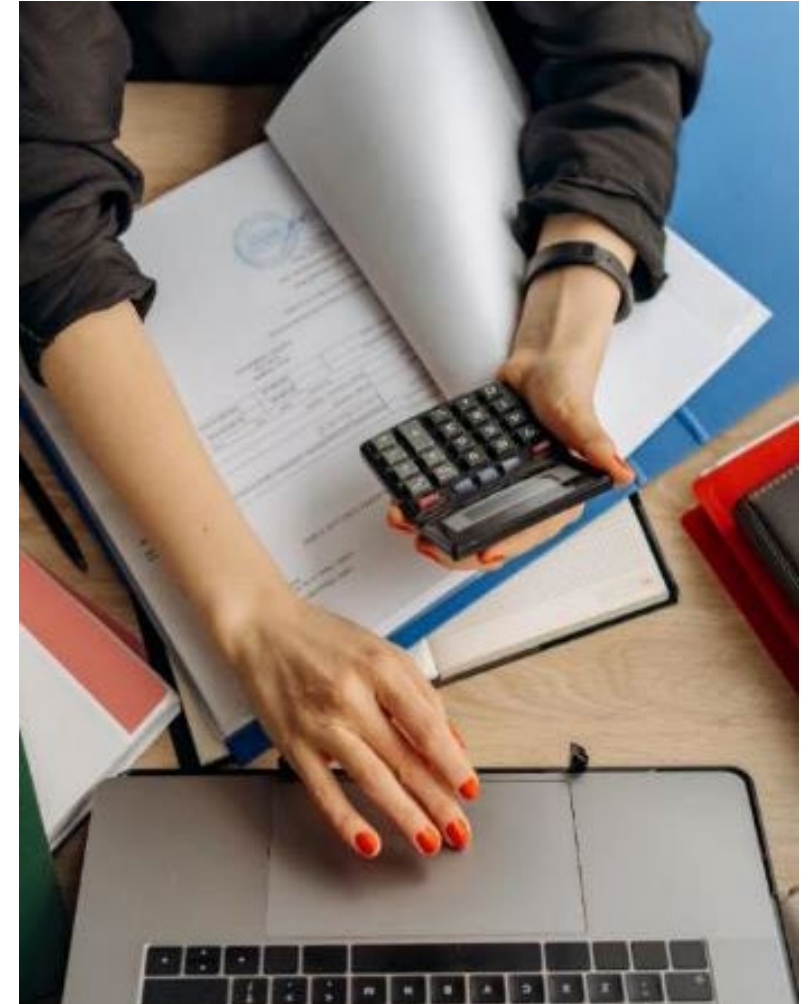
#### Verification of market rumours (Regulation 30(11))

Regulation 30(11) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) require listed entities to confirm, deny or clarify market rumours which are reported in the mainstream media. The rumour verification requirement is applicable to the top 100 listed entities with effect from 1 June 2024 and to top 250 listed entities with effect from 1 December 2024.

The Amendment Regulations have revised certain facets pertaining to regulations governing market rumours verification, thereby facilitating a uniform approach for verification of market rumours by equity listed entities. The amendments mainly cover the following aspects:



(Source: Foundation for Audit Quality's analysis, 2024 read with the Amendment Regulations)



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Subsequently, SEBI issued the following circulars on 21 May 2024:

- **Industry standards on verification of market rumours:** The Industry Standards Forum (ISF)<sup>1</sup> has formulated an industry standards note, in consultation with SEBI for effective implementation of the requirement to verify market rumours. This note would be published on the websites of the members of the ISF. The Industry Standards Note is further discussed below. To access this circular, please [click here](#).
- **Framework for considering unaffected price for transactions upon confirmation of market rumour:** This circular provides a framework for considering the unaffected price for certain transactions upon confirmation of market rumour within 24 hours. To access this circular, please [click here](#).

## Rumour verification requirement linked to material price movement (first proviso to Regulation 30(11)):

Prior to the Amendment Regulations, listed entities were required to verify market rumours only pertaining to 'material' events or information.

However, the Amendment Regulations have now replaced these requirements. Accordingly, market rumours would require verification only if there is a material impact on the stock price, i.e. a material price movement of the securities of the concerned listed entity.

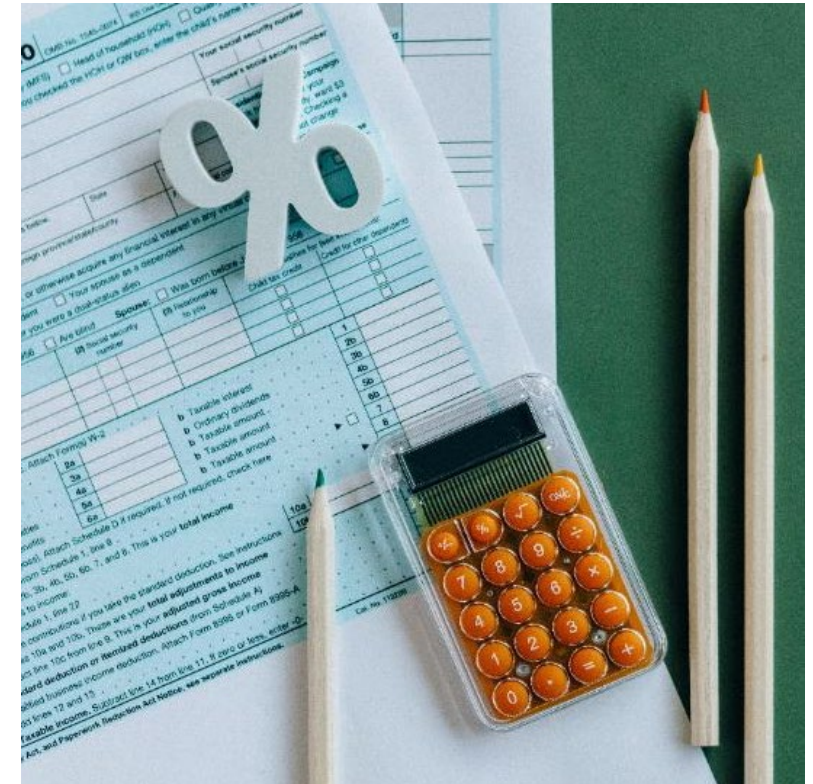
### Framework for material price movement

In order to ensure compliance with the criteria of material price movement for verification of market rumours, the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) along with SEBI, have formulated the framework for material price movement with respect to rumour verification by listed entities.

The framework lays down the:

- Parameters for material price movement<sup>2</sup>,
- Illustrations of variations that should be treated as material price movement in case of positive/negative rumour
- The surveillance measures to be implemented by the stock exchanges.

To access the text of the framework, please [click here](#)



<sup>1</sup> The ISF comprises of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges.

<sup>2</sup> This framework is hosted on NSE BSE website. There is no direct link to the circular. It has to be searched once on the NSE site under circulars.



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## Consideration of unaffected price for transactions upon confirmation of market rumour (Third Proviso to Regulation 30(11)):

The Amendment Regulations have inserted the requirement that where market rumours have been confirmed within 24 hours from the trigger of the material price movement, the unaffected price of the shares would be considered for transactions on which pricing norms are specified by SEBI regulations or the stock exchanges (corporate action)<sup>3</sup>.

Regulation 30(11) lists down following SEBI Regulations and provisions, where pricing norms have been prescribed:

- Chapter V or Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- Regulation 8 or Regulation 9 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- Regulation 19 or Regulation 22B of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018
- Any other pricing norms specified by the Board or the stock exchanges.

For the purpose of computing the unaffected price, the impact of the following should be excluded from the price of the equity shares:

- Impact of the material price movement, and
- Impact of confirmation of the reported event or information

The 'Framework for considering the unaffected price' as prescribed by SEBI provides the manner of computing the unaffected price.

## Consequential amendments

SEBI has issued consequential amendments to the [SEBI \(Issue of Capital and Disclosure Requirement\) Regulations, 2018](#), [SEBI \(Substantial Acquisition of Shares and Takeovers\) Regulations, 2011](#) and [SEBI \(Buy-Back of Securities\) Regulations, 2018](#).

## Greater onus on promoters, directors, KMP and senior management:

The Amendment Regulations has inserted Regulation 30(11A), thereby laying greater onus on promoters, directors, KMP and senior management to provide timely and accurate response to queries raised or explanation sought from listed entities and ensure compliance with Regulation 30(11).

To access the text of the amendment, please [click here](#).

## Classification of unverified information:

On 17 May 2024, SEBI amended the definition of 'generally available information' under the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations). The amended definition specifically excludes unverified event or information reported in print or electronic media from the ambit of generally available information. Therefore, such information should be treated as Unpublished Price Sensitive Information (UPSI) and not 'generally available' information.

To access the text of the amendment, please [click here](#)



<sup>3</sup>Corporate actions include transactions such as buyback through book building and stock exchange, qualified institutional placement, preferential allotment, takeovers, effect on share price due to material price movement and confirmation of reported event or information.

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## Industry Standards Note

The ISF vide the Industry Standards Note (ISN) lays down standard operating procedures for compliance with the rumour verification requirement to be followed by listed entities. The ISN is divided into three parts:

- **Part A – General aspects** – This covers the following:
  - Defines what would be considered as ‘mainstream media’
  - Defines what is the meaning of ‘not general in nature’
  - Clarifies that even if the market rumour is specific and impending, a confirmation/denial/ clarification of the market rumour will be required only if the market rumour results in a ‘material price movement’, and
  - Describes verification requirements of market rumours reported between issuance of pre-intimation notice under Regulation 29(1), and conclusion of the Board Meeting.
- **Part B – Aspects related to Mergers & Acquisitions transactions-** This covers the following
  - Prescribes the rumour verification standards for various stages of a potential M&A transaction; and
  - Requirement to consider unaffected price – in situations where rumour verification impacts price
- **Part C - Aspects related to Non-Mergers & Acquisitions transactions-** This covers the following
  - Guiding principles for rumour verification in respect of non-M&A transaction scenarios, and
  - Provides illustrative Non-M&A transaction scenarios- which include whistle-blower complaints, internal review/investigation in respect of operational/financial aspects, potential change in KMP (including resignation and removal of KMPs); and Health of the Managing Director (MD)/Chief Executive Officer (CEO).

To access the ISN, please [click here](#).





## Basis of determining market capitalisation of companies for applicability of various regulations (Regulation 3)

Currently, the applicability of certain provisions of the LODR regulations is determined based on market capitalization of a listed entity as on 31 March i.e. based on a single day's market capitalisation.

The Amendment Regulations has introduced the requirement to compute average market capitalisation of a listed entity. The details pertaining to these requirements are given below:

- Market capitalisation-based requirement should be determined on the basis of average market capitalisation from 1 July to 31 December, instead of single day's (i.e 31 March) market capitalisation. Every stock exchange on 31 December of every year would prepare the ranking of listed entities basis the average market capitalisation.
- Consequently, the relevant provisions would be applicable to listed entities from 1 April or from the beginning of the immediate next financial year, whichever is later.
- With respect to reporting of Business Responsibility and Sustainability Reporting (BRSR) (or assurance under BRSR Core), a listed entity should put in place systems and processes to capture the data to be reported within a period of three months from 31 December and thereafter a glide path of one year is provided for BRSR reporting (or assurance under BRSR Core) in the annual report.
- Sunset clause of three years for cessation of applicability of market capitalisation-based provisions has been introduced.

This amendment is effective from 31 December 2024.

## Other key amendments

- I. Timeline for mandatory applicability of corporate governance regulations to High Value Debt Listed Entities (HVDLEs) (Regulation 15):** The timeline for mandatory applicability of corporate governance provisions of the LODR Regulations<sup>4</sup> to HVDLEs has been extended till 31 March 2025 (*earlier 31 March 2024*). This amendment is effective from 17 May 2024.  
  
Till 31 March 2025, the HVDLEs would need to adhere to the corporate governance norms on a comply or explain basis.
- II. Gap between meetings of the Risk Management Committee (RMC) (Regulation 21):** The maximum permitted time gap between two consecutive meetings of the RMC has increased from 180 days to 210 days. This amendment is effective from 17 May 2024.
- III. Vacancies of Key Managerial Personnel (KMP) (Regulation 26A):** The timeline for filling up vacancy in the office of a KMP<sup>5</sup> and in office of Chief Financial Officer (CFO) wherein approval of statutory authorities is required, has been extended from three months to six months.

This amendment is effective from 17 May 2024.



<sup>4</sup> Regulation 16 to 27 of SEBI LODR Regulations

<sup>5</sup> KMP for this regulation includes Chief Executive Officer, Managing Director, Whole Time Director or Manager.

## IV. Timeline for prior intimation of board meetings

**(Regulation 29):** The timeline for prior intimation of board meetings has been reduced to two working days (*as per previous requirement, timeline for giving prior intimation varied from two working days to a maximum of eleven working days*). The amendment further states that prior intimation is not required for determination of issue price for fund raising done through qualified institutions placement as per ICDR Regulations. Additionally, it has been notified that prior intimation would be required only for fund-raising proposals that involve issue of securities.

This amendment is effective from 17 May 2024.

To access the text of the Amendment Regulations, please [click here](#).

## Amendments in SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018 (ICDR Regulations)

On 17 May 2024, SEBI issued the SEBI (Issue of Capital and Disclosure Requirement) (Amendment) Regulations, 2024 (ICDR Amendment Regulations), thereby notifying amendments pertaining to the following regulations. These amendments are applicable from 18 May 2024:

- I. **Contribution towards Minimum Promoters' Contribution (MPC) (Regulation 14, 236, 238, 292):** Currently for determination of MPC, promoters of a company should hold at least 20 per cent of the post-offer paid-up equity share capital on a fully diluted basis. In case

of any shortfall, certain class of investors<sup>6</sup> (MPC investors) are permitted to contribute equity shares to meet the shortfall subject to a maximum of 10 per cent, without being identified as a promoter.

The ICDR Amendment Regulations now permit any non-individual shareholders holding at least five per cent of the post-offer equity share capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s) to contribute towards MPC without being identified as a promoter (i.e. be considered as an MPC investor).

- II. **Inclusions for computation of MPC (Regulation 15(1)(b), 237):** Regulation 15 prescribes the securities to be considered/not considered while computing the MPC.

The ICDR Amendment Regulations has now added a clause which stipulates that equity shares held by MPC investors which arise from the conversion of fully paid-up compulsorily convertible securities held for at least one year before filing the draft offer document should be included for determination of MPC. It also provides that that the compulsorily convertible securities should be converted into equity shares prior to the filing of the offer document, also terms of conversion should be mentioned in the draft offer document.

- III. **Omission of requirement to create security deposit (Regulation 38, 80, 135, 197, 259):** Prior to the ICDR Amendment Regulations, the ICDR Regulations required issuers to deposit an amount calculated at the rate of one percent of the issue size available for subscription to the



<sup>6</sup> Alternative investment funds, foreign venture capital investors, scheduled commercial banks, public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India (IRDAI) are permitted.



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public with the designated stock exchange. This was required for resolution of investor complaints relating to refund of application monies, allotment of securities and dispatch of certificates.

However, since the existing frameworks issued by SEBI<sup>7</sup> have reduced the post issuer investor complaints, SEBI, vide the ICDR Amendment Regulations has deleted the requirement of one per cent security deposit to reduce the cost on the part of issuers in the primary market.

- IV. Extension of the bid/offer closing date (Regulation 46(3), 142(3), 203(3), 266(3)):** Prior to the ICDR Amendment Regulations, in case of force majeure, issuer companies could extend the bidding period disclosed in the offer document by a minimum period of three working days.

Considering that there would be no change in price band in such cases, the ICDR Amendment Regulations has now reduced the minimum period for extension of the bidding period to one working day.

- V. Fresh filing for Offer For Sale (OFS):** The ICDR Amendment Regulations have clarified that with respect to increase or decrease in OFS, the requirement of fresh filing should be based on one of the criteria i.e. either issue size in INR or the number of shares, whichever is disclosed in the draft offer document and not on both the criteria.

To access the text of the ICDR Amendment Regulations, please [click here](#)

## **Revised timelines for annual disclosures by Social Enterprise (SE) on Social Stock Exchange**

A Social Stock Exchange (SSE) is a segment of the stock exchange that provides a platform to social enterprises to raise funds from the public. SEs are entities that get listed on the SSE. In September 2022, SEBI had issued a detailed framework prescribing the minimum requirements for an entity to be registered as a SE on the SSE. Some of the key considerations of the framework are listed below:

- Minimum requirements for registration of a Not for Profit Organisation (NPO) with the SSE
- Minimum initial disclosure requirements for Zero Coupon Zero Principal (ZCZP) instruments
- Timeline and details of annual disclosures by a Non-Profit Organisation (NPO)
- Requirement and timeline of an Annual Impact Report (AIR)
- Timeline to submit a statement of utilization of funds.

SEBI, through a circular dated 27 May 2024, revised the disclosure timelines laid down in the framework under point (c) and (d) above **for FY 2023-24:**



<sup>7</sup> Such as Application Supported by Blocked Amount ('ASBA') application, Unified Payment Interface ('UPI') mode of payment, mandatory allotment in demat, etc.

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**Annual disclosure requirement for NPOs registered on an SSE** – As per the LODR Regulations, an NPO registered on the SSE is required to provide annual disclosures to the SSE on matters specified by SEBI by 31 October 2024 for FY 2023-24 (earlier *60 days from the end of the financial year*).

**Submission of AIR** – The LODR Regulations require an SE, which is registered with or has raised funds through an SSE, to submit an AIR to the SSE in the format specified by SEBI. The revised timeline for submission is 31 October 2024 for FY 2023-24 (earlier *90 days from the end of the financial year*).

To access the text of the circular, please [click here](#).

## Action points for auditors

- The process of preparation of the AIR by an NPO requires significant time, cost and effort along with internal checks. Further, since the outcome of the metrics may be subjective, there may be challenges in quantifying the reach, depth and impact of such activities both by the preparer as well as an auditor. The Institute of Chartered Accountants of India has issued the Social Audit Standards (SAS) in India. The auditor will need to assess the requirements of the SAS and how will these integrate with the disclosure requirements in the AIR.

## Mandatory audio-visual presentation of disclosures made in public issue offer documents

In order to enable investors better comprehend the important aspects of an offer document, SEBI issued a circular on 24 May 2024, introducing Audio-Visual (AV) representation of salient disclosures made by companies in their (draft) offer documents for public issues.

Some of the key considerations of the prescribed AV format are listed below:

- The content of the AV should comply with the specified provisions<sup>8</sup> of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations).
- The AV should be prepared and placed in the public domain for all main board public issues.
- It should be in bilingual format (English and Hindi) with the duration of each bilingual version of the AV being approximately 10 minutes. The duration of the AV should be equitably distributed to cover material disclosures<sup>9</sup> made under various sections of the Draft Red Herring Prospectus (DRHP) and Red Herring Prospects (RHP).
- The content of the AV should be factual, non-repetitive, non-promotional and should not mislead in any manner.
- The AV is required to be uploaded on the website of the issuer and the Association of Investment Bankers of India (AIBI) within five working days of filing of DRHP with SEBI. Further it should be made available on the digital/social media platforms of the issuer and AIBI.
- The issuer and all the lead managers are responsible for the content and information made available in the AV.



<sup>8</sup> Provisions regarding 'Public communications and publicity materials' prescribed under Schedule IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

<sup>9</sup> Material disclosures include disclosures about the company, risk factors, capital structure, objects of the offer, business of the issuer, promoters, management, summary of financial information, litigations, material developments and terms of the offer etc.



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**Applicability** - The provisions of this circular shall be made applicable to all DRHP filed with SEBI-

- On a voluntary basis on or after 1 July 2024
- On a mandatory basis from 1 October 2024.

To access the text of the circular, please [click here](#)

## Self Regulatory Organisations for Social Impact Assessors

As per the ICDR Regulations, a Social Impact Assessor means an individual registered with Self-Regulatory Organization (SROs) under the Institute of Chartered Accountants of India or such other agency, as may be specified by SEBI.

On 27 May 2024, SEBI has specified that in addition to the SROs registered with ICAI, following agencies would be specified as self-regulatory organisations for social impact assessors in the context of Social Stock Exchange:

- ICAI Social Auditors Organisation (ICMAI SAO) under the Institute of Cost Accountants of India
- ICSI Institute of Social Auditors (ICSI ISA) under the Institute of Cost Accountants of India.

To access the text of the circular, please [click here](#).



# International updates

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## Updates from IFRS

### New standard for simplified disclosures for subsidiaries

When a parent company applies IFRS Accounting Standards for preparing consolidated financial statements, its subsidiaries are required to apply the recognition and measurement requirements under IFRS Accounting Standards when reporting to the parent company for consolidation purposes.

Subsidiaries could prepare their own financial statements using the IFRS for SMEs Accounting Standard or national accounting standards. The recognition and measurement requirements in these standards differ from those in IFRS Accounting Standards. Consequently, a subsidiary could be required to maintain two sets of accounting records.

In this regard, on 9 May 2024, the International Accounting Standard Board (IASB) published IFRS 19 Subsidiaries without Public Accountability: Disclosures as a new accounting standard for subsidiaries. IFRS 19 is a voluntary standard that permits a subsidiary to provide reduced disclosures while applying IFRS accounting standards.

Some of the key points of the standard are as follows:

**Scope** - Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability<sup>10</sup> and their parent company applies IFRS Accounting Standards in their consolidated financial statements that is available for public use.

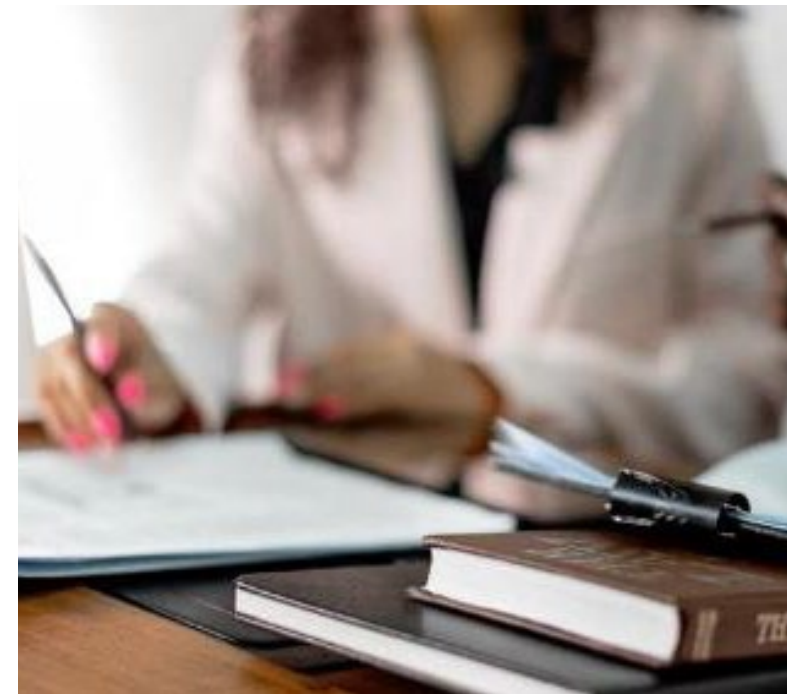
**Objective** – The standard lays down the disclosure requirements a subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

**Reduced disclosure requirements** – IFRS 19 is a reduced version of a disclosure-only standard. An eligible subsidiary is required to apply other IFRS accounting standards for recognition, measurement and presentation requirements. Only for disclosure requirements, the subsidiary should apply IFRS 19 instead of other IFRS Accounting Standards, except in specified cases.

**Consideration for additional disclosures** – A subsidiary is required to consider providing additional disclosures in cases where the disclosures provided under IFRS 19 are insufficient for the users of financial statements to understand the entity's financial position and performance.

**Applicability** - IFRS 19 is effective for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

To access the text of the standard, please click [here](#)



10. A subsidiary has public accountability if:
- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
  - it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance companies, securities brokers/ dealers, mutual funds and investment banks often meet this second criterion).

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## Action points for auditors

Given that Ind AS are largely converged with the IFRS, it appears that similar amendments could be adopted in India as well. As per the road map for Ind AS adoption issued by the Ministry of Corporate Affairs (MCA), if a holding company or a subsidiary adopts Ind AS, then its group companies (i.e. holding companies, subsidiaries, joint ventures and associates) would also need to adopt Ind AS for preparation of their statutory accounts. Accordingly, in India, there would not be an issue of maintaining a dual set of books of account. However, members in practice should consider situations and applicability of IFRS 19 where an entity is a subsidiary of a holding company that is based outside India.

IFRS 19 discusses the issues pertaining to disclosure requirements of subsidiaries being disproportionate to the information needs of the users of the financial statements, and hence reduced disclosure requirements have been prescribed. However, in India, in addition to the Ind AS, Schedule III to the Companies Act, 2013 also prescribes the disclosure requirements for notes pertaining to the balance sheet, statement of profit and loss, and the statement of cash flows. Accordingly, the extent to which IFRS 19 would be adopted in India and corresponding changes to Schedule III would need to be determined. Members in practice should watch this space for further updates in the Indian scenario.



# Discussion/Consultation papers and Publications

Exposure Drafts/consultation papers – India and international

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The table below provides an overview of some important exposure drafts/consultation papers released by various regulators during this month:

Regulator	Topic	Particulars
<b>SEBI consultation papers</b> <p>As per the union budget of FY 2023-24, financial sector regulators were requested to carry out a comprehensive review of existing regulations to simplify, ease and reduce the cost of compliance of the regulations through a consultative approach.</p> <p>In order to align the process of review with the budget announcement, SEBI constituted various Working Groups to recommend measures to simplify and ease compliances under various SEBI Regulations.</p> <p>Consequently, SEBI has issued a series of consultation papers as given below.</p>		
SEBI	<b>Consultation Paper on the recommendations of the Expert Committee for facilitating ease of doing business with respect to Business Responsibility and Sustainability Report (BRSR)</b>	<p>In July 2023, SEBI introduced assurance requirements of BRSR Core at company level and for a company's value chain in a phased manner beginning financial year 2023-24.</p> <p>BRSR Core is a sub-set of the SEBI BRSR format consisting of set of Key Performance Indicators (KPIs)/metrics under nine ESG attributes. In May 2024, based on the recommendations of the expert committee established to review provisions to facilitate ease of doing business, SEBI issued a consultation paper to propose changes to provisions relating to requirements of BRSR and BRSR Core under LODR Regulations.</p> <p>Some of the key proposals pertain to the following –</p> <p><b>Value chain reporting:</b></p> <ul style="list-style-type: none"> <li>A 'voluntary disclosure' approach has been proposed rather than a "comply or explain" approach for ESG disclosures for the value chain and its assurance.</li> <li>There are two alternatives given in the consultation paper for determining a value chain partner. As an additional alternative, SEBI has proposed a cumulative threshold of 75 per cent of the listed entity's purchases or sales by value, in addition to the individual 2 per cent threshold for defining value chain partners.</li> <li>For financial year 2024-25, voluntary disclosure of previous year numbers has been proposed as a part of first year of ESG disclosures for value chain.</li> </ul>

# EDs/Consultation papers – India and International

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Regulator	Topic	Particulars
SEBI	Consultation Paper on the recommendations of the Expert Committee for facilitating ease of doing business with respect to Business Responsibility and Sustainability Report (BRSR)	<p><b>Substituting the requirement of ‘Assurance’ with ‘Assessment’</b></p> <p>The term ‘assurance’ has been replaced with the term ‘assessment’. Industry Standards Forum along with SEBI would develop assessment standards.</p> <p>Accordingly:</p> <ul style="list-style-type: none"> <li>Financial year 2023-24: Listed entities can choose to either undertake an 'assessment' or 'reasonable assurance' of BRSR Core disclosures.</li> <li>Financial year 2024-25: Assurance requirement will be replaced with assessment of BRSR Core.</li> </ul> <p><b>Green credit</b></p> <p>SEBI has proposed to include disclosure of green credits as an additional leadership indicator of BRSR. The disclosure should provide details of the green credits generated by the company and by its value chain partners.</p> <p>The comment period ended on 12 June 2024.</p> <p>To access the text of the exposure draft, please <a href="#">click here</a></p>
SEBI	Consultation paper on review of certain aspects of the framework for valuation of investments portfolio of AIFs	<p>On 23 May 2024, SEBI issued a consultation paper proposing certain modifications to the valuation framework for AIFs. The consultation paper provides relaxations on the following aspects:</p> <ul style="list-style-type: none"> <li>Applicability of valuation methodology as per SEBI norms for listed and other than listed securities.</li> <li>Certain changes in ‘valuation methodology and approach’ would not be construed as ‘material change’.</li> <li>Eligibility criteria of AIF-appointed independent valuers.</li> <li>Timeline for reporting investment portfolio valuation by AIFs to benchmarking agencies to be increased to 7 months.</li> </ul> <p>The comment period ended on 13 June 2024.</p> <p>To access the text of the exposure draft, please <a href="#">click here</a></p>

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Regulator	Topic	Particulars
SEBI	<b>Consultation paper on measures towards ease of doing business for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)</b>	<p>On 9 May 2024, SEBI issued a consultation paper to promote ease of doing business for REITs and InvITs. The consultation paper is divided in the following two parts:</p> <ul style="list-style-type: none"> <li>• Part A – Proposals for both REITs and InvITs</li> <li>• Part B – Proposals for InvITs only</li> </ul> <p>The comment period ended on 30 May 2024.</p> <p>To access the text of the exposure draft <a href="#">click here</a></p>
SEBI	<b>Consultation paper on measures towards ease of doing business for Non-Convertible Securities</b>	<p>With an aim to reduce compliance costs and remove inconsistency among various requirements related to issuance of non-convertible securities, SEBI issued a consultation paper on 9 May 2024 to promote ease of doing business for issuers of non-convertible securities. This consultation paper includes proposals which mainly relate to disclosures in offer documents by issuers of non-convertible securities.</p> <p>Few of the key proposals include:</p> <ul style="list-style-type: none"> <li>• Aligning disclosure requirements pertaining to project cost and means of financing with that included in offer document of equity</li> <li>• No disclosure requirements of PAN and personal address of promoters</li> <li>• Align the period for disclosure of key operational and financial parameters with the period for disclosure of financial information</li> <li>• Provide QR code and web-link of branches or units of issuer</li> <li>• Relaxation in disclosure requirements in case of purchase or acquisition of immovable property in the offer document</li> <li>• Flexibility in signatories for providing attestation in offer document</li> <li>• Modification in timeline for submission of status regarding payment obligations to the stock exchanges by entities that have listed commercial paper</li> </ul> <p>The comment period ended on 30 May 2024.</p> <p>To access the text of the exposure draft <a href="#">click here</a>.</p>



# EDs/Consultation papers – India and International

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Regulator	Topic	Particulars
Other consultation papers		
RBI	<b>Draft guidelines on ‘Prudential Framework for Income Recognition, Asset Classification and Provisioning pertaining to Advances - Projects Under Implementation’</b>	<p>Currently, the RBI has issued a <a href="#">prudential framework for early recognition and resolution of stress</a> in borrower accounts. However, this framework does not cover projects under implementation on account of change in Date of Commencement of Commercial Operations (DCCO).</p> <p>In order to address the complexities involved in project finance, on 3 May 2024, RBI issued draft directions on a comprehensive framework applicable to financing of project loans<sup>11</sup>. The draft directions aim to provide the regulated entities with an enabling framework for addressing the risks of project loans.</p> <p>The draft framework, <i>inter alia</i>, provides guidance on the following aspects:</p> <ul style="list-style-type: none"><li>• Phases of projects</li><li>• Conditions for project finance</li><li>• Resolution plans (including resolution plans involving extension of DCCO)</li><li>• Provisioning for standard assets, NPAs, etc.</li><li>• Timelines for compliance</li><li>• Penal consequences for non-compliance</li></ul> <p>The comment period ended on 15 June 2024.</p> <p>To access the text of the exposure draft, please <a href="#">click here</a>.</p>

<sup>11</sup> This includes financing of projects in Infrastructure, Non-Infrastructure and Commercial Real Estate.

# EDs/Consultation papers – India and International

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Regulator	Topic	Particulars
IASB	<b>Proposed amendments to reflect the impact of renewable electricity contracts on an entity</b>	<p>Renewable electricity contracts provides entities with access to renewable electricity sources, irrespective of the entity's needs at the time of production. The supply of such sources cannot be guaranteed and the entity is required to pay for the produced amount of electricity.</p> <p>Such characteristics result in accounting challenges with respect to renewable electricity contracts.</p> <p>Given the increasing global market for these contracts, IASB has proposed the following narrow scope amendments to IFRS 9, <i>Financial Instruments</i> and IFRS 7, <i>Financial Instruments: Disclosures</i>, which:</p> <ul style="list-style-type: none"><li>• Address how the 'own-use' requirements would apply</li><li>• Permit hedge accounting if these contracts are used as hedging instruments; and</li><li>• Add disclosure requirements to enable investors to understand the effects of these contracts on a company's financial performance and future cash flows.</li></ul> <p>The comment period ends on 7 August 2024.</p> <p>To access the text of the exposure draft, please <a href="#">click here</a></p>

# EDs/Consultation papers – India and International

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The table below provides an overview of some important matters for consideration of Chartered Accountants :

Regulator	Topic	Particulars
ICAI	<b>Exposure drafts on guidelines pertaining to CA firms</b>	<p>The Committee for Aggregation of CA Firms (CACAF) has been formed to review and revise guidelines pertaining to CA firms. The committee has proposed revisions to the following two guidelines:</p> <p><b>I. Guidelines for Networking of Indian CA Firms 2021</b> The existing Networking Guidelines<sup>12</sup> did not achieve the desired impact for CA firms. The challenges identified are as follows:</p> <ul style="list-style-type: none"><li>• Non-recognition of the alliance</li><li>• Independence restrictions on auditors</li><li>• Internal frictions within CA firms</li><li>• Lack of understanding the pros and cons of networking</li><li>• Absence of unified platform</li></ul> <p>In order to address the challenges listed above, the CACAF has proposed a new model of networking – ‘<b>LLP Firm Network Model – Approach III</b>’.</p> <p>The comment period ended on 7 June 2024.</p> <p>To access the text of the exposure draft, please <a href="#">click here</a>.</p> <p><b>II. Merger and Demerger Guidelines</b> In order to keep pace with the evolving business environment, the committee has proposed to remove the five-year restriction on demerging firms regaining their original pre-merger trade name.</p> <p>The comment period ended on 6 June 2024.</p> <p>To access the text of the exposure draft, please <a href="#">click here</a></p>

<sup>12</sup> Guidelines for Networking of Indian CA Firms 2021.





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