



Special provisions for delisting of listed subsidiary | SEBI seeks revamp of superior voting rights shares norms | IFSCA amends Bullion Exchange Regulations & prescribes process for framing regulations

INSIGHTS

July 08, 2021

Dear Reader

The following changes/proposals have been made by SEBI, MCA and the International Financial Services Centres Authority (IFSCA):

A. Criteria for 'same line of business' under SEBI (Delisting of Equity Shares) Regulations, 2021, for delisting of listed subsidiary

SEBI recently notified the SEBI (Delisting of Equity Shares) Regulations, 2021 (**New Delisting Regulations**) in supersession of SEBI (Delisting of Equity Shares) Regulations, 2009. Under the New Delisting Regulations, special provisions have been introduced for delisting of equity shares of a subsidiary company, pursuant to a scheme of arrangement by an order of a Court or Tribunal with its listed holding company, whose equity shares are frequently traded, and where the listed holding company and the subsidiary company are in the **same line of business**. In light of this, SEBI has laid down criteria for 'same line of business' vide SEBI Circular dated July 6, 2021 ([available here](#)). The criteria mentioned therein require self-certification and certification by the Statutory Auditor and SEBI Registered Merchant Banker.

B. Changes proposed under SEBI Consultation Paper on Superior Voting Rights Shares (SR Shares)

With a view to provide more flexibility to the promoters holding SR Shares and considering ease listing norms for start-ups, SEBI has issued a consultation paper deliberating on the following proposals:

- Net-worth requirements of SR shareholders to be determined individually or part of promoter group;
- Issuance of SR shares to trusts/ entities on behalf of founders/ promoters in executive position;
- Holding of SR Shares for a specified period before filing of red hearing prospectus.

The aforesaid proposals are provided under consultation paper dated July 1, 2021 ([available here](#)) and public comments are invited till **July 30, 2021**.

C. Relaxations under Companies Act, 2013 (CA2013) and Limited Liability Partnership Act, 2008 (LLP Act)

In view of the resurgence of COVID-19 pandemic, MCA has extended the relaxation of time granted for filing forms related to creation or modification of charge (form No. CHG-1/ form No. CHG-9) under CA2013 vide MCA Circular dated June 30, 2021 ([available here](#)). In another change, MCA has extended relaxation of provisions relating to payment of additional fees for delayed filings under CA2013 and LLP Act till **August 31, 2021** vide MCA Circular dated June 30, 2021 ([available here](#)).

D. International Financial Services Centres Authority (IFSCA) prescribes the process to frame regulations and amends Bullion Exchange Regulations

1. IFSCA has issued certain clarificatory amendments to the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 (**Bullion Exchange Regulations**) vide the International Financial Services Centres Authority (Bullion Exchange) (Amendment) Regulations, 2021 dated July 5, 2021 ([available here](#)). IFSCA has also clarified that in case of any conflict or inconsistency of the provisions of the Bullion Exchange Regulations with the IFSCA (Market Infrastructure Institutions) Regulations, 2021 (**MII Regulations**) on the same subject matter, the provisions of MII Regulations shall prevail. Recently, IFSCA had issued consultation paper to align the Bullion Exchange Regulations with the MII Regulations.
2. IFSCA has prescribed the process for framing regulations to carry out the provisions of the International Financial Services Centres Authority Act, 2019 (**IFSCA Act**) vide the International Financial Services Centres Authority (Procedure for Making Regulations) Regulations, 2021, dated July 5, 2021 ([available here](#)).

[Aforementioned changes/proposals have been analyzed in the file here.](#)

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com

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Email: Insights@elp-in.com

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