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**» Decisions taken in SEBI Board Meeting held on 18th June, 2009**

The SEBI Board, in its meeting held on 18<sup>th</sup> June, 2009 has taken wide ranging decisions such as reducing the disclosure requirements in Rights Issue, introducing the concept of Anchor Investor, prohibiting the issue of shares with superior voting rights by listed companies, reduction of registration fees for FIIs, FVCI etc. amongst others. The changes proposed are set out below:

**Listing of IPO on stock exchange with nationwide trading terminals**

An unlisted company making an IPO shall list the securities on at least one stock exchange having nationwide trading terminals. This would provide a liquid trading platform to investors in securities of the company.

**□ Anchor Investor □ in public issues**

An issuer making a public issue of shares through book building may allocate on a discretionary basis up to 30% of the QIB portion of the issue to anchor investors (AIs), who is a QIB. The minimum size of application by AIs would be Rs. 10 crore. They would bring in a margin of 25% on application and the balance 75% within 2 days of the date of closure of the public issue. There will be a lock-in of 30 days on the shares allotted to these investors from the date of allotment. No person related to the promoter/promoter group/BRLMs can apply as anchor investor. This would bring more certainty to transactions.

**Holding period for shares offered for sale**

Under the current guidelines, a shareholder can make an offer for sale of the equity shares if he has held them for a period of at least one year. Board decided that in case equity shares which are received on conversion of fully paid compulsorily convertible securities, including depository receipts are being offered for sale, the holding period of such convertible securities as well as that of resultant equity shares together would be taken into account for the purpose of eligibility.

**No issue of shares with superior voting rights**

No listed company can issue shares with superior voting rights. This will avoid the possible misuse by the persons in control to the detriment of public shareholders.

**Rationalisation of disclosure norms for rights issues**

Since rights issues are made to existing shareholders, who are in possession of basic information about the company and have been receiving reports regarding major developments in the company on a continuous basis, it has been decided to rationalize disclosures in rights issue offer document by doing away with or modifying existing disclosure requirements. Disclosures that have been done away with

include summary of the industry and business of the issuer company, promise vs. performance with respect to earlier/ previous issues,  Management discussion and analysis . The disclosures relating to financial statements, litigations, risk factors, etc. have been simplified. The revised set of disclosures would make the process of rights issues faster for companies and also reduce the overall cost of such issuances.

**Transparency in payment of commission to Mutual Fund distributors**

There shall be no entry load for the schemes, existing or new, of a Mutual Fund. The upfront commission to distributors shall be paid by the investor to the distributor directly. The distributors shall disclose the commission, trail or otherwise, received by them for different schemes/ mutual funds which they are distributing or advising the investors.

**Rationalisation of fee**

The Board decided to rationalize the fees in the following manner:

Sl. No.	Particulars	Existing Fees	Revised Fees
1.	<b><u>Brokers</u></b>  All Sale and purchase transactions in securities other than Debt Securities  All sale and purchase transactions in Debt Securities	Rs.20/- per Rs. 1 crore of turnover  Rs.5/- per Rs. 1 crore of turnover	Rs.10/- per Rs. 1 crore of turnover  Rs.2.50/- per Rs. 1 crore of turnover
2.	Derivative Segment (including Derivatives <input type="checkbox"/> Currency Segment  Trading Member	Rs.20/- per Rs. 1 crore of turnover	Rs.10/- per Rs. 1 crore of turnover
3.	<b><u>Mutual Funds</u></b>  Filing Fee for offer document	0.005 percent of the amount raised in the new fund offer, subject to a minimum of rupees one lakh and a maximum of rupees fifty lakh.	0.0020 percent of the amount raised in the new fund offer, subject to a minimum of rupees one lakh and a maximum of rupees fifty lakh.
4.	<u>Foreign Institutional Investors</u>  Registration Fee (3 years)	US\$10,000.00	US\$5,000.00
5.	<u>Sub-account of Foreign Institutional Investors</u>		

	Registration Fee (3 years)	US\$2,000.00	US\$1,000.00
6.	<u>Foreign Venture Capital</u>		
	Application Fee	US\$5,000.00	US\$2,500.00
	Registration Fee (One Time)	US\$20,000.00	US\$10,000.00
7.	<u>Custodian of Securities</u>		
	Annual Fee	10,00,000.00 or 0.0005% of assets under custody of Custodian of Securities whichever is higher	10,00,000.00 or 0.00025% of assets under custody of Custodian of Securities whichever is higher

**In case of any clarifications please contact our Capital Market Team.**

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