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COVID 19 SECOND WAVE: SEBI RELAXES COMPLIANCE REQUIREMENTS

6 May 2021

Amidst the second wave of COVID 19 pandemic and restrictions imposed by various state governments, the Securities and Exchange Board of India (SEBI), at the request of listed entities, professional bodies, industry associations, market participants etc., has released a circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2021/557 dated 29 April 2021 (SEBI Circular). The SEBI Circular provides for certain relaxations with respect to compliances under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) to companies that have listed their non-convertible debentures (NCDs), securitized debt instruments (SDIs), non-convertible redeemable preference shares (NCRPS), municipal debt securities (MDS) or commercial papers (CPs).

The relaxations come into force with immediate effect.

Key Relaxations

➤ **Extension of timeline for filings under SEBI (LODR) Regulation 2015**

The SEBI Circular has temporarily relaxed certain compliance requirements under SEBI LODR, for the aforementioned entities, which are as under:

No.	Regulation associated filing and	Filing	Relaxation w.r.t. the Half Year / Financial Year ending March 31, 2020
NCDs/NCRPS/SDIs			
1.	Financial Results: Regulation 52 (1) and (2) of the SEBI LODR	<p><u>Frequency:</u> Half yearly</p> <p><u>Due within:</u> (i) 45 days from the end of the Half Year; (ii) 60 days from the end of Financial Year for</p>	<p>With respect to half yearly financial statements, a relaxation period of 45 days has been provided, until 30 June 2021.</p> <p>With respect to annual financial statements, a</p>

		Annual Financial Results	relaxation period of 30 days has been provided, until 30 June 2021.
2.	Statement of deviation or variation in use of funds: Regulation 52 (7) of the SEBI LODR read with SEBI circular no. SEBI/HO/DDHS/08/2020 dated January 17, 2020	<u>Frequency:</u> Half yearly <u>Due within:</u> (i) 45 days from the end of the Half Year; (ii) 60 days from the end of Financial Year for Annual Financial Results	A relaxation period of 45 days has been provided, until 30 June 2021.

➤ **Extension of timeline for filings prescribed for Issuers of Municipal Debt Securities**

The SEBI Circular has temporarily relaxed certain compliance filings as required under the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 (SEBI ILDM). The following relaxation has been granted:

No.	Regulation and associated filing	Filing	Relaxation w.r.t. the Half Year / Financial Year ending March 31, 2021
1.	Financial Results: SEBI circular no. SEBI/HO/DDHS/CIR/P/134/2019 dated November 13, 2019 (ILDM Circular)	<u>Frequency:</u> Annually <u>Due within:</u> Within 60 days from the end of the financial year for Annual Financial Results.	A relaxation period of 30 days has been provided, until 30 June 2021.

➤ **Extension of timeline for filings prescribed for Issuers of Commercial Papers**

The SEBI Circular has temporarily relaxed certain compliance filings as required under SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 (CP Circular). The following relaxation has been granted:

No.	Regulation and associated filing	Filing	Relaxation w.r.t. the Half Year / Financial Year ending March 31, 2021
1.	Financial Results: CP Circular read with Regulation 33 and Regulation 52(4) of the SEBI LODR	<u>Frequency:</u> Half yearly <u>Due within:</u> (i) 45 days from the end of the Half Year; (ii) 60 days from the end of Financial	With respect to half yearly financial statements, a relaxation period of 45 days has been provided, until 30 June 2021.

		Year for Annual Financial Results.	With respect to annual financial statements, a relaxation period of 30 days has been provided, until 30 June 2021.
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- Digital Signatures permitted for filings with stock exchanges under SEBI LODR, SEBI ILDM until December 31, 2021

With the objective to curtail the operational challenges being faced by various companies due to Covid-19 pandemic, SEBI Circular allowed listed entities to use digital signatures to certify and authenticate the filings/ submissions made to the stock exchanges under SEBI LODR till December 31, 2021. Further, the option to use digital signatures is also extended to entities who have listed their municipal bonds and commercial papers under SEBI ILDM and CP Circular, respectively.

Observations

Given the restrictions imposed by state governments of India, due to the second wave of COVID-19, market participants were facing difficulties with respect to compliance with the filing requirements prescribed by SEBI. Hence, the SEBI Circular has provided much need regulatory relief by extending the filing requirements for listed entities. Additionally, SEBI has permitted the use digital signature certifications till December 31, 2020 which will not only help the listed entities but also provide relief to their auditors and company secretaries.

The SEBI Circular attempts to address the potential compliance issues during these uncertain times. By providing relaxations under both the SEBI ILDM and the SEBI LODR, SEBI has attempted to encourage listed companies to meet their compliance requirements.

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