

ERGO

Analysing developments impacting business

REDUCTION OF TIMELINES FOR PRIVATELY PLACED UNITS OF INVITS

5 July 2022

INTRODUCTION

An infrastructure Investment Trust (InvIT) is a pooled investment vehicle like a mutual fund, that comprises of portfolio of infrastructure assets like, *inter alia* power transmission, road, pipelines and highways, and are becoming popular for monetising of infrastructure assets. Units of an InvIT may be issued by way of public issue, private issue and rights issue.

Securities and Exchange Board of India (SEBI) has been continuously trying to develop an effective and efficient regulatory landscape for InvITs by engaging in discussion with market participants and bringing in various relaxations and amendments. Recently, the time taken for listing of units of privately placed InvIT was examined by SEBI. Pursuant to it with the objective of reducing timelines and streamlining the process of allotment and listing of units of privately placed InvIT, SEBI issued a circular titled '[Reduction of timelines for listing of units of privately placed Infrastructure Investment Trust \(InvIT\)](#)' on 24 June 2022 (Circular).

ANALYSIS

Prior to the Circular, as per Regulation 16(8)(a) of SEBI (Infrastructure Investment Trusts) Regulations, 2015 (**Regulations**), the listing of units of privately placed InvIT were to be completed within 30 working days from the date of allotment.

However, by way of the Circular, the timing for listing and allotment of units of privately placed InvIT (which opens on or after 1 August 2022) under the Regulations has been reduced to 6 working days from of the date of closure of issue as against the erstwhile requirement of 30 working days from date of allotment.

Further, the timelines within which the units are to be listed from issue closure are as follows:

#	DETAILS OF ACTIVITIES	DUE DATE
1.	Closure of issue and receipt of funds	T

2.	<p>(a) Transfer of entire shareholding or interest in a holding company (HoldCo) or special purpose vehicle (SPV) by sponsor;</p> <p>(b) Finalisation of list of allottees along with the number of units to be allotted;</p> <p>(c) Finalisation of final placement memorandum (FPM) and dispatch of confirmation of allocation notes and FPM; and</p> <p>(d) Initiation of corporate action for credit of units of InvIT to the dematerialised account of the (i) sponsor(s)/other shareholders of the SPV/HoldCos and (ii) investors, by investment manager on behalf of the InvIT.</p>	Within T+3 working days
3.	Receipt of confirmation by investment manager from depositories for credit of units in dematerialised accounts of sponsor(s)/other shareholders of the SPV/HoldCos and investors, and lock-in(s) of units (if any).	Within T+4 working days
4.	<p>(a) Listing application to stock exchange(s) for listing and trading permission by investment manager on behalf of InvIT post successful allotment;</p> <p>(b) Issue notice for listing and commencement of trading stock exchange(s); and</p> <p>(c) Dispatch of notice to depositories by stock exchange(s) to change the status of ISIN to active.</p>	Within T+5 working days
5.	Commencement of trading.	Within T+6 working days

It is also to be noted that working days comprises of all trading days of stock exchanges, excluding Sundays, and bank holidays.

COMMENTS

With the issue of the Circular, stock exchanges and depositories are mandated to coordinate to ensure completion of listing and commencement of trading of units of privately placed InvIT, within 6 working days from the date of the closure of issue.

Stock exchange(s) have also been advised to inform the listing approval details to depositories upon grant of listing permission to InvIT units, within the abovementioned timelines. Further, depositories are mandated to activate the ISINs of InvIT units only after approval of listing of such units by stock exchange(s).

SEBI in an earlier circular dated 28 April 2022 titled '[Reduction of timelines for listing of units of Real Estate Investment Trust \(REIT\)](#)', in order to streamline the process of public issue of units of real estate investment trust, reduced the time taken for allotment

and listing after the closure of issue to 6 working days as against the prior requirement of within 12 working days.

The circulars, as discussed above, passed by SEBI clearly indicate the continuous endeavour of SEBI to develop a robust regulatory framework for InvITs. The allotment and listing of units of privately placed as well as publicly placed InvITs are now at par, where the allotment and listing after the closure of issue is capped at 6 days.

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