

Info Capsule

May 22, 2019



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

www.icsi.edu

1. Participation of Mutual Funds in Commodity Derivatives Market in India (Circular SEBI/HO/IMD/DF2/CIR/P/2019/65 dated May21, 2019)

In order to promote institutional participation in Exchange Traded Commodity Derivatives (ETCDs), SEBI has permitted Category III Alternative Investment Funds to participate in exchange traded commodity derivatives vide circular no. SEBI/HO/CDMRD/DMP/CIR/P/2017/61 dated June 21, 2017 and also vide circular no. SEBI/HO/CDMRD/DMP/CIR/P/2018/134 dated October 09, 2018 permitted Eligible Foreign Entities (EFE) having actual exposure to Indian commodity markets, to participate in the commodity derivative segment of recognized stock exchanges for hedging their exposure. In furtherance to this objective, SEBI has been decided to permit mutual funds to participate in ETCDs subject to various conditions.

The details are available at: https://www.sebi.gov.in/legal/circulars/may-2019/participation-of-mutual-funds-in-commodity-derivatives-market-in-india_43046.html

2. Discussion Paper on review of Rights Issue Process

SEBI has come out with a discussion paper on review of Rights Issue Process with the objective to seek comments / views from the public and market intermediaries on Review of Rights Issue Process.

While SEBI has already enabled rights issue through the fast track route, it is further exploring ways to make the rights issue process more efficient. It has been observed that issuers perceive a higher exposure to price risk due to current rights issue process and investors expect allotment and listing timelines to be shortened. The current process of trading of rights entitlement, which is settled physically with low liquidity, is also needed to be addressed.

The discussion paper evaluates means to (i) reduce time between announcement of terms of the issue and issue closing thereby reducing price risks, and (ii) make the application and allotment process more efficient by using the banking and depository infrastructure and provide issuers with an efficient mechanism for raising funds, and to streamline the process, reduce post issue timeline for rights issues and methodologies associated with rights issue fund raising process.

The comments may be sent at rightsissue@sebi.gov.in latest by June 21, 2019 or by post.

The details are available at: https://www.sebi.gov.in/reports/reports/may-2019/discussion-paper-on-review-of-rights-issue-process_43049.html