



PR No.19/2020

SEBI's decisions to reduce compliance burden on Market Participants

1. Over the last few weeks the Indian Stock Market has been broadly moving in tandem with the other global markets owing to concerns relating to COVID - 19 pandemic and the resultant fear of global economic slowdown.
2. Since the outbreak of COVID-19 has affected countries/jurisdictions across the world, global bodies like International Organization of Securities Commissions (IOSCO) and Financial Stability Board (FSB) are coordinating closely with the regulatory bodies world over for sharing information on policies and regulatory actions being taken. SEBI is actively engaged with IOSCO and FSB at the global level.
3. SEBI is closely monitoring the movements in the domestic market and has been taking appropriate measures from time to time.
4. Now, with a view to reducing the compliance burden on various market participants in view of the prevailing situation, following have been decided:
 - The penal provision for non- collection/short collection of margins by brokers which was to be implemented from April 01, 2020 has been deferred till April 30, 2020. However, reporting of non- collection/short collection of margins in the cash and derivatives segment shall be continued to be done by the brokers.

- NISM certifications which are expiring during the period, March 15, 2020 to June 29, 2020 have been extended till June 30, 2020.
- Trading members working from designated alternate locations are exempted from the penal provisions for not maintaining call recordings of orders/instructions received from clients till March 31, 2020. However, the trading member and the Stock Exchange shall send a confirmation on the registered mobile number of the client immediately after execution of the order.
- The delay in submission of various reports by trading members shall not attract penal provisions till April 30, 2020.
- Trading members will be placed in risk reduction mode upon utilization of 90 per cent (instead of existing level of 85 per cent) of the members' capital towards margins.
- The implementation of SEBI circular dated September 20, 2019 for risk management framework for liquid schemes of mutual funds has been extended by one month, i.e. upto May 1, 2020.
- The implementation of SEBI circular dated October 1, 2019 for existing open ended debt oriented mutual fund schemes to comply with the revised limits for sector exposure has been extended by one month, i.e. upto May 1, 2020. Further, the timeline to hold not in excess of 15% in unlisted NCDs has been extended till April 30, 2020.
- The implementation of SEBI circular dated September 24, 2019 for Valuation of money market and debt securities based on mark to market valuation has been extended by one month, i.e. upto May 1, 2020.

- The half yearly disclosures of unaudited financial results mandated under Regulation 59 of SEBI (Mutual Funds) Regulations, 1996 has been extended by one month, i.e. upto May 31, 2020.
 - The disclosure of commission paid to distributors as mandated by SEBI circular dated March 18, 2016 has been extended by one month, i.e. upto May 10, 2020.
 - The yearly disclosure of investor complaints with respect to Mutual Funds as mandated in SEBI circular dated May 13, 2010 has been extended by one month, i.e. upto June 30, 2020.
 - The validity of SEBI observation letter for New Fund Offer by Mutual Funds has been extended by 6 months. Thereby, Mutual Funds can launch schemes within a period of one year from the date of SEBI letter.
 - The access control presently exercised in the AMC's dealing room including call recording of deals is temporarily relaxed subject to checks and balances including electronic confirmation by way of email or other system having audit trail are in place.
5. Government of India, has requested the State governments / UTs to keep the services of stock market entities exempted from the purview of lock-down and to permit the essential staff of the stock market participant to commute so as to ensure that the SEBI regulated stock market entities function smoothly.

Mumbai
March 23, 2020