

Comments on the Consultation Paper on Streamlining Disclosures by Listed Entities and Strengthening Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the person/entity proposing comments	Indian Association of Investment Professionals (CFA Society India)
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S. No.	Para no. in the Consultation Paper	Comments on Part A of the Consultation Paper - Submission of first financial results by newly listed entities	Comments
1	5.1	Whether you agree with the proposed new sub-regulation for submission of first financial results by the newly-listed entity?	Agree
		Suggested changes / comments	We agree with the proposed changes, this perfectly plugs the loophole in the law.
		Rationale	<p>IPOs may be deliberately bunched up together in a short window of a few days so as to take the benefit of the current regulatory gap in disclosure of first financial results post listing and to avoid the challenges / apprehensions involved in immediate disclosure of first financial results post listing.</p> <p>The only argument that new companies could have against this is – Lack of time to review and present financials. But, the only people who are tied up in run-up to listing are the Board, Top Management and CFO for whom SEBI has allowed 15 days to review and present numbers, which we think is fair and absolutely required else companies may use the loophole and avoid the challenges/apprehensions involved in immediate disclosure of first financial results post listing.</p>

S. No.	Para no. in the Consultation Paper	Comments on Part B of the Consultation Paper - Timeline to fill up vacancy of directors, Compliance Officer, CEO and CFO in listed entities	Comments
2	6.10.1	Whether you agree with the proposed new sub-regulation for filling up vacancy of directors by listed entities?	Agree

			We believe that 3 months is sufficiently enough time to fill up vacancy caused by resignation of Director and support the proposal of SEBI.
		Suggested changes / comments	
		Rationale	Company Law already allows concept of Additional Director for the purpose of emergency appointment of Board. Company may use that provision to fill a gap for interim period before they find someone very desirable.
3	7.8.1	Whether you agree with the proposed timeline for filling up vacancy of Compliance Officer by listed entities?	Agree
		Suggested changes / comments	The law mandates these positions because of their significant nature and role and there is no denial that company cannot run smoothly for a long period in absence of people at such important positions. There are already situations existing in listed companies where company seems to be running without a CEO/MD for more than 1 year. This poses so many risks for minority shareholders.
		Rationale	If a company is not able to find people for Key Managerial positions in decent timeline – then it points to some red flags – as key people may be unwilling to take positions of risk.
4	7.8.2	Whether you agree with the proposed timeline for filling up vacancy of CFO by listed entities?	Agree
		Suggested changes / comments	The law mandates these positions because of their significant nature and role and there is no denial that company cannot run smoothly for a long period in absence of people at such important positions. There are already situations existing in listed companies where company seems to be running without a CEO/MD for more than 1 year. This poses so many risks for minority shareholders.
		Rationale	If a company is not able to find people for Key Managerial positions in decent timeline – then it points to some red flags – as key people may be unwilling to take positions of risk.
5	7.8.3	Whether you agree with the proposed timeline for filling up vacancy of CEO / MD / WTD / Manager by listed entities?	Agree

		Suggested changes / comments	The law mandates these positions because of their significant nature and role and there is no denial that company cannot run smoothly for a long period in absence of people at such important positions. There are already situations existing in listed companies where company seems to be running without a CEO/MD for more than 1 year. This poses so many risks for minority shareholders.
		Rationale	If a company is not able to find people for Key Managerial positions in decent timeline – then it points to some red flags – as key people may be unwilling to take positions of risk.
S. No.	Para no. in the Consultation Paper	Comments on Part C of the Consultation Paper - Freezing of demat accounts of the Managing Director(s), Whole-time director(s) and CEO(s) of a listed entity for continuing non-compliance with the LODR Regulations and / or non-payment of fines by a listed entity	Comments
6	8.14(a)	Whether the demat accounts of all MD(s), WTD(s) and CEO(s) of a listed entity should be frozen for continuing non-compliance with the LODR provisions (for which penalty is prescribed in the SoP circular) and / or non-payment of outstanding fines by a listed entity? Suggested changes / comments Rationale	
7	8.14(b)	Should the demat accounts of MD(s), WTDs, CEOs be unfrozen after their resignation from the listed entity? Do you agree with the timeline of a maximum of 90 days as proposed above? Suggested changes / comments Rationale	
8	8.14(c)	Do you agree with the time period of 90 days to the newly appointed MD / WTD / CEO to ensure compliance and / or payment of fines by the listed entity failing which their demat accounts to be frozen? Suggested changes / comments Rationale	