



**CIRCULAR**

**SEBI/HO/CFD/PoD-1/P/CIR/2023/196**

**December 28, 2023**

To,  
All Recognized Stock Exchanges  
All Recognized Depositories  
All Merchant Bankers and Brokers registered with SEBI  
All Social Enterprises  
All Social Impact Fund registered with SEBI  
All Social Impact Assessment Firms/ Institute of Chartered Accounts of India

Sir / Madam,

**Sub: Framework on Social Stock Exchange (“SSE”)**

1. SEBI vide its circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022 notified the detailed framework on Social Stock Exchange.
2. Pursuant to the feedback received through public consultation the Board approved amendments to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”). SEBI vide Notification dated December 21, 2023 has notified amendments to ICDR Regulations and LODR Regulations. The Board also approved the following modifications/ additions to the aforesaid Circular : -
  - a. In Paragraph 1, sub-paragraph A, titled “Minimum requirement to be met by a Not for Profit Organization (NPO) for registration with SSE in terms of Regulation 292F of the ICDR Regulations”, the following requirement under the Board Parameter in the table given below shall read as under:

| <b>Broad Parameter</b>                | <b>Indicator</b>   | <b>Details</b>   |
|---------------------------------------|--|--|
| Exemption under Income-tax Act, 1961: | Registration Certificate under section 12A/ 12AA/ 12AB/ 10(23C)/ 10(46) under Income-tax Act, 1961 | <ol style="list-style-type: none"><li>a. Registration Certificate under section 12A/ 12AA/ 12AB/ 10(23C)/ 10(46) to be valid for at least the next 12 months.</li><li>b. Details regarding pending notices or scrutiny cases from all regulatory and statutory authority shall be disclosed at the time of making the application for the registration</li></ol> |

|                                      |   |   |
|--------------------------------------|---|---|
|                                      |   | <p>c. Fines or penalties if imposed shall be disclosed as paid or appealed within 7 days.</p> <p>The Stock Exchanges shall have the right to refuse registration of those applicants, if the notices/ scrutiny cases are grave and debilitating enough to endanger the registration of the NPO under the Income-tax Act, 1961 or other relevant laws.</p> |
| Deduction under Income-tax Act, 1961 | Valid 80G registration under Income Tax Act, 1961 for entities registered under section 12A/ 12AA/ 12AB of the Income-tax Act, 1961 | Entity to ensure disclosure whether tax deduction is available or not to investors.   |

b. In Paragraph 1, in sub-paragraph B, -

- i. The reference of “**Regulation 292K(1)**” in the title of sub-paragraph B is substituted by “**Regulation 292K**”.
- ii. Sub-paragraph B(2)(j) shall be substituted with the following :

“j. Social Impact

Details of past social impact as per the existing practice of NPOs. The past social impact should highlight trends in key metrics/ parameters relevant to the NPO (as may be determined by the Exchanges) for which it seeks to raise funds on SSE, number of beneficiary, cost per beneficiary and administrative overheads.”

c. In Paragraph 1, after sub-paragraph A and before sub-paragraph B, the following new sub-paragraphs AA, AB and AC shall be inserted -

**“AA. Procedure for public issuance of Zero Coupon Zero Principal Instruments by a not for profit organization**

(1) The not for profit organization shall, through the lead manager(s), file the draft fund raising document with the Social Stock Exchange where it is registered along with the fees as specified by the Social Stock Exchange and an application seeking in-principle approval for listing of its Zero Coupon Zero Principal Instruments on the Social Stock Exchange:

Provided that Social Stock Exchange shall specify the details to be incorporated in the fund raising document:

(2) The draft fund raising document shall be made available on the website of Social Stock Exchange and the not for profit organization for a period of at least 21 days for public comments.

(3) The Social Stock Exchange shall provide its observation on the draft fund raising document to the not for profit organization within a time period of 30 days from the filing of the draft fund raising document or receipt of clarification, if any, sought by the Social Stock Exchange from not for profit organization whichever is later.

(4) The not for profit organization shall incorporate the observations of the Social Stock Exchange in draft fund raising document and file the final fund raising document to Social Stock Exchange prior to opening the issue.

#### **AB. Contents of the fund raising document.**

(1) The draft fund raising document and the final fund raising document shall contain all material disclosures which are true and adequate to enable the applicants to take an informed decision.

(2) Without prejudice to the generality of clause (1) above, the draft fund raising document and the final fund raising document shall contain disclosures as may be specified by the Board from time to time:

Provided that the Social Stock Exchange may mandate additional disclosures in respect of the draft fund raising document and the final fund raising documents.

#### **AC. Other conditions relating to issuance of Zero Coupon Zero Principal Instruments**

(1) Zero Coupon Zero Principal Instruments shall be issued in dematerialized form only.

(2) The Zero Coupon Zero Principal Instruments shall not be transferable from the original subscriber/ holder till the expiry of the tenure of the said instrument.

(3) The minimum issue size shall be rupees fifty lakhs.

(4) The minimum application size shall be rupees ten thousand.

(5) The minimum subscription required to be achieved shall be 75% of the funds proposed to be raised through issuance of Zero Coupon Zero Principal Instruments.

(6) In case of any under subscription, the not for profit organization shall, in the fund raising document, provide details on the following:

a) manner of raising balance capital in case of such under subscription between 75% and 100%;

b) possible impact on achieving the social objective(s) in case such under subscription is not arranged

Provided that the funds shall be refunded in case the subscription is less than 75% of the issue size

- (7) The Social Stock Exchange shall maintain the details of the allotment pursuant to issuance of Zero Coupon Zero Principal Instruments by a not for profit organization.
  - (8) The Social Stock Exchange shall specify the additional norms in respect of issue procedure including on agreements with depositories, banks, etc., ASBA related matters, duration for public issuance, allocation methodology and any other ancillary matter related to issue procedure.”
3. This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors and to promote the development of, and to regulate the securities market and shall come into effect immediately.
  4. A copy of this circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories “Legal Framework → Circulars”.

Yours faithfully,

**Yogita Jadhav**  
**General Manager**  
**Corporation Finance Department**  
**Division of Policy and Development**  
**+91 22 2644 9583**  
**Email – [yogitag@sebi.gov.in](mailto:yogitag@sebi.gov.in)**