



# Regulatory Roundup

Financial reporting and regulatory developments for Q3 FY 2024-25

Board Leadership Center (India)

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# Securities and Exchange Board of India (SEBI)

## Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024.<sup>1</sup>

On 4 December 2024, SEBI amended the Prohibition of Insider Trading Regulations, 2015, through the Third Amendment Regulations, 2024 wherein the terminology of 'Immediate relatives' has been changed to 'relatives' which will include spouse, parents, parents of spouse, siblings, siblings of spouse and children of the person; and spouses of all siblings and children for bringing regulatory clarity, certainty and uniformity of compliance. Additionally, the definition of 'connected person' has also been expanded to include relatives of connected person, firm or its partner or its employee in which a 'connected person' is also a partner and a person sharing household or residence with a 'connected person' (refer to detailed definition).

### Questions for the Audit Committee

- How does the board ensure that the company's policies and procedures are updated and enforced to comply with the regulations, especially concerning the expanded definition of 'relatives' and 'connected persons'?
- Has the Company appropriately communicated the above amendment to all relevant stakeholders who have access to unpublished price-sensitive information (UPSI)?
- Has the management identified any instances in the recent past which would have been covered had these definitions applied? How is the company planning to monitor compliance with the above regulations?

**Applicability** – Entities regulated by SEBI

Click [here](#) to access the SEBI Update



# Securities and Exchange Board of India (SEBI)

## Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) <sup>2</sup>

On 22 October 2024, SEBI issued a circular to enhance the regulatory framework regarding insider trading in mutual fund units. In terms of Regulation 5(E)(1) of PIT Regulations, Asset Management Companies (AMC) shall disclose the details of the holdings of Designated Persons of AMCs, trustees and their immediate relatives on an aggregate basis from 1 November 2024 on a quarterly basis.

### Questions for the Audit Committee

- What policies, procedures and internal controls must management implement to comply with the requirements of detecting and preventing insider trading in mutual fund units?
- Are there any challenges the management foresees in implementing the disclosure mechanisms effectively?

**Applicability** – Mutual funds, AMCs, Trustee Companies, Board of Trustees of Mutual Funds

Click [here](#) to access the guideline





# Securities and Exchange Board of India (SEBI)

## Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 <sup>3</sup>

On 12 December 2024, SEBI issued amendments to existing LODR regulations, which shall be effective from 31 December 2024. Some of the key amendments include 1) certain exemptions from RPTs and approval process, 2) relaxation on timeline of disclosures of material events, 3) relaxation on publishing of financial results in newspapers and 4) alignment of definition of material subsidiary, etc.

### Questions for the Audit Committee

- Has the management taken note of the relaxations given in the LODR regarding various regulations?
- For tax litigations, has the management discussed with their corporate function the change in the timing of disclosures to be given to the stock exchanges?
- Has the secretarial department taken note of changes in various formats of filings and timing of submissions of integrated reports?

**Applicability** – All listed entities

Click [here](#) to access the guideline



# Securities and Exchange Board of India (SEBI)

## SEBI Board meeting <sup>4</sup>

On 18 December 2024, at its board meeting, SEBI approved certain decisions (based on recommendations of the Expert Committee) relating to the framework for disclosure and assurance requirements for BRSR Core, ESG disclosures for value chain and assurance requirements.

## Questions for the Audit Committee

- What is the management's preparedness on the proposed change by SEBI in principle 6 under leadership indicator for disclosure of Green Credits generated or procured under BRSR?
- Has the management evaluated which all upstream and downstream partners will comprise of value chain reporting?
- Has the management evaluated its preparedness for value chain reporting of BRSR core parameters?
- Has the management prepared a plan of action to identify areas where guidance given by Industry Standard Forum would be applicable for its BRSR and the areas that will require re-computation?

**Applicability** – All corporates

Click [here](#) to access the link for Board meeting



# Ministry of Environment, Forest and Climate Change update

## Draft Notification of Liquid Waste Management Rules, 2024<sup>5</sup>

On 7 October 2024, the Ministry of Environment, Forest and Climate Change notified the Draft Liquid Waste Management Rules 2024. The notification specifies the duties of industries having high water consumption in treatment and reuse of wastewater. The rules shall also apply to every urban body as well as rural local body and all public authorities and entities responsible for the generation and management of wastewater, sludge from wastewater treatment facilities and faecal sludge and are expected to come into force on 1 October 2025.

## Questions for the Audit Committee

- Whether the management has assessed its existing processes and policies with regards to liquid waste management and identified the gaps in relation to the draft rules?
- Has the management evaluated the efforts and costs for addressing these gaps?
- Due to these draft rules, is there a need to update the ESG strategy of the Company?

**Applicability** – Industries having high water consumption

Click [here](#) to access the draft rules



# Central Consumer Protection Authority ('CCPA') updates

## Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024<sup>6</sup>

On 14 October 2024, the Central Consumer Protection Authority issued the 'Guidelines for Prevention and Regulation of Greenwashing/Misleading Environmental Claims, 2024' (Guidelines). These Guidelines aim to regulate misleading environmental claims or environmental benefits while advertising their products and services. It also aims to ensure that companies provide accurate and truthful information about their products' and services' environmental impact. These guidelines are applicable from 15 October 2024.

### Questions for the Audit Committee

- What is the management's preparedness on compliance with the disclosure requirements with regard to their advertisements & environmental claims?
- How has the management assessed the impact of these Guidelines on the company's sustainability and Environment, Social and Governance (ESG) strategy and its implementation?
- How does the management plans to obtain verifiable evidence from independence studies or third party certifications?

**Applicability** – All sectors

Click [here](#) to access the Guidelines

Click [here](#) to access the KPMG First Notes





# Sources

1. Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024 issued by SEBI on 4 December 2024.
2. Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) issued by SEBI on 22 October 2024
3. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 issued by SEBI on 12 December 2024.
4. Press release on SEBI Board meeting dated 18 December 2024.
5. Draft Notification of Liquid Waste Management Rules, 2024 issued by Ministry of Environment , Forest and Climate Change on 7 October 2024.
6. Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024 by Central Consumer Protection Authority on 14 October 2024.



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