

SEBI Governance Norms Proposal for Listed Companies



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To improve corporate governance and transparency in the appointment of auditors, SEBI has **proposed amendments** to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. Some of the key features are highlighted here.





Changes to the Annual Secretarial Compliance Report

It requires **changes to the Annual Secretarial Compliance Report (ASCR)**. Including

- Issuance of clarifications.
- Requirement of compliance with the Depository Act, 1996.
- Setting out assumptions and limitations for the Practising Company Secretary providing the ASCR.





Appointment of Auditors

There will be an **evaluation criteria incorporated for statutory auditors.**

Further, to ensure greater transparency, listed companies will need to disclose the experience and qualifications of its proposed auditors, to its shareholders, board of directors and audit committee.





Evaluation of Signing Partners

The SEBI has also proposed that the audit committee should carefully evaluate the **qualifications and years of experience** of the signing partner(s) of the audit firm prior to their appointment.





Clarification on Applicability of RPTs Provisions

The current regulations exempt certain Related Party Transactions from audit committee approval. SEBI now proposes to clarify that, this audit committee **approval will not be required** if the holding entity is listed and governed by SEBI (LODR) Regulations 2015.





Monetary Limits for 'Related Party Transactions'

SEBI has proposed monetary limits to related party transactions (RPTs) with two thresholds for the approval of such transactions:

1. For subsidiaries with a financial track record

Threshold for Approval: Lower of either 10 per cent of turnover or a monetary limit -- Rs. 1,000 crore for main-board companies and Rs 50. crore for SMEs.

2. For subsidiaries without a financial track record

Threshold for Approval of 10 per cent of the subsidiary's net worth or a monetary limit -- Rs. 1,000 crore for main-board companies and Rs. 50 crore for SMEs.



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Open for Public Comments

The SEBI has invited public comments on these proposals until **February 28, 2025**.

