

DRAFT CIRCULARS FOR PUBLIC COMMENTS

1. BACKGROUND:

- 1.1. It has been represented by market participants to provide clarity on the availability of the right to nominate a director on the Board of Directors of the Investment Manager of InvIT / Manager of REIT, to a unitholder where such nomination right is also available to a unitholder in the capacity of lender to the Investment Manager / Manager or the InvIT / REIT (or its HoldCo(s) or SPVs).
- 1.2. Accordingly, it is proposed to amend the Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024 and Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024 to provide that the restriction relating to the right to nominate a Unitholder Nominee Director shall not be applicable if the right to appoint a nominee director is available in terms of clause (e) of sub-regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993.

2. PUBLIC COMMENTS

- 2.1. Public comments are invited on the draft Circulars - *“Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024”* (placed at [Annexure - A](#)) and *“Amendment to Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024”* (placed at [Annexure - B](#)). The comments/ suggestions should be submitted by latest by July 29, 2024, through the online web-based form which can be accessed using the following link:
<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

- 2.2. The instructions to submit comments on the consultation paper are as under:

GENERAL INSTRUCTIONS:

1. Please read and understand the proposal in the consultation paper you are commenting on. Please be concise but support your rationale in the comments;
2. Clearly identify the issues on which you are commenting. If you are commenting on a particular word phrase or sentence, provide the page number, column and paragraph citation from the consultation paper.
3. The comment process is not a vote. The Board is attempting to formulate the best policy, so when crafting a comment, it is important that you adequately explain the reasoning behind your position.
4. If you choose to disagree with any of the proposal, kindly provide your comments and rationale for your disagreement. Please note that the disagreement without any comments/ rationale may not be considered.

PROCEDURAL INSTRUCTIONS:

1. There will be a dropdown of multiple proposals in the form after selection of the relevant consultation paper. Select the proposals one-by-one beginning with the first proposal and moving on to 2nd, 3rd and so on. For each of the proposal, please record your level of agreement and provide your comments, if any, followed by clicking on the "Submit" button.
2. If you want to skip any particular proposal(s) in between, you may do so by selecting the "Skip this proposal" option and clicking on the "Submit" button. With each click on "Submit" button, the system saves your response and prompt you to respond to the next proposal.
3. The updated list of saved responses/ proposal numbers may be seen on the top of the screen which gets updated with every click on the "Submit" button.
4. Please note that the comments shall be submitted to SEBI only after saving your response on all of the proposals. Post submission of comments, a message as "Thank you for submitting your comments" shall appear on the screen indicating the successful submission.
5. Please do not click the "back" button or do not "refresh" your screen during the process as it may lead to loss of saved comments;
6. Please note that the e-form shall not accept any type of special characters such as () { } [] ~ ! @ # \$ % ^ & * etc. in comments/ rationale section. It shall also not allow to paste the comments/ rationale copied from any other source.
7. **Please download the pdf file, link of which is given at the bottom of the form, just before finally submitting the comments to last and final proposal. This pdf file will help as back-up in case technical issue is faced while final submission of comments.**

2.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact the following through email with a subject: *"Issue in submitting comments on Consultation on Draft Circulars - Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024 and Amendment to Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024"*.

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Issued on: July 09, 2024

ANNEXURE - A

DRAFT CIRCULAR

SEBI/HO/DDHS/DDHS-PoD/P/CIR/2024/___

July ___, 2024

To,

All Infrastructure Investment Trusts (InvITs)

All Parties to InvITs

All Recognised Stock Exchanges

All Depositories

Madam/Sir,

Sub: Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024

1. Para 22.3.1. (b) of Chapter 22, titled “Board nomination rights to unitholders of Infrastructure Investment Trusts (InvITs)”, of the Master Circular for Infrastructure Investment Trusts dated May 15, 2024 requires as under:
“(b) Eligible Unitholder(s) shall be entitled to nominate only one Unitholder Nominee Director, subject to the unitholding of such Eligible Unitholder(s) exceeding the specified threshold. If the right to nominate one or more directors on the Board of Directors of the Investment Manager is available to any entity (or to an associate of such entity) in the capacity of shareholder of the Investment Manager or lender to the Investment Manager or the InvIT (or its HoldCo(s) or SPVs), then such entity in its capacity as unitholder, shall not be entitled to nominate or participate in the nomination of a Unitholder Nominee Director.”
2. Market participants have requested to provide clarity on the availability of the right to nominate a director on the Board of Directors of the Investment Manager of InvIT, to a unitholder where such nomination right is also available to a

unitholder in the capacity of lender to the Investment Manager or the InvIT (or its HoldCo(s) or SPVs).

3. Based on the request of the industry and recommendation of Hybrid Securities Advisory Committee (HySAC), it is proposed to insert the following proviso under paragraph 22.3.1. (b) of Master Circular for Infrastructure Investment Trusts dated May 15, 2024:

“Provided that the above restriction relating to the right to nominate a Unitholder Nominee Director shall not be applicable if the right to appoint a nominee director is available in terms of clause (e) of sub-regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993.”

4. This circular shall come into force with immediate effect.
5. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 4(2)(h) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014. This circular is issued with the approval of the competent authority.
6. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.
7. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category “Legal” and under the drop down “Circulars”.

ANNEXURE - B

DRAFT CIRCULAR

SEBI/HO/DDHS/DDHS-PoD/P/CIR/2024/___

July ___, 2024

To,

All Real Estate Investment Trusts (REITs)

All Parties to REITs

All Recognised Stock Exchanges

All Depositories

Madam/Sir,

**Sub: Amendment to Master Circular for Real Estate Investment Trusts (REITs)
dated May 15, 2024**

1. Para 18.2.2. (b) of Chapter 18, titled “Board nomination rights to unitholders of REITs”, of the Master Circular for Real Estate Investment Trusts dated May 15, 2024 requires as under:
“(b) Eligible Unitholder(s) shall be entitled to nominate only one Unitholder Nominee Director, subject to the unitholding of such Eligible Unitholder(s) exceeding the specified threshold. If the right to nominate one or more directors on the Board of Directors of the Manager is available to any entity (or to an associate of such entity) in the capacity of shareholder of the Manager or lender to the Manager or the REIT (or its HoldCo(s) or SPVs), then such entity in its capacity as unitholder, shall not be entitled to nominate or participate in the nomination of a Unitholder Nominee Director.”
2. Market participants have requested to provide clarity on the availability of the right to nominate a director on the Board of Directors of the Manager of REIT, to a unitholder where such nomination right is also available to a unitholder in the capacity of lender to the Manager or the REIT (or its HoldCo(s) or SPVs).

3. Based on the request of the industry and recommendation of Hybrid Securities Advisory Committee (HySAC), it is proposed to insert the following proviso under paragraph 18.2.2. (b) of Master Circular for Real Estate Investment Trusts dated May 15, 2024:

“Provided that the above restriction relating to the right to nominate a Unitholder Nominee Director shall not be applicable if the right to appoint a nominee director is available in terms of clause (e) of sub-regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993.”

4. This circular shall come into force with immediate effect.
5. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 4(2)(g) of the SEBI (Real Estate Investment Trusts) Regulations, 2014. This circular is issued with the approval of the competent authority.
6. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.
7. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category “Legal” and under the drop down “Circulars”.