

SECURITIES AND EXCHANGE BOARD OF INDIA**NOTIFICATION**

Mumbai, the 16th June, 2020

**SECURITIES AND EXCHANGE BOARD OF INDIA (REAL ESTATE INVESTMENT TRUSTS)
(SECOND AMENDMENT) REGULATIONS, 2020**

No. SEBI/LAD-NRO/GN/2020/16.—In exercise of the powers conferred under section 30 read with sections 11 and 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014,-
 - I. In regulation 2, in sub-regulation (1),-
 - a. after clause (qa), a new clause (qaa) shall be inserted, namely,-
 "(qaa) "inducted sponsor" means any person who has been inducted as a sponsor in accordance with sub-regulation (8) of regulation 22."
 - b. in clause (zc), the words and symbols "re-designated" shall be substituted with the word "inducted".
 - c. clause (zl) shall be omitted.
 - d. in clause (zt), the words "and shall include an inducted sponsor;" shall be inserted after the word "Board".
 - e. in clause (ztb), following new sub-clauses shall be inserted after sub-clause (e), namely,-
 "f. an insurance company registered with the Insurance Regulatory and Development Authority of India;
 g. a mutual fund."
 - II. After regulation 7, the following new regulation shall be inserted, namely,-
"De-classification of the status of sponsor"
 7A (1) De-classification of the status of a sponsor(s) of a REIT whose units have been listed on the stock exchanges for a period of three years shall be permitted upon receipt of an application from the REIT and subject to compliance with the following conditions:
 - (a) The unit holding of such sponsor and its associates taken together does not exceed 10% of the outstanding units of the REIT;
 - (b) The manager of the REIT is not an entity controlled by such sponsor or its associates;
 - (c) The sponsor or its associates are not fugitive economic offender;
 - (d) Approval of unit holders has been obtained in accordance with sub-regulation 5 of Regulation 22."
 - III. In regulation 11,-
 - a. in sub-regulation (3), clause (b) and clause (c) shall be omitted.
 - b. sub-regulation (4) shall be omitted.
 - c. sub-regulation (5) shall be omitted.
 - IV. In regulation 14, in sub-regulation (2), a new clause shall be inserted after clause (ba), namely,-

“(bb) maximum subscription from any investor other than sponsor(s), its related parties and its associates shall not be more than 25 percent of the total unit capital;”

V. In regulation 22,-

a. in sub-regulation (5), after clause (f), a new clause shall be inserted, namely,-

“(fa) de-classification of the status of sponsor;”

b. in sub-regulation (6), clause (d) shall be omitted.

c. in sub-regulation (6), the proviso under clause (g) shall be omitted.

d. after sub-regulation (6), the following new sub-regulation shall be inserted, namely,-

“(6A) No person, other than sponsor(s), its related parties and its associates, shall acquire units of a REIT which taken together with units held by him and by persons acting in concert with him in such REIT, exceeds twenty-five per cent of the value of outstanding REIT units unless approval from seventy five per cent. of the unit holders by value excluding the value of units held by parties related to the transaction, is obtained:

Provided that if the required approval is not received, the person acquiring the units shall provide an exit option to the dissenting unit holders to the extent and in the manner as may be specified by the Board.”

e. in sub-regulation (8),

i. for the words and symbols “re-designated” ,wherever it occurs, the word “inducted” shall be substituted.

ii. clause (a) shall be substituted with the following, namely.-

“(a) prior to such changes, approval from seventy-five per cent of the unit holders by value excluding the value of units held by parties related to the transaction shall be obtained;”

iii. in clause b, in sub-clause (i), the words “who proposes to buy the units” shall be omitted and the words and symbols “in the manner specified by the Board;” shall be inserted after the word “units”.

iv. in clause (b), sub-clause (ii) shall be substituted with the following, namely,-

“(ii) in case of change in control of the sponsor or inducted sponsor, the said sponsor or inducted sponsor shall provide the dissenting unit holders an option to exit by buying their units in the manner as specified by the Board;

Explanation: Change in sponsor or inducted sponsor shall mean any change due to entry of a new sponsor with or without exit of an existing sponsor.”

AJAY TYAGI, Chairman

[ADVT.-III/4/Exty./57/2020-21]

Footnotes:

1. The Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 was published in the Gazette of India on September 26, 2014 vide No. LAD-NRO/GN/2014/15/11/1576.
2. The Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 was subsequently amended by the –
 - a. Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2016, vide No. SEBI/LAD/NRO/GN/2016-17/022, with effect from November 30, 2016;
 - b. Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2017, vide No. SEBI/LAD-NRO/GN/2017-18/022, with effect from December 15, 2017.
 - c. Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, vide No. SEBI/LAD-NRO/GN/2018/06, with effect from April 10, 2018.
 - d. Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2019, vide No. SEBI/LAD-NRO/GN/2019/09, with effect from April 22, 2019.

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- e. Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2020, vide No. SEBI/LAD-NRO/GN/2020/06, with effect from March 02, 2020.
 - f. Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2020, vide No. SEBI/LAD-NRO/GN/2020/10, with effect from April 17, 2020.