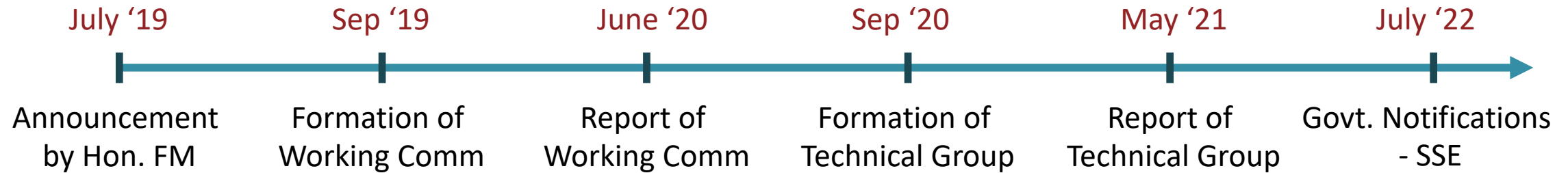




Social Stock Exchange A Brief Note

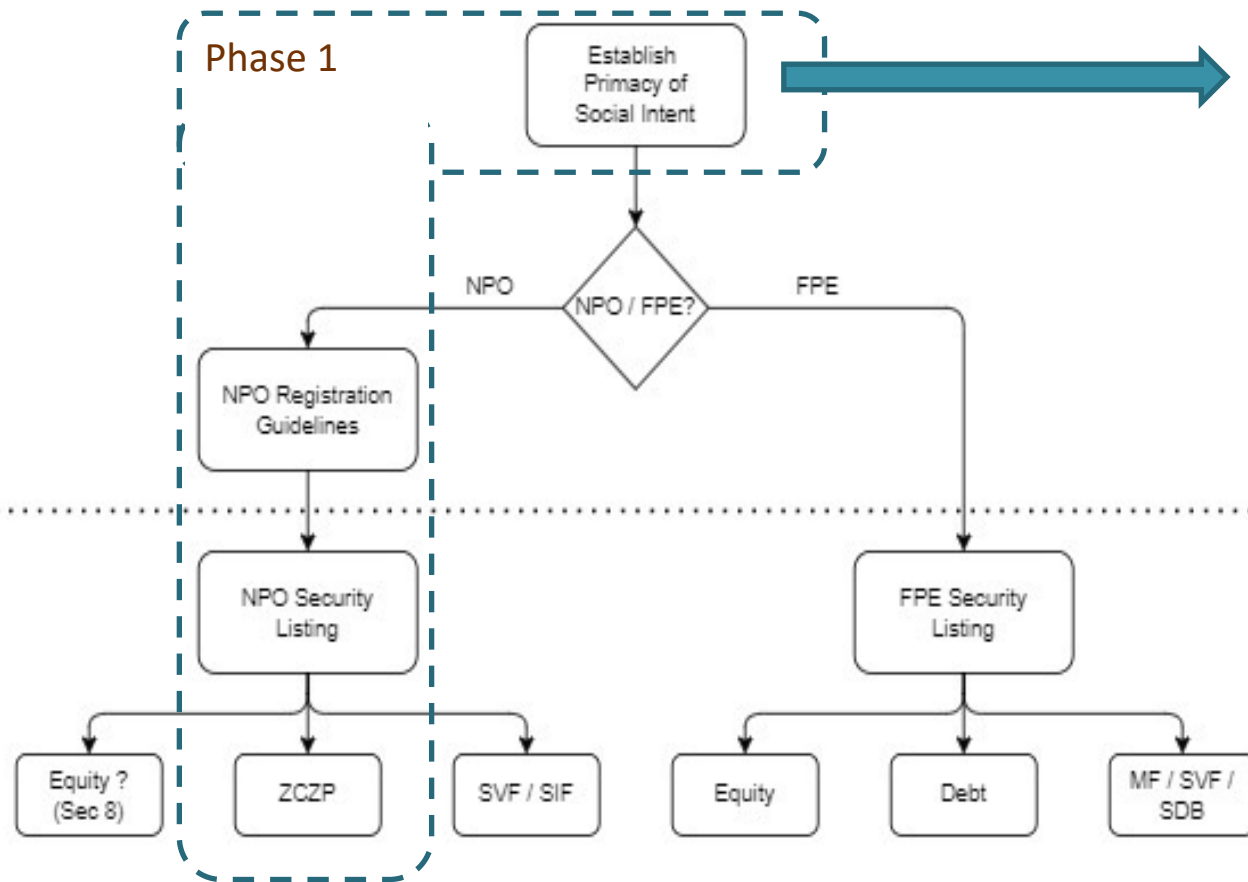


Brief Timeline



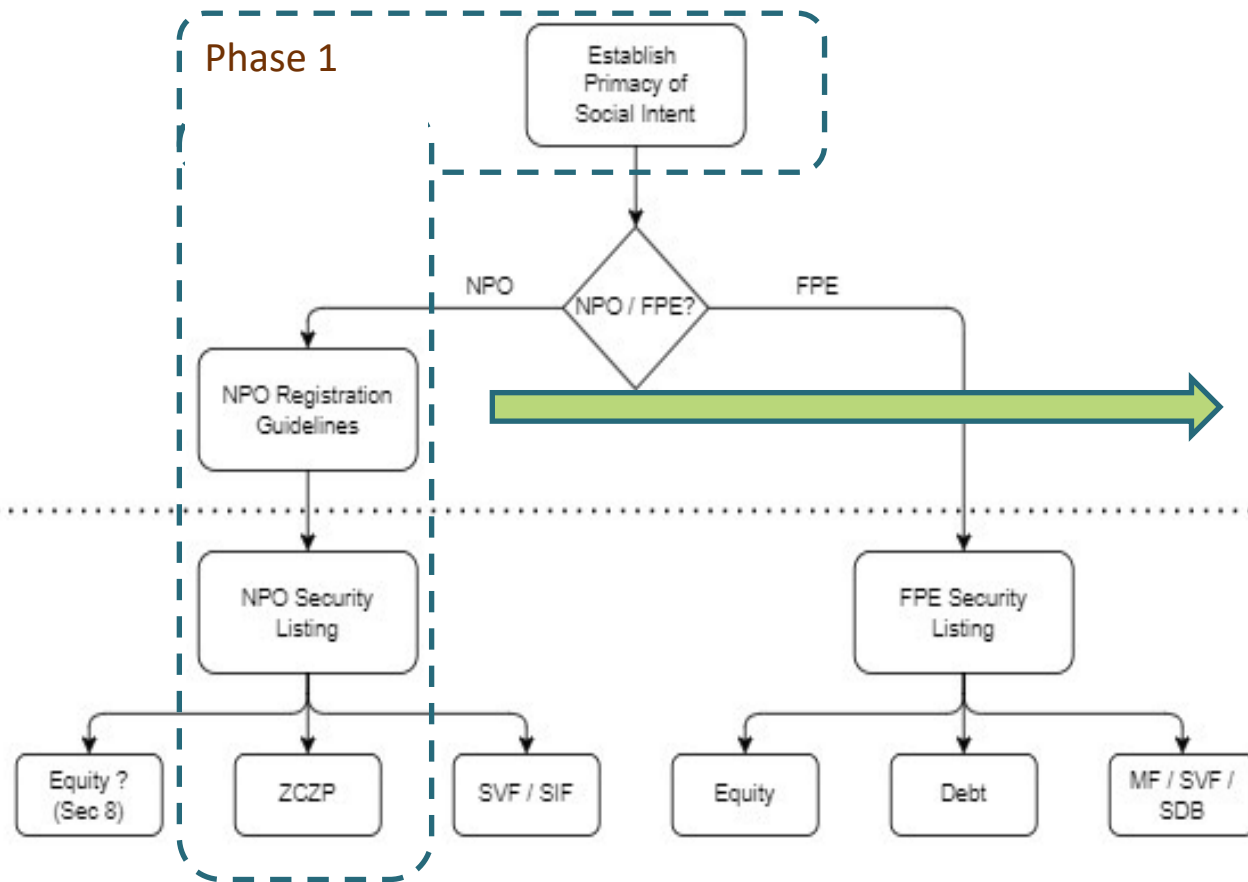
The Working Committee and the Technical Group included representation from NPOs, SEs and Impact Investors, apart from stalwarts from the Social Development sector as well as consultation with other NPOs and Investors

High Level Process Flow (1/3)



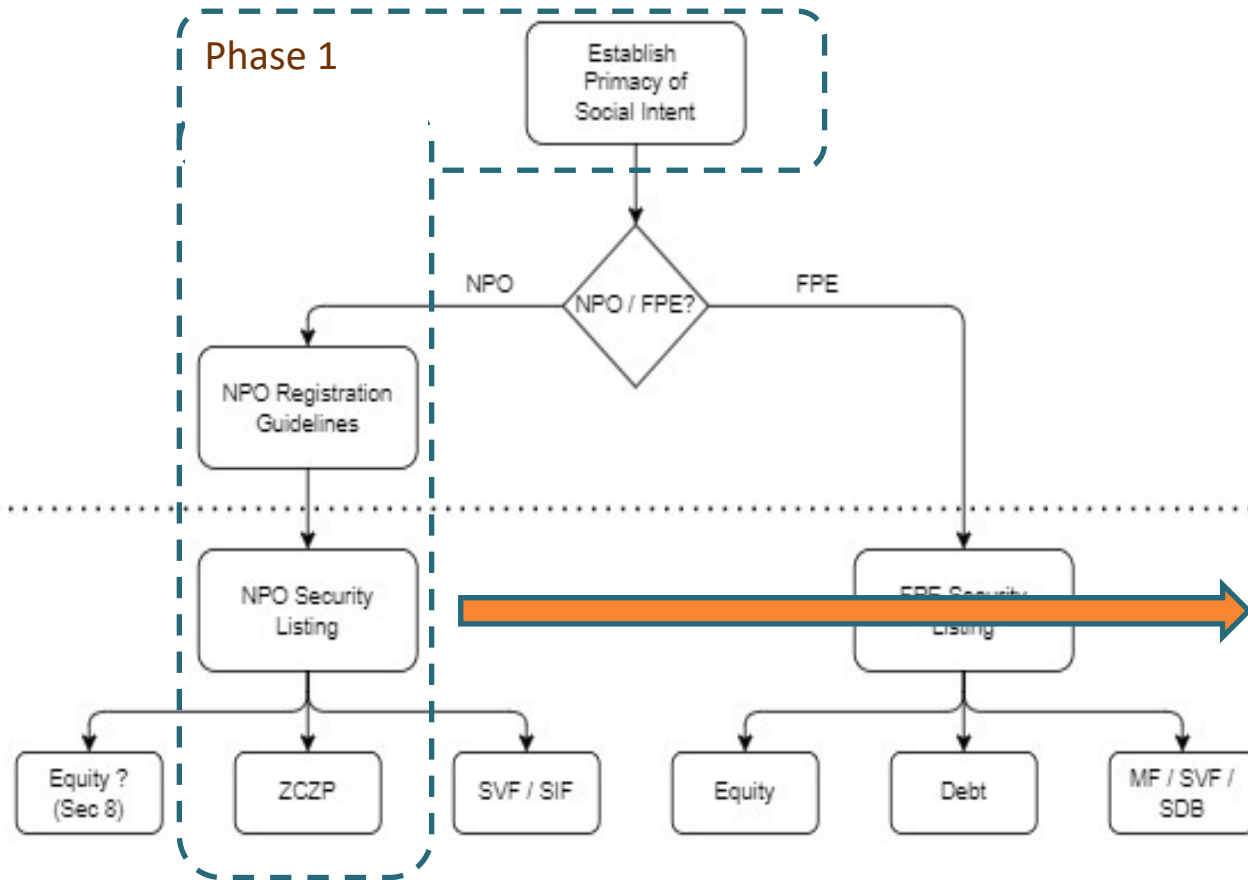
- Any enterprise (NPO or FPE) seeking to list on the SSE has to first establish that social impact is their primary purpose. The same is done by applying 3 filters –
 - ✓ Areas of focus – 15 broad areas have been identified in line with CSR / SDG goals. Refer to Annexure
 - ✓ Quantum of Social Work - the enterprise must have at least 67% of their revenue, expenses or customers coming from the areas of focus
 - ✓ Barred organisations – those with political or religious affiliations, corporate foundations, trade bodies, infra and housing companies except those in affordable housing cannot get registered on the SSE

High Level Process Flow (2/3)



- NPO Registration guidelines includes eligibility criteria disclosure requirements. These are broadly based on Sec 135 of Companies Act 2013.
- Eligibility Criteria – includes being a Society / Trust / Sec 8 Company with track record of 3 years and having a valid 12A/80G registration. NPOs must have min 50 lakhs annual spending, 10 lakhs fund raised in last FY etc.
- Disclosures - Vision, target segment, strategy, governance, management, operations, finance, compliance, credibility, social impact and risks
- Due-diligence of constitutional documents mandatory for SEs to raise funds on SSE

High Level Process Flow (2/3)



- NPO can register without having a listing
- Must have a valid registration to list a security
- Listing through draft fund raising document, to be in principle approved by SSE and available of SSE website for 21 days for comments
- Characteristics of ZCZP instrument –
 1. Issued in dematerialized form only
 2. The minimum issue size – Rs. 1 Crore
 3. The minimum application size – Rs. 2 Lakhs
- No trading anticipated in ZCZP as of now
- Termination of ZCZP on achievement of objectives or completion of tenure

Social Auditors

- Audit of social impact, i.e. social audit for social enterprises registering and/or raising funds on SSE
- Social Auditors – To be certified by NISM
- To begin, Social Audits to be performed by reputed firms/ institutions
- SRO for Social Auditors
- Separate Sustainability Directorate under ICAI
 - Functions include empanelment, registration of SAs, laying down standards of professional conduct, suspension/ cancellation of membership of SAs, prescribing a separate Code of Conduct for SAs
 - Frame the Social Audit Standard covering aspects such as scope, engagement acceptance, basic principles, audit procedures, assurance report, documentation etc. ‘
- Standards are currently under preparation and are expected to be ready by 2nd week of August

Capacity Building Fund (CBF)

- A fund to improve ability of stakeholders, especially NPOs, to navigate SSE, its process, instruments etc.
- Shall provide training and awareness sessions relating to –
 - Registration
 - Listing and Disclosure Requirements
 - Other funding structures such as Development Impact Bonds, Social Impact Funds
 - Funders/investors and social auditors
- Housed in NABARD as an administrative fund
- Initial corpus of Rs 100 Crore. NABARD, SIDBI and other developmental agencies shall contribute. Stock Exchanges also to contribute. NABARD and SIDBI expected to contribute 40% each.
- Governed through advisory board comprising of representatives from developmental organizations, stock exchanges, philanthropic community and NPO community

Annexures

A - Working Committee members

1. Sh. Ishaat Hussain, ex-chairman Tata Sky and Voltas; Chairman of the Committee
2. Shri Amarjeet Singh (Executive Director- Securities and Exchange Board of India)
3. Ms. Ruchi Chojer (CGM- Securities and Exchange Board of India)
4. Shri Jeevan Sonparote (CGM- Securities and Exchange Board of India); Convener
5. Shri TV Mohandas Pai, Chairman of Manipal Global Education; Ex-Director (Infosys)
6. Ms. Roopa Kudva, MD, Omidyar Network India
7. Shri Amit Chandra, Chairman, Bain Capital (Private Equity firm); noted philanthropist
8. Dr. Saurabh Garg, Principal Secretary to Government of Odisha
9. Dr. Shamika Ravi, Director of Research, Brookings India; Member, PM's Economic Advisory Council
10. Shri Vineet Rai, - Founder and MD, Aavishkaar Venture Management Services Private Limited
11. Dr. Ashima Jain (Representative from Department of Economic Affairs)
12. Shri. Hemant Gupta (MD & CEO- BSE Samman)
13. Shri J Ravichandran (Group President, NSE)
14. Shri Girish Sohani (President, BAIF Research Foundation)

B - Technical Group members

1. Shri Harsh Bhanwala, ex-Chariman NABARD, Chairman of the Technical Group
2. Shri Amarjeet Singh, Executive Director, SEBI
3. Shri Jeevan Sonparote, CGM, SEBI; Convener
4. Shri Ved Arya, Founder, Srijan and RCRC
5. Dr. R. Balasubramaniam, Founder & Chairman, GRAAM
6. Shri Matthew Cherian, Global Ambassador and Ex-Chief Executive, HelpAge India
7. Shri Mukund Chitale, President, Lok Manya Seva Sangh (SEBI Registered Investor Association)
8. Shri Vikram Gandhi, Faculty, Harvard Business School; Founder, Asha Impact
9. Shri Hemant Gupta (BSE Representative)
10. Shri Santhosh Jayaram, Partner and Head, Sustainability and CSR Advisory, KPMG
11. Shri Shaji Krishnan V, Deputy Managing Director, NABARD
12. Ms. Roopa Kudva, Managing Director, Omidyar Network India
13. Dr. Sanjeev Singhal, Chairman, Sustainability Reporting Standards Board, ICAI
14. Ms. Pushpa Aman Singh, CEO, GuideStar India
15. Ms. Ingrid Srinath, Founder Director, Centre for Social Impact and Philanthropy, Ashoka University
16. Ms. Priya Subbaraman (NSE Representative)
17. Dr. Prasanna Tantri, Assistant Professor, ISB

C – Eligible areas of Focus

1. *Eradicating hunger, poverty malnutrition and inequality; promoting health care (including mental health) and sanitation; and making available safe drinking water*
2. *Promoting education, employability and livelihoods*
3. *Promoting gender equality, empowerment of women and LGBTQIA+ communities*
4. *Ensuring environmental sustainability, addressing climate change (mitigation and adaptation), forest and wildlife conservation*
5. *Protection of national heritage, art and culture*
6. *Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports*
7. *Supporting incubators of social enterprises*
8. *Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building*
9. *Promoting livelihoods for rural and urban poor, including enhancing income of small and marginal farmers and workers in the non-farm sector*
10. *Slum area development, affordable housing, and other interventions to build sustainable and resilient cities*
11. *Disaster management, including relief, rehabilitation and reconstruction activities*
12. *Promotion of financial inclusion*
13. *Facilitating access to land and property assets for disadvantaged communities*
14. *Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection*
15. *Promoting welfare of migrants and displaced persons*

D – Disclosure Requirements

- Initial disclosure requirements – disclosure of aspects called “differentiators”
 - Vision, target segment, strategy, governance, management, operations, finance, compliance, credibility, social impact and risks
 - FPEs in addition to above shall continue to make initial disclosure in terms of existing requirements
- Continuous Disclosure Requirements
 - Social Impact Report covering impact score card for SEs (format notified)
 - Additionally, for NPOs:
 - NPOs shall disclose on general, governance and financial aspects on an annual basis
 - Any event having material impact on planned achievement of outcome (within 07 days)
 - Additionally, For FPEs: Existing disclosures requirements shall continue

Thank You

Contact : Hemant.gupta@bseindia.com

sse@bseindia.com

www.bsesocialstockexchange.com