



NSE Social Stock Exchange

Non-Profit and For-Profit Organization

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Background and key regulatory changes undertaken

Background

Emergence of Social Stock Exchange Concept in India

- Hon'ble Finance Minister as part of the Budget Speech for FY 2019-20 proposed the idea of an electronic fund-raising platform – *Social Stock Exchange* – under the regulatory ambit of SEBI
- Accordingly, Working Group and Technical Group constituted by SEBI made high level recommendations on modalities of creating Social Stock Exchange, minimum reporting requirements and provided a broad operational structure.

Idea of Social Stock Exchange

Regulated platform that brings together social enterprises and donors

Facilitate funding and growth of social enterprises

Enabling mechanism to ensure robust standards of social impact and financial reporting

Regulatory Changes undertaken by SEBI for enabling Social Stock Exchanges in India

Pre Listing

Declaration of zero coupon
zero principal instruments
as securities under the
Securities Contracts
(Regulation) Act, 1956

Listing

Chapter X – A (SEBI Issue
of Capital and Disclosure
Requirements) Regulations
2018

Post Listing

Chapter IX- A (SEBI Listing
Obligations and Disclosure
Requirements) Regulations
2015

Eligibility Criteria for Social Enterprises

Eligibility condition for Social Enterprise

“Social Stock Exchange” means a separate segment of a recognized stock exchange having nationwide trading terminals permitted to register Not for Profit Organizations and / or list the securities issued by Not-for-Profit Organizations in accordance with provisions of these regulations.



Social Enterprise means either a Not-for-Profit Organization or a For Profit Social Enterprise

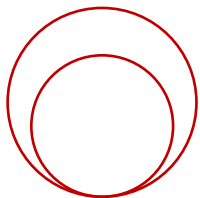
Eligible Activities

- Eligible areas have been identified for demonstrating social intent
- These are based on Schedule VII of the Companies Act, 2013, Sustainable Development Goals and priority areas identified by Niti Aayog



Target Segment

It shall target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments



Predominance (Any one of the following)

- Revenue - At least 67% of the preceding 3-year average of the SE's revenues comes from providing the eligible activities to members of the target population.
- Expenditure – Similarly 67% of the expenses been incurred for providing the eligible activities to the target population
- Customer base - Members of the target population to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the SE's customer base/ beneficiaries

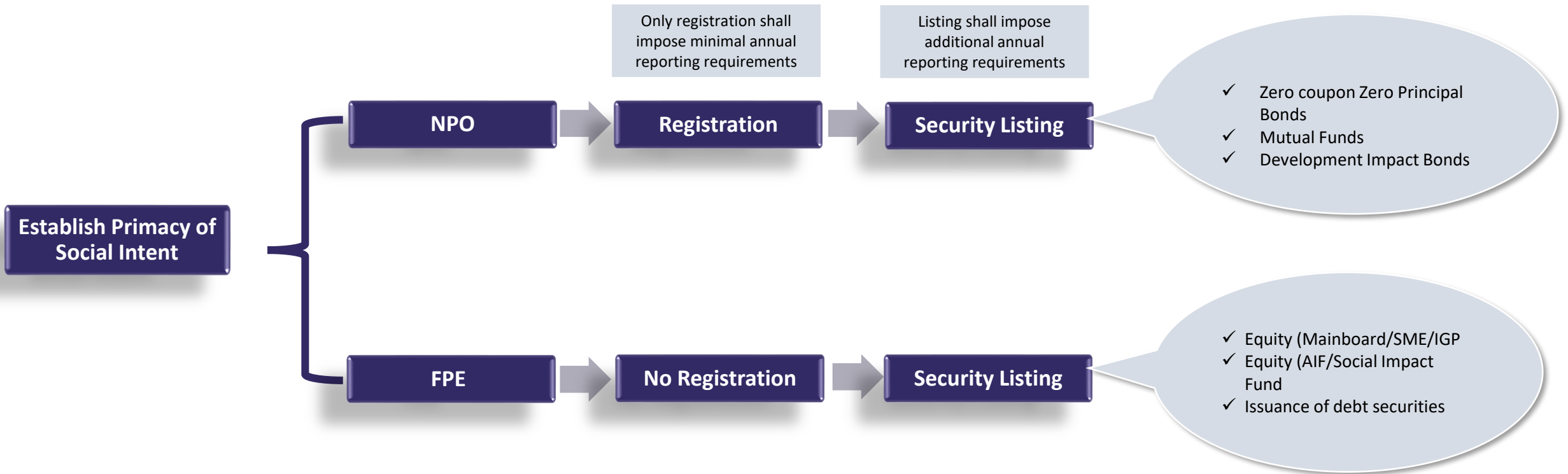
Eligible Activities

List of eligible activities for demonstrating primacy of social impact

- I. Eradicating hunger, poverty malnutrition and inequality
- II. promoting health care (including mental health) and sanitation; and making available safe drinking water
- III. Promoting education, employability and livelihoods
- IV. Promoting gender equality, empowerment of women and LGBTQIA+communities
- V. Ensuring environmental sustainability, addressing climate change (mitigation and adaptation), forest and wildlife conservation
- VI. Protection of national heritage, art and culture
- VII. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports
- VIII. Supporting incubators of social enterprises
- IX. Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building
- X. Promoting livelihoods for rural and urban poor, including enhancing income of small and marginal farmers and workers in the non-farm sector
- XI. Slum area development, affordable housing³, and other interventions to build sustainable and resilient cities
- XII. Disaster management, including relief, rehabilitation and reconstruction activities
- XIII. Promotion of financial inclusion
- XIV. Facilitating access to land and property assets for disadvantaged communities
- XV. Bridging the digital divide⁵ in internet and mobile phone access, addressing issues of misinformation and data protection
- XVI. Promoting welfare of migrants and displaced persons
- XVII. any other area as identified by the Board or Government of India from time to time

NPO – Registration , Disclosures , Process overview and Value Proposition

Social Enterprises – Instruments and Process Overview



- A FPE can proceed directly for listing, provided it is a company registered under Companies Act 1956/2013 and complies with the requirements in terms of SEBI Regulations for Issuance and listing of equity or debt securities.
- A Social Stock Exchange shall be accessible only to institutional investors and non-institutional investors:



Non-Profit Organizations – Registration

Parameters

Indicators

Details

Regulatory Requirements

Entity is legally registered as an NPO	Registration certificate valid at least for next 12 months	Entities must be registered in India one of the below: <ul style="list-style-type: none"> • a charitable trust registered under the public trust statute of the relevant state • a charitable trust registered under the Societies Registration Act, 1860 • a charitable trust registered under the Indian Trusts Act, 1882 • a company incorporated under section 8 of the Companies Act, 2013
Ownership and Control	Governing document (MoA& AoA/ Trust Deed etc)	Disclose if NPO is owned and/or controlled by government or private.
Tax exempt under Income Tax Act	Registration Certificate under 12A/12AA/12AB under Income Tax	Valid certificate for at least the next 12 months. Also, does not have a notice or ongoing scrutiny by Income Tax on the same
Registration with IncomeTax as an NPO	IT PAN	IT PAN
Age of the NPO	Registration certificate	Minimum 3 years
Tax deduction under Income Tax	Valid 80G registration underIncome-Tax.	Ensure registration declares whether tax deduction is available or not to investors.
Eligible to be Social Enterprise	Requirements with Regulation 292E of ICDR Regulations and registered on Darpan portal	Darpan Number and CSR number

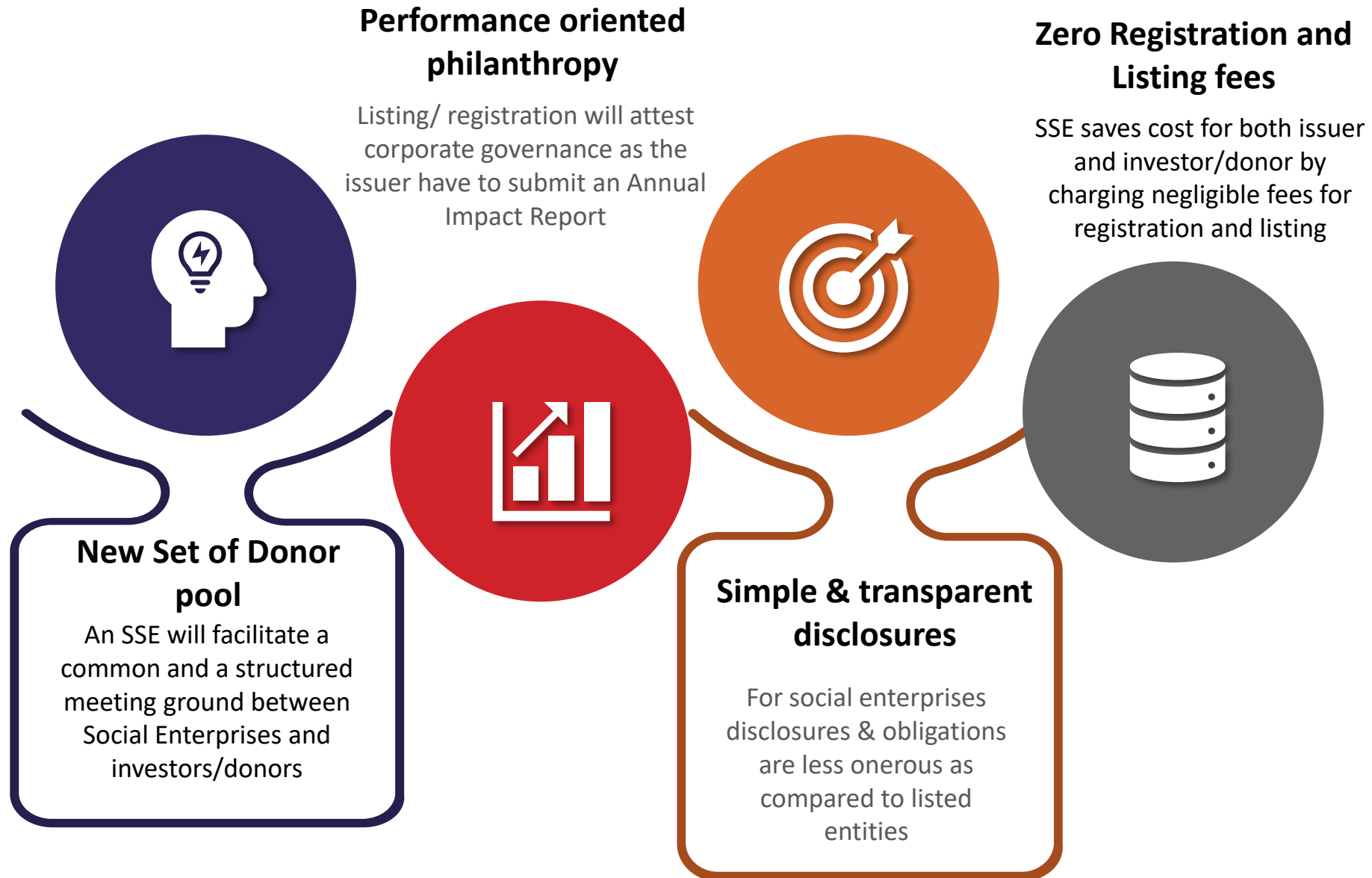
Funding Requirements

Annual Spending inthe past financial year	Receipts or Payments fromAudited accounts/ Fund Flow Statement	Must be at least Rs. 50 lakhs
Funding in the past financial year	Receipts from Auditedaccounts/ Fund Flow Statement	Must be at least Rs. 10 lakhs

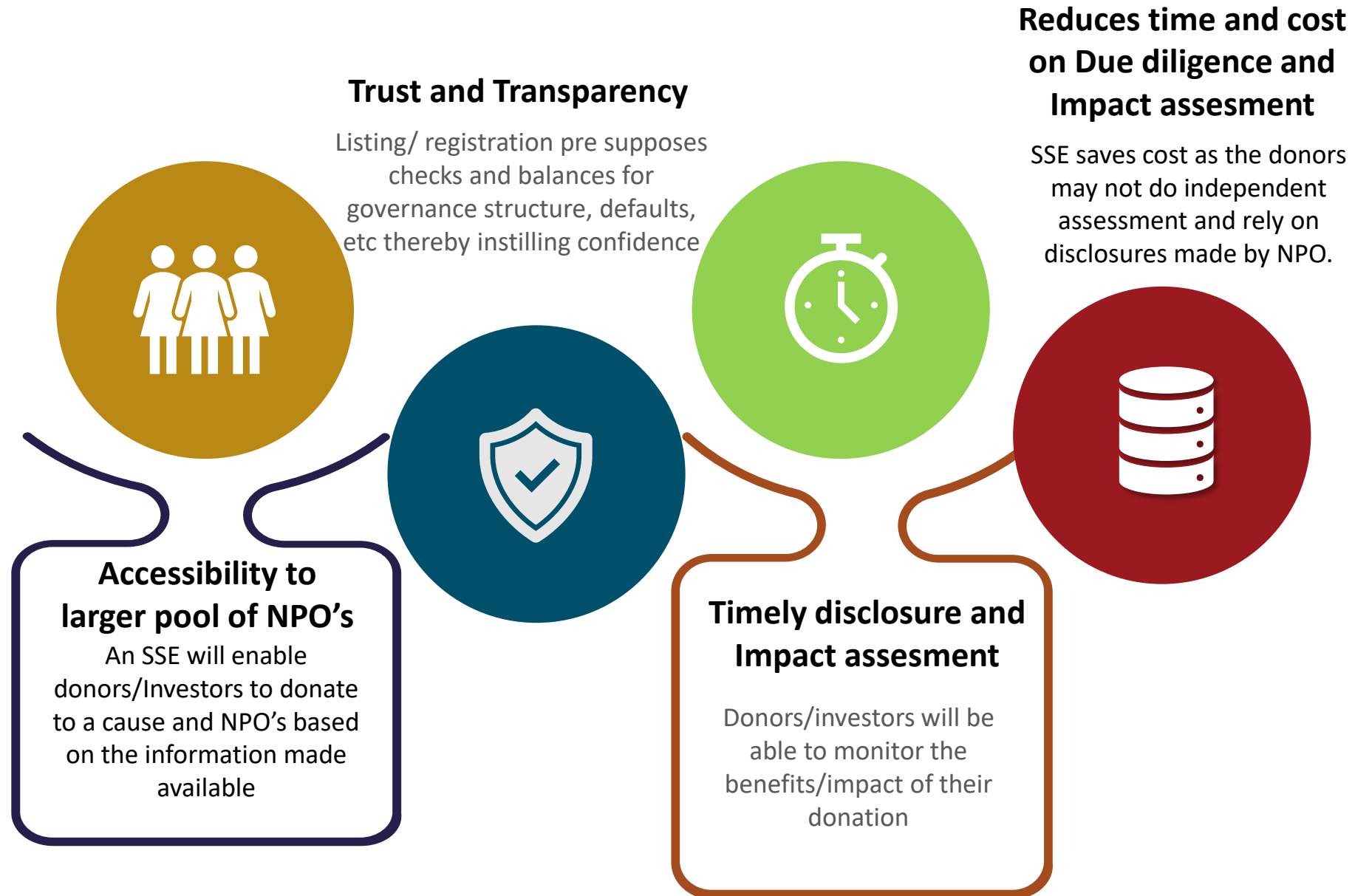
Disclosure Requirement for Social Enterprises

Particulars	NPOs registered on SSE	NPOs with its securities listed on SSE	FPSEs registered with SSE
Annual Disclosures	Within 60 days from the end of FY (format to be specified by SEBI)		As applicable under Ch. IV/ V of LODR
Quarterly Disclosures	Not applicable	Statement of utilization of the funds raised from the end of each quarter till such funds are utilized, in the manner: <ul style="list-style-type: none"> • Category-wise amount of money raised & utilized; • Amount remaining unutilized 	As applicable under Ch. IV/ V of LODR
Event based Disclosures	Not applicable	Any event that may have a material impact on the planned achievement of outputs or outcomes and steps being taken by the Social Enterprise to address the same, within 7 days from the occurrence of such event	
Policy for determination of materiality	Not applicable	To frame policy for determination of materiality and disclose the same to Social Stock Exchange.	
Annual Impact Report	Annual Impact Report audited by a Social Audit Firm employing Social Auditor, to SSE/ Stock Exchange (time period and format to be specified by SEBI)		

Social Stock Exchange – Value Proposition



SSE– Value Proposition for Donors/Investors



NSE Overview

National Stock Exchange of India (NSE)

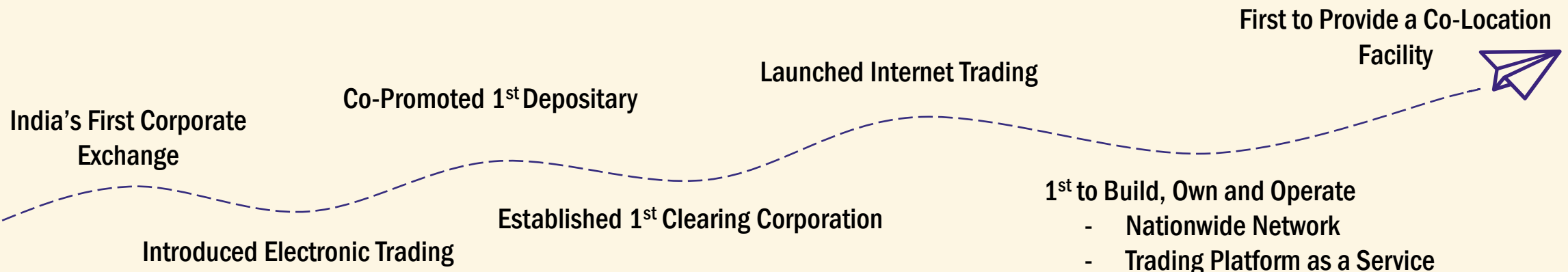


NSE is the premier exchange of the country and represents a modern customer-centric and governance-committed face of India to the world

Over the last 27 years, NSE has successfully revolutionised Indian Capital Markets and has become the representation of nation's development story.

The standards set by NSE in terms of market practices, products, services and technologies have become industry benchmarks.

A Journey of Firsts



NSE is one of the largest multi asset class exchange globally

World's Largest Derivates Exchange for 3rd Consecutive Year

Source: FIA based on trading volume 2019, 2020, 2021

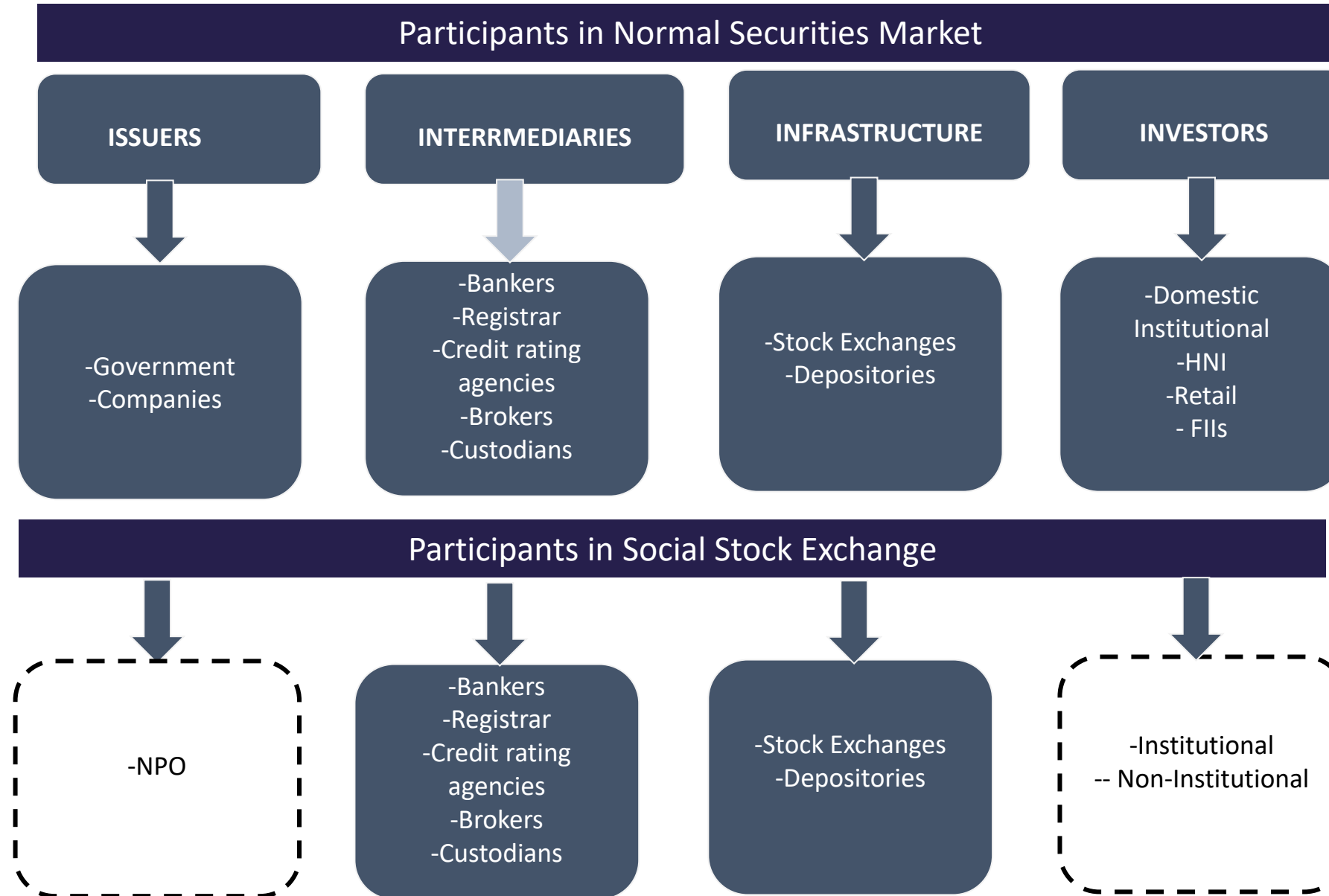
Ranks 4th in Cash Equities in the World

Source: WFE based on trading volume, 2021

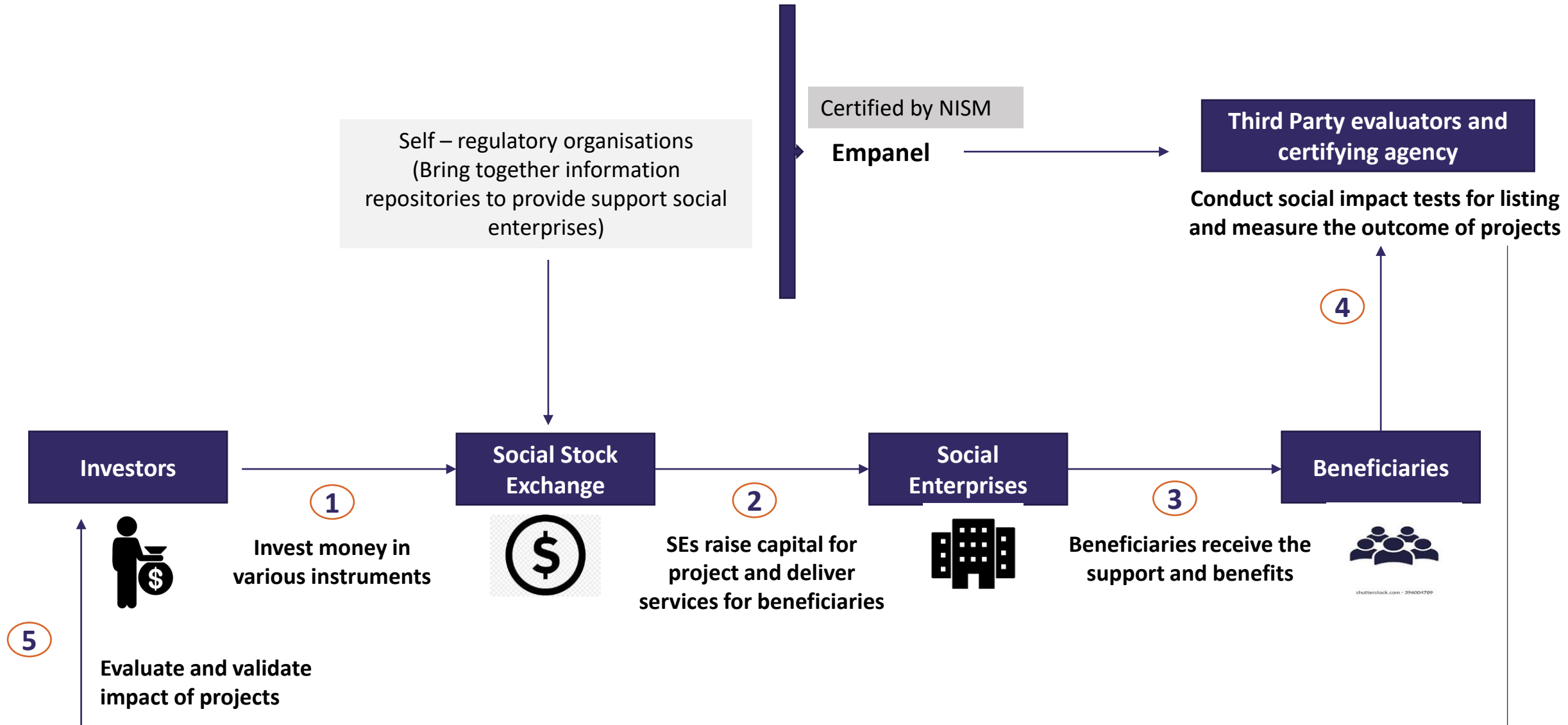
Dominant Leadership Position in Domestic Market					
Equity	Derivatives			Corporate Bonds	
93%	100%	70%	95%	99%	86%
Equity Segment	Equity Futures Equity Options	Currency Futures	Currency Options	RFQ Platform (Secondary Market Trading)	CBRICS

Source: SEBI,NSE,BSE - Market Share for FY 2021-22 by Trading Value

Normal Securities Market Vs Social Stock Exchange



Social Stock Exchange Workflow





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Thank You

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