



CIRCULAR

SEBI/HO/MRD/MRD-RAC-2/P/CIR/2022/141

October 13, 2022

To

All Recognized Stock Exchanges

Dear Sir / Madam,

Sub: Governing Council for Social Stock Exchange (“SSE”)

1. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) and Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“**AIF Regulations**”) were amended vide Gazette notification dated July 25, 2022, to provide a framework for Social Stock Exchange.
2. As per Regulation 292D of the ICDR Regulations, every Social Stock Exchange shall constitute a Social Stock Exchange Governing Council to have an oversight on its functioning, with composition and terms of reference as specified by the Board. Aspects related to the Social Stock Exchange Governing Council (“SGC”) are specified below:

1) Composition of SGC

- a) The SGC shall comprise of individuals with relevant expertise who can contribute to the development of SSE. It shall have a balanced representation, drawing from various categories of stakeholders such as:-
 - i. Philanthropic and social sectors including public / private sector donors,
 - ii. Non-profit organizations
 - iii. Information Repositories
 - iv. Social Impact Investors
 - v. Social Audit Profession / self-regulatory organization for social auditors,
 - vi. Capacity Building Fund
 - vii. Stock Exchange.
- b) SGC will have a minimum of 7 members having representation from each of the said categories (i to vii above)
- c) SGC shall be supported by administrative staff from the SSE.



- d) The Board of the Stock Exchange shall prescribe the procedure, frequency, quorum etc for the meetings of SGC as well as guidelines for handling potential conflict of interest, if any.
- e) SGC shall meet as frequently as required with minimum of four meetings in a financial year.

2) Terms of Reference

The SGC is expected to provide oversight and guidance to facilitate the smooth functioning of the operations of the Social Stock Exchange, with regard to registration, fund raising and disclosures by Social Enterprises. Accordingly, the terms of reference of the SGC shall include the following:

- a) Provide expertise towards development of the SSE including growth of registration/ listing of social enterprises and number of investors.
 - b) Oversee the listing function of SSE and provide guidance in laying down procedures for on-boarding and listing of Social Enterprises.
 - c) Facilitate effective oversight on the adequacy of disclosures made by Social Enterprises and guide development of necessary systems and processes towards the same.
 - d) Review the functioning of the SSE, including feedback received from stakeholders.
 - e) Any other matter related to governance and development of SSE.
3. The Stock Exchange shall constitute a Governing Council for the Social Stock Exchange prior to seeking final approval from SEBI for introduction of Social Stock Exchange as a separate segment.
 4. This circular is being issued in exercise of the powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992, read with Regulation 292D of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to protect the interest of investors in securities market and to promote the development of, and to regulate the securities market.
 5. This circular is available on SEBI website at www.sebi.gov.in at “Legal→Circulars”

Yours faithfully,

Susanta Kumar Sahoo
Deputy General Manager
Market Regulation Department
Email: sksahoo@sebi.gov.in