



CONSULTATIVE PAPER ON e-VOTING FACILITY PROVIDED BY LISTED ENTITIES

Background and Rationale for review

1. Under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) listed entities are required to provide remote e-voting facility to their shareholders for all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.
2. There are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by shareholders.
3. Multiple login credentials, apart from being cumbersome for the shareholders to remember, are also prone to misuse. It is important that the entire process of e-voting is secure, convenient and simple to use for the shareholders.
4. In view of the above inefficiencies in the present e-voting process which have prevented its optimum utilization by shareholders, it is proposed to review the e-voting mechanism as provided by various ESPs and seek public comments in this regard.

Current regulatory provisions pertaining to e-voting by listed companies

5. Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 deals with the exercise of right to vote by members by electronic means (e-voting). The provisions seek to ensure wider shareholders participation in the decision making process in companies.
6. Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) provides that listed entities are required to provide remote e-voting facility to their shareholders for all shareholders' resolutions.

Analysis & Policy Proposals:

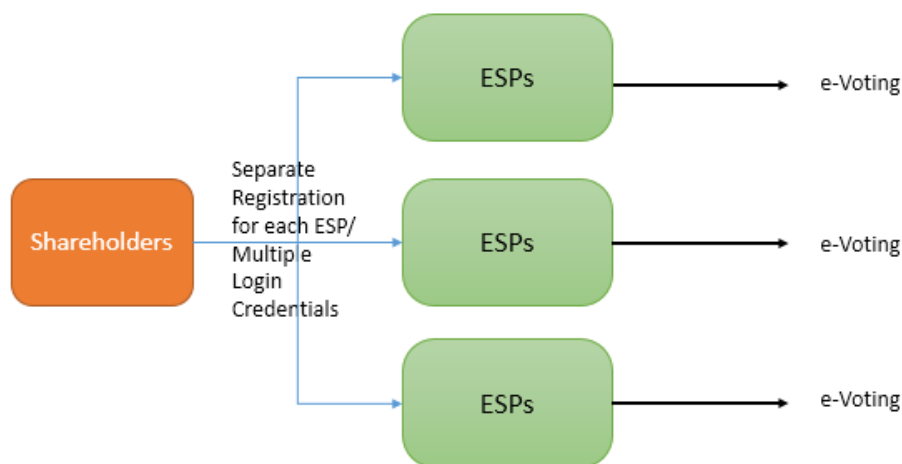
7. Depositories viz. CDSL and NSDL as well as Depository Participants offer internet based facilities (hereinafter referred to as web based services) whereby demat account holders are allowed to access information related



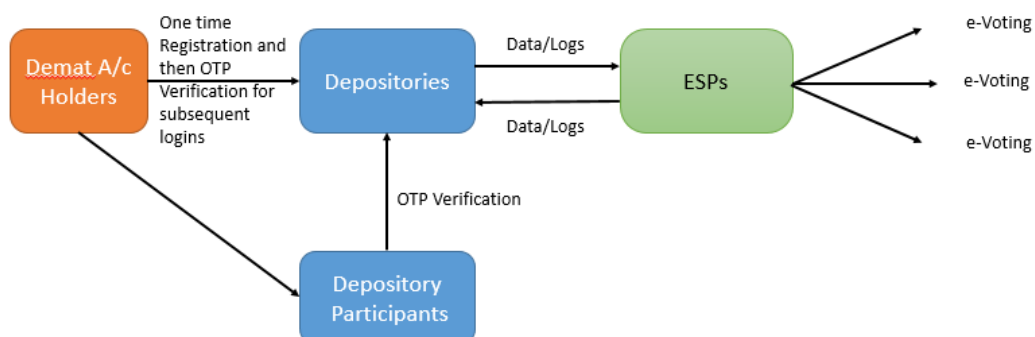
to their holdings and transactions in their demat accounts and/or carry out secured electronic transactions.

8. To enable e-voting through a single login credential and thus increase the efficiency of the voting process, after consultation with the Depositories and ESPs, an alternate mechanism is suggested, wherein, demat account holders may access e-voting portals of multiple ESPs through the web based services provided by Depository Participants or Depositories. The existing and proposed architecture is depicted below –

Present E-Voting Process



Proposed E-Voting Process



9. Demat account holders would be able to cast their vote on different ESP portals without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and



convenience of participating in e-voting process. This can be done through either of the following two ways –

- a. Direct registration with Depositories – Shareholders can register directly on the depository. After the initial one-time registration, shareholders would be able to access the e-voting facilities through Mobile / E-mail based OTP verification. Shareholders would be able to access the e-voting links of ESPs without further authentication by ESPs for participating in the e-voting process.
 - b. Through Demat Accounts with Depository Participants – Demat account holders will have the option of accessing various ESP portals directly from their demat accounts, through the facility provided by respective depository. The Depositories may authenticate the investors through Mobile / E-mail based OTP verification for allowing such access. Shareholders would be able to access the e-voting links of ESPs without further authentication by ESPs for participating in the e-voting process.
10. The authentication of shareholders would happen at the depository level and ESPs shall allow the demat account holders to cast their vote based on the validation carried out by the Depository.
 11. Depositories shall share necessary details and logs such as source IP address, PAN, Demat Account number, Name of the account holder, Mobile no., Email ID etc., of the demat account holders with other ESPs. Similarly, ESPs shall also share the electronic logs and other related information with respect to the e-voting transactions with the depositories.
 12. Demat account holders seeking access to the e-voting system of ESPs through the web based service provided by its Depository / Depository Participants shall mandatorily update their mobile number and email ID registered in their demat accounts. Depositories should also have the mechanism to periodically monitor the validity of such information.
 13. This facility shall be available to all the shareholders holding the securities in demat mode. ESPs may continue to provide the facility of e-voting to physical shareholders as per the existing process.
 14. Depositories shall establish a dedicated helpline to resolve technical difficulties faced by shareholders relating to the e-voting facility.
 15. ESPs shall send the details of the vote cast to the shareholders via SMS and / or Email, as follows: *“You have cast your vote in favour of the resolution no(s).... and against the resolution no(s)....in respect of.... shares*



in(company). In case of any discrepancy, you may contact.....or mail at

16. ESP Portals shall provide relevant links regarding the resolutions of the listed companies. Such links shall provide access to listed companies' websites through exchange corporate search link, proxy advisors' websites etc. This would enable better deliberation and decision making by the shareholders while casting their votes.

Public comments

Comments on the above proposal may be sent on or before March 31, 2020 in the following format:

Name of entity / person / intermediary/ Organization:			
Sr. No.	Issues	Suggestions	Rationale

Comments may be sent:

1. By email at evoting@sebi.gov.in
2. By post to the following address:

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