

# Social Stock Exchanges (SSE)



SEBI has proposed for allowing non-profit organizations to directly list them on Social Stock Exchanges (SSE).

## Key Recommendations

### Issuing of Bonds

- ✓ Allowing non-profit organisations to directly list through issuance of bonds in the form of zero coupon or zero principal bonds.
- ✓ Zero-coupon bond is a debt security that does not pay interest but instead trades at a deep discount, drawing a profit at maturity, when the bond is redeemed for its full face value.
- ✓ This would help to access funds from donors, philanthropic foundations and Corporate Social Responsibility (CSR) spenders as they will be encouraged to buy zero coupon bonds.

### Social Venture Funds (SVFs)

- ✓ It recommends a range of funding avenues, such as Social Venture Funds (SVFs) under Alternate Investment funds.
- ✓ Social Venture Funds (SVFs) are funds investing in early-stage social enterprises to expand opportunity for people living in poverty.

### Enhanced Reporting Standards

- ✓ Profit social enterprises be allowed to list on the platform with enhanced reporting requirements.
- ✓ The social stock exchange can be housed within the existing national bourses like the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

### Importance of SSE

- ✓ This will help the SSE to leverage existing infrastructure and client relationships with onboard investors, donors, and social enterprises.
- ✓ Certain tax incentives allowed under the recommendation would encourage participation in the culture of 'giving' among various stakeholders.
- ✓ It would encourage banks and other investors to participate with non-profit organisations and thereby making social and economic growth more inclusive.