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Corporate reporting insights

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Investment norms applicable to passively managed mutual fund schemes

The Securities and Exchange Board of India (SEBI) (Mutual Funds) Regulations,1996 (MF Regulations) govern the formation, operation, and management of mutual funds in India and prescribe the provisions related to eligibility criteria, registration process, code of conduct, investment objectives, valuation norms, disclosure requirements, and other aspects of mutual funds.

The SEBI Mutual Funds Regulations, 1996 impose certain restrictions on assets/ investments in which mutual funds can invest in. Some of these are as below:

- Regulations 43 and 44(1) of the MF Regulations deal with the investment of money collected by mutual funds under their schemes. Regulation 43 provides a list of permissible assets that mutual funds can invest in, and Regulation 44(1) imposes certain restrictions on the investment of mutual funds in securities.
- Seventh Schedule of the MF Regulations prescribes certain restrictions relating to investments in securities. Clause 9(c) of the Seventh Schedule restricts mutual fund schemes from investing in the listed securities of group companies of the sponsor which is in excess of 25 per cent of the net assets.

On 2 July 2024, the SEBI issued amendments to Clause 9(c) and introduced an exception to the mentioned limit on investment for certain specified cases. Consequent to the amendment, equity-oriented Exchange Traded Funds (ETFs) and index funds, may invest more than 25 per cent of their net assets in listed securities of group companies, subject to certain conditions specified by SEBI (the conditions). Subsequently, SEBI through its circular dated 8 July 2024, prescribed the following conditions:

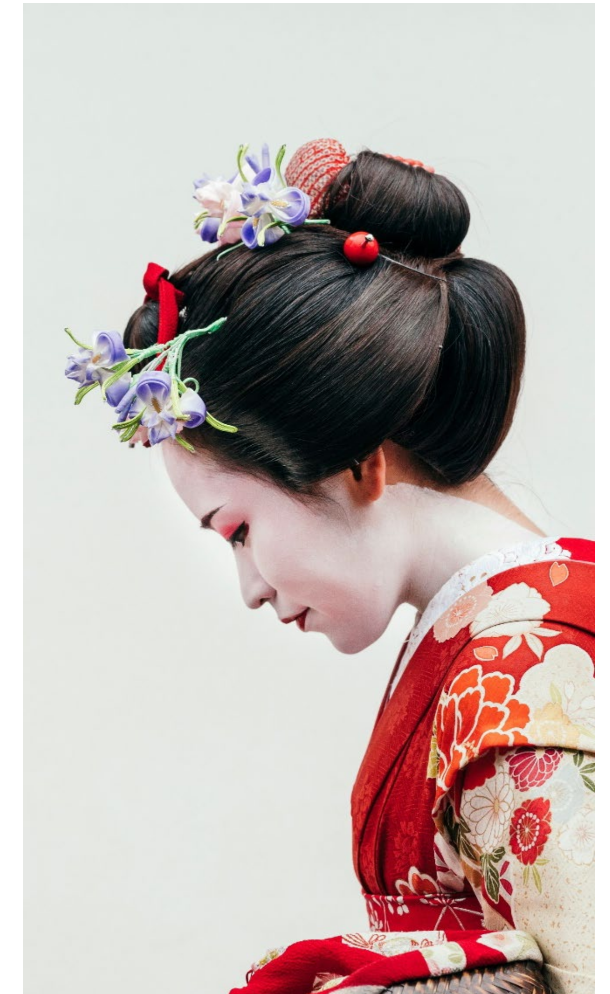
I. **Investment limit for ETFs and index funds:** Equity-oriented ETFs and index funds which use widely tracked and non-bespoke indices, can make investments in accordance with the weightage of the constituents of the underlying index subject to an overall cap of 35 per cent of net asset value of the scheme, in the group companies of the sponsor.

   Widely tracked and non-bespoke indices are indices which are tracked by passive funds or act as primary benchmark for actively managed funds with collective Asset under Management (AUM) of INR20,000 crore and above. The list of indices should be determined on a half yearly basis as per the above specified AUM threshold as on 31 March and 30 September, respectively. The list of indices should be updated by Association of Mutual Funds in India (AMFI) and published on its website biannually, by 15 April and 15 October, respectively, every year post seeking SEBI approval.

II. **Rebalancing of portfolios:** Passive schemes based on underlying indices are required to rebalance their portfolios within 30 business days from the issuance of this circular. In case the portfolios of such schemes are not rebalanced within 30 business days, justification in writing, including details of efforts taken to rebalance the portfolio should be provided to the investment committee of the AMC. The investment committee can grant extension of timeline for up to 60 business days for rebalancing their portfolios.

III. **Restriction to launch new schemes and exit load:** In case the portfolio of schemes is not rebalanced within the mandated and extended timelines, the AMCs should not be permitted to launch any new schemes till such time the portfolio is rebalanced. In case of a non-compliant scheme, the AMC cannot levy exit loads on existing investors.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2024/188 dated 2 July 2024 and SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/098 dated 8 July 2024)



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Relaxation provided to debt listed entities for publishing newspaper advertisement

Chapter V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) prescribes certain regulations pertaining to obligations of a listed entity which has listed its non-convertible debt securities or non-convertible redeemable preference shares or both (specified listed entities).

Currently, following are the applicable requirements relating to disclosure of financial results for specified listed entities:

- Regulation 52(8) of the Listing Regulations requires specified listed entities to publish their financial results within two working days from the conclusion of the meeting of board of directors, in at least one English national daily newspaper.
- Part B of Schedule III, inter-alia, requires specified listed entity to disclose financial results to the stock exchange within 30 minutes of the closure of the meeting.
- Further, Regulation 62 of the Listing Regulations also mandates disclosure of financial results on the website of the listed entity.

Considering the requirements relating to disclosure of financial results on the website of the entity and stock exchanges, publishing the same information in the newspapers becomes redundant as the same is readily accessible to the investors on the website of the company. In order to reduce the compliance cost, on 8 July 2024, SEBI issued certain amendments to Regulation 52(8) of the Listing Regulations by making it optional for issuers of Non-Convertible Securities (NCS) to publish detailed advertisements in newspapers providing their financial results under Regulation 52(8) of the LODR Regulations. As per the amendment, issuers of specified listed entities have an option to provide a small section with details of QR code and weblink of the page providing detailed financial results of the entity for the benefit of investors.

This amendment was earlier proposed by SEBI in its consultation paper- Consultation paper on review of provisions of NCS Regulations and LODR Regulations for ease of doing business and introduction of fast-track public issuance of debt securities issued on 9 December 2023.

Such entities may avail the above-mentioned option subject to the following conditions:

- For NCS outstanding as on the date of notification of this proviso, they need to obtain a prior approval from the debenture trustee.
- In case of any issuances after the date of notification of this proviso, entities need to provide disclosure in the offer document regarding the window advertisement in the newspapers or obtain prior approval from the debenture trustee.

(Source: SEBI notification no. F.No. SEBI/LAD-NRO/GN/2024/189 dated 8 July 2024)

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Amendments to NCS Regulations

On 8 July 2024, SEBI issued the amendments to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations).

Following are the key considerations:

- **Standardisation of the record date**: Record date, also referred to as 'cut-off date' is the specific day on which a listed entity determines the list of holders eligible for forthcoming payment of interest, dividend or principal obligation. Currently, Regulation 60 of the LODR Regulations requires issuers of NCS to fix a record date and the NCS Regulations[1] require issuers of NCS to disclose such record date in the offer document. However, considering lack of uniformity in market practice in terms of duration between the record date and due date for payment obligations, SEBI issued certain amendments to Regulation 23 of the NCS Regulations.

  The amendment requires issuers of NCS to fix a record date for the purposes of payment of interest or dividend, repayment of principal or any other corporate actions. Further, such a record date should be fixed at **15 days prior to the due date**[2] of payment of interest or dividend, repayment of principal or any other corporate actions.

- **Due diligence certificate:** Regulations 40[3] and 44[4] of the NCS Regulations inter alia deal with issuance of due diligence certificate by debenture trustees. The SEBI have issued the following amendments with regard to due diligence certificates by debenture trustees:
  - The amended regulations require debenture trustees to issue a due diligence certificate even at the time of filing of the listing application by the issuer of NCS[5].
  - The stock exchanges are now required to disclose the offer document (in case of public issue) and placement memorandum (in case of private placement) and due diligence certificates issued by the debenture trustee on their websites (Additional requirements inserted under Regulation 40(3) and Regulation 44(3A) of NCS Regulations).
  - The new format of due diligence certificates (as provided in Schedule IV and IVA of NCS Regulations) has been issued. The new formats issued are detailed and harmonised with the format of certificate provided in the Master Circular for Debenture Trustees issued by SEBI on 6 July 2023.

- **QR code for financial information in offer document:** The amendments have revised Schedule I of the NCS Regulations so that the issuers whose non-convertible securities are listed as on the date of filing of the offer document or placement memorandum may provide a web link and a static QR code of the audited financial statements in the offer document, subject to certain specified conditions.

The above-mentioned amendments are applicable from 10 July 2024.

(Source: SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 dated 10 July 2024)

1. Schedule I of the NCS regulations
2. Regulation 23(7) has been introduced for this amendment.
3. Regulation 40 of NCS Regulations deals with issuance of due diligence certificate by debenture trustees in case of a public issue and listing of debt securities.
4. Regulation 44 of NCS Regulations inter alia deals with issuance of due diligence certificate by debenture trustee in case of private placement of debt securities and non-convertible redeemable preference shares
5. Debenture trustee would be providing a confirmation on additional aspects at the time of filing for listing.

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Enhanced definition of venture capital fund

Currently, venture capital funds are regulated by SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012 (AIF Regulations). On 11 July 2024, SEBI issued amendments to AIF Regulations. Some of the key amendments are as follows:

a. 'Migrated venture capital fund[6]' has been added to the definition of venture capital fund and a new chapter 'Chapter III-D' has been inserted to specify the applicability, eligibility criteria, registration procedure, etc. of migrated venture capital funds.

b. It has been specified that venture capital funds may seek registration as migrated venture capital funds within 12 months from the date of notification of the amendment Regulations i.e. 18 July 2024.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2024/194 dated 11 July 2024)

6. Migrated venture capital fund' means a fund that was previously registered as a venture capital fund under the SEBI (Venture Capital Funds) Regulations, 1996 and subsequently registered under these regulations as a sub-category of Venture Capital Fund under Category I - AIFs

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Updated master directions on fraud risk management

With an aim to provide a robust framework for the prevention, early detection, and timely reporting of frauds in Regulated Entities (REs), the RBI issued three revised master directions on fraud risk management, which are applicable to all REs such as banks (including All India Financial Institutions), Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies (HFCs)) and co-operative banks.

The revised master directions (for both banks and NBFCs) focus on the role of the board of directors in the overall governance of the RE. Below is an overview of key provisions:

- **Wider scope:** The revised master directions increase the scope and coverage of the master directions to also include Regional Rural Banks and all NBFCs (including HFCs) having asset size of INR500 crore and above.
- **Fraud risk management policy:** The revised master directions focus on developing principles of ‘prevention’ of fraud in addition to detection and reporting.

  Additionally, Banks and NBFCs (including HFCs) are required to develop board approved fraud risk management policies which are required to be reviewed at least once in every three years. These fraud risk management policies should ensure compliance with the principles of natural justice in a time bound manner.
- **Special committee and senior management:** Banks and NBFCs (including HFCs) are required to set up a special committee, chaired by an independent director which would inter alia review and monitor cases of fraud. The senior management would be responsible for implementing the board approved policies.
- **Early detection of frauds:** Banks and certain NBFCs (Middle Layer and Upper Layer) have been provided six months from the date of the circular to establish robust Early Warning Signals (EWS) for detection of frauds, integrated with the core banking solution, including a dedicated analytics unit that would capture early warning signals for both credit and non-credit facilities.
- **Red flagged accounts:** A framework for red flagging of accounts needs to be developed by banks. Based on the EWS triggers, each bank would individually assess which borrower account needs to be tagged as red flagged accounts. Further, when a Law Enforcement Agencies (LEA) suo moto initiates investigation against a borrower, such borrower’s account should also be tagged as red flagged accounts.
- **Requirement for external or internal audit:** Once a bank classifies a borrower’s as red flagged account or an NBFC (including HFC) suspects a borrower of indulging in fraudulent activities, it would need to initiate an audit of such borrower. This audit may be conducted either by an external or an internal auditor of the banks/NBFCs.
- **Fraud accounts:** Based on findings of the audit and bank’s assessment, banks may classify accounts tagged as red flagged accounts as fraud accounts within 180 days of tagging them as red flagged. Borrowers that continue to be tagged as red flagged account beyond 180 days need to be reported to the special committee and would be under a supervisory review of RBI.

  However, both banks and NBFCs need to ensure that principles of natural justice (which includes issuing show cause notice, providing the borrower a right to represent his/her case, etc.) should be strictly adhered to before classifying an account as a fraud account.
- **Reporting of frauds:** The revised master directions require REs to report the incidents of fraud to Law Enforcement Agencies and to regulators within a prescribed timeline and have provided additional categories of fraud for classification while reporting to RBI.
- **Closure of frauds:** The revised master directions provide the following relaxations pertaining to closure of frauds:
  - The conditions of write off, recovery, insurance claims, and review of systems and procedures have been eliminated.
  - The limits for closure of fraud for statistical/reporting purpose has been increased from INR 2.5 million to INR1 crore.
- **Audits of title documents:** The revised directions have prescribed new requirements for NBFC to conduct legal audits of title documents of large value loan accounts periodically.

(Source: RBI press release dated 15 July 2024)

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Regulatory framework for classification of borrowers

On 30 July 2024, RBI issued the Master Direction on Treatment of Wilful Defaulters and Large Defaulters. The directions aim to outline the procedure for classifying a borrower as a wilful defaulter and also put in place a system to disseminate credit information about wilful defaulters and ensures that further institutional finance is not made available to them.

Some of the key points covered in the master directions are as follows:

- **Applicability:** The provisions of the master directions are applicable to an All-India Financial Institution (AIFI)[7], a bank, or NBFC which has granted a credit facility to the borrower. Further, the reporting requirements stipulated in the master directions are binding on an Asset Reconstruction Companies (ARCs) and Credit Information Companies (CICs).
- **Wilful defaulter:** It covers, *inter alia*, a borrower or a guarantor who has committed wilful default and the outstanding amount is INR25 lakh and above, or as may be notified by the RBI from time to time.
- **Large defaulter:** It covers a defaulter with an outstanding amount of INR1 crore and above and who has a suit filed or whose account has been classified as doubtful or loss.
- **Identification mechanism:** This process covers, *inter alia*, the following aspects:
  - It involves examination by an Identification Committee, which must review the borrower's track record to ensure that the default was intentional and deliberate.
  - A show cause notice with a 21-days period to respond is provided to the borrower, guarantor, promoter, or director to present their case.
  - The final decision to classify an individual or entity as a wilful defaulter rests with a Review Committee.
  - The borrower/guarantor/promoter/director/ persons in charge and responsible for the management of affairs cannot be represented by a lawyer, given the nature of the proceedings.
- **Penal measures against wilful defaulters:** The following penal measures would be implemented by the lenders against borrowers classified as wilful defaulters and entities with which a wilful defaulter is associated[8] (together referred to as wilful defaulters and associates):
  - Additional credit facility would not be granted by any lender
  - Not be eligible for restructuring of credit facility
  - Wherever warranted, lenders may initiate action against the borrowers/guarantors for foreclosure/recovery of dues expeditiously
  - Once the name of the wilful defaulter has been removed from the List of Wilful Defaulters (LWD) by the lender:
    - Bar on additional credit facility to a wilful defaulter and associates for a period of one year
    - Bar on credit facility for floating of new ventures to a wilful defaulter and associates for a period of five years.
- **Role of auditors:** Following are key points for statutory auditors:
  - Where the statutory auditors are found negligent in a case of falsification of accounts by the borrower, a complaint against such auditor can be lodged with the National Financial Reporting Authority (NFRA) or the Institute of Chartered Accountants of India (ICAI)
  - Where third parties engaged by the lender for credit sanction/disbursement process were found negligent in their work, details of such third parties would be sent to the Indian Banking Association.
- **Reporting requirements:** Entities regulated by the RBI must submit monthly reports to all credit information companies (CICs) providing details of suit-filed accounts and non-suit-filed accounts classified as doubtful or loss. Every CIC should further display the details of suit-filed and non-suit filed accounts on its website.

Effective date: The master directions will come into force after 90 days from its date of issuance, i.e., 28 October 2024.

(Source: RBI notification no. RBI/DoR/2024-25/122 DoR.FIN.REC.No.31/20.16.003/2024-25 dated 30 July 2024)

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7. All India Financial Institution (AIFI) means:
   i. Export Import Bank of India (EXIM Bank)
   ii. National Bank for Agriculture and Rural Development (NABARD);
   iii. National Housing Bank (NHB);
   iv. Small Industries Development Bank of India (SIDBI); and
   v. National Bank for Financing Infrastructure and Development (NaBFID).
8. Entities associated with wilful defaulters are:
   i. Where wilful defaulter is a company- a subsidiary, associate or joint venture of such company (as defined in Companies Act, 2013)
   ii. Where wilful defaulter is a natural person- all entities in which the wilful defaulter is a promoter, director or person in charge / responsible for managing the activities

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Enhanced disclosures for dues pending to MSMEs

On 15 July 2024, the Ministry of Company Affairs (MCA) amended the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019 (Specified companies order) by issuing the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024 (Amendment order).

The specified companies order requires every specified company to file details of all outstanding dues to Micro or small enterprises suppliers in MSME Form 1. The amendment order states that only those specified companies which are having payments pending to any micro or small enterprises for more than 45 days from the date of acceptance or the date of deemed acceptance of the goods or services under Section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 should furnish the information in MSME Form-1.

The amendment order has further provided a revised format of MSME Form-1 which contains details to be filed by specified companies relating to delay in payments to MSME. As per the existing requirements, buyers need to disclose information relating to **amount due, date from which the amount is due** along with the **reason for delay**. The revised information requirements as specified in the Amendment Order 2024 are more comprehensive and require disclosure of the **ageing of dues** as well. The amendments are effective from 15 July 2024.

(Source: MCA notification no. S.O. 2751(E) dated 15 July 2024)

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NFRA's Report on valuation of AT-1 bonds

In July 2024, the National Financial Reporting Authority (NFRA) issued a report on 'Valuation methodology for Additional Tier (AT)-1 bonds[9]'. Prior to the report on valuation of AT-1 bonds issued by the National Financial Reporting Authority (NFRA), the valuation of the bonds was prescribed in the following manner:

- **By SEBI:** AT-1 bonds were required to be valued basis Yield To Maturity (YTM), where the maturity of these bonds was considered 100 years. This valuation was applicable to mutual funds and insurance companies[10].
- **By RBI:** Banks were required to value AT-1 bonds on Yield to first Call (YTC) basis[11]. These valuation norms were in accordance with the principles of Ind AS 113, Fair Value Measurement.

Considering the divergence in the valuation requirements by SEBI and RBI, NFRA on request of Ministry of Corporate Affairs (MCA) suggested a methodology for valuation of AT-1 bonds.

Based on market consultation and its study, NFRA issued a report which recommends that valuation of AT-1 Bonds should be on YTC basis (adjusted with appropriate risk spreads)[12]. However, NFRA also clarified that the issue of deemed maturity date for other purposes is outside NFRA's remit. The methodology suggested is in alignment with Ind AS 113, *Fair Value Measurement.*

Consequent to NFRA report, on 5 August 2024, SEBI issued a circular clarifying the following:

- Valuation of AT-1 Bonds by Mutual Funds should be based on YTC basis
- For all other purposes, deemed maturity of all perpetual bonds would continue to be as per the earlier circulars.

9. Additional Tier (AT)-1 bonds, popularly known as perpetual debt instruments are issued by banks to raise money and build up their core equity capital. Banks have a call option that permits them to redeem these bonds after a certain period..
10. The Insurance Regulatory Development Authority of India (IRDAI) vide a master circular required insurance companies to comply with the valuation directions issued by SEBI for mutual funds.
11. Yield to Call is the expected return an investor gets if they buy a bond and hold it until the issuer repurchases it on call date, before maturity.
12. The rationale for such valuation is that based on market practice, AT-1 bonds have been observed to trade at or quote prices closer to YTC basis- accordingly, this basis of valuation is in line with the principles of valuation stipulated by Ind AS 113.

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Guidance on non-compliances observed by Quality Review Board (QRB)

The QRB conducts quality reviews of audit services provided by audit firms to assess the quality of audit and reporting by the statutory auditors and the quality control framework adopted by the audit firms in conducting audit.

In this regard, on 5 July 2024, the Institute of Chartered Accountants of India (ICAI) has issued volume 2 of guidance on non-compliances observed by QRB during such quality reviews. This publication is a compilation of some common non compliances regarding Standards on Quality Control, Standards on Auditing, audit reports, CARO, internal financial controls observed by QRB while conducting quality reviews. It consists of the following two parts:

- **Part 1:** This part contains the observations related to Engagement and Quality Control Standards (classified standard wise)
- **Part 2:** This part contains the observations related to CARO and internal financial controls (classified topic wise).

(Source: ICAI announcement dated 2 July 2024)

ICAI has issued implementation guide on revision in Form 3CD

The tax audit under Section 44AB of the Income-tax Act, 1961 is a significant compliance requirement for assesses aimed at ensuring transparency and fairness in tax assessments. It plays an important role in promoting tax compliance and preventing tax evasion. In March 2024, the Central Bureau of Direct Taxes (CBDT) had notified changes to the Form 3CD and 3CEB. Some of the key changes introduced in Form 3CD are as follows:

- To report expenditure incurred to compound an offence and expenditure incurred to provide any benefit or perquisite which is in violation of any law or rule or regulation or guideline under clause 21(a).
- To report sums payable to micro or small enterprises which are not paid within the time allowed under Section 15 of MSMED Act, 2006, under clause 26.
- Minor changes to include all the applicable sections introduced through the Finance Act 2023, in reporting under respective clauses of Form 3CD.

In this regard, the Direct Tax Committee of ICAI has issued an implementation guide on revision in Forms 3CD and 3CEB. The amendments in the guide pertain to various clauses[13] of Form 3CD, as well as Part C (Specified domestic transactions) in the Annexure to Form No. 3CEB. The guidance in the implementation guide relating to Form No.3CD has to be read along with the Guidance Note on Tax Audit under section 44AB of the Income-tax Act, 1961 (Revised 2023). Similarly, guidance relating to Form No.3CEB has to be read along with the Guidance Note on Report under section 92E of the Income-tax Act, 1961 (Revised 2022).

The above-mentioned publications aim to support the members in conducting effective tax audits under section 44AB and fulfilling the reporting requirements under section 92E, as the case may be, by providing guidance to ensure smooth compliance with the requirements.

(Source: ICAI issued implementation guide on revision in form 3CD and 3CEB issued by ICAI – June 2024 edition)

13. Clauses 8A, 12, 18(ca), 19, 21(a), 22, and 32(a) of Form 3CD

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Amendments to AS 22, *Accounting for taxes on income* for non-company entities

In December 2021, the Organisation for Economic Co-operation and Development (OECD) finalised the model rules for Pillar Two. The Pillar Two Model Rules are designed to ensure large Multinational Enterprises (MNEs) pay a minimum level of tax on the income arising in each jurisdiction where they operate.

The Pillar Two Model Rules are still not enacted in India, once the Rules are enacted in India, the new provisions would be relevant for non-company entities that apply accounting standards and to whom Pillar Two Model Rules will be applicable. Therefore, in order to prescribe provisions for non-company entities and ease into the application of the principles and requirements of AS 22 (issued by ICAI) relating to accounting for deferred taxes for top-up taxes, ICAI has issued the following temporary exceptions to the requirements in AS 22 (for non-company entities):

- A temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and
- Targeted disclosure requirements for affected entities.

The amendments are effective for annual reporting periods beginning on or after 1 April 2024.

(Source: Announcement by the Accounting Standards Board of ICAI dated 29 July 2024)

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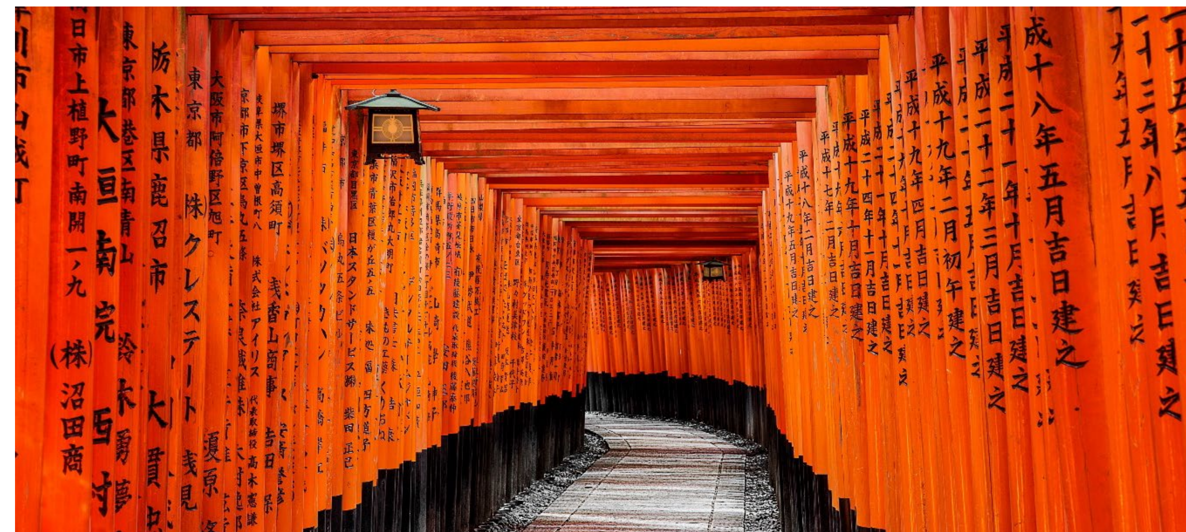
FASB issued the final chapter under the conceptual framework related to measurement of items in financial statements

On 12 July 2024, the Financial Accounting Standards Board (FASB) issued a new chapter of its conceptual framework for financial reporting[14] related to choosing a measurement system for an asset or a liability recognised in general-purpose financial statements. It describes:

- Two relevant and representationally faithful measurement systems: the entry price system and the exit price system; and
- Considerations when selecting a measurement system.

The guidance provided in the chapter will support in developing standards that meet the needs of the existing and potential investors, lenders, donors, and other resource providers of a reporting entity.

(Source: FASB media advisory dated 12 July 2024)



Annual improvements to IFRS accounting standards issued by IASB

The annual improvements issued by International Accounting Standards Board (IASB) make necessary changes to IFRS Accounting Standards that either clarify certain wordings and correct minor oversight in the IFRS standards.

In this regard, on 18 July 2024, the International Accounting Standards Board (IASB) issued the Annual Improvements to IFRS Accounting Standards (volume 11). It contains amendments to five standards.

The amendments contained in the Annual Improvements relate to the following:

- IFRS 1, *First-time Adoption of International Financial Reporting Standards* - Hedge Accounting by a First-time Adopter
- IFRS 7, *Financial Instruments: Disclosures*:
  - Gain or loss on derecognition
  - Disclosure of differences between the fair value and the transaction price
  - Disclosures on credit risk
- IFRS 9, *Financial Instruments*:
  - Derecognition of lease liabilities
  - Transaction price
- IFRS 10, *Consolidated Financial Statements* - Determination of a 'de facto agent'
- IAS 7, *Statement of Cash Flows* - Cost Method.

These amendments are mandatory for financial years beginning on or after 1 January 2026. Early application is permitted.

(Source: IASB media advisory dated 18 July 2024)

14. The Conceptual Framework is a body of interrelated objectives and fundamentals that provides the FASB with a useful tool as it sets standards.

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