A working group constituted by the Securities and Exchange Board of India (SEBI) on social stock exchanges has recommended allowing non-profit organisations to directly list on such platforms while allowing certain tax incentives to encourage participation on the platform.

The idea of a social stock exchange (SSE) for listing of social enterprise and voluntary organisations was mooted by Finance Minister Nirmala Sitharaman while presenting the Union Budget 2019-20.

According to a release issued by the capital markets regulator, the group has recommended allowing non-profit organisations to directly list through issuance of bonds while recommending a range of funding avenues, including some of the existing mechanisms such as Social Venture Funds (SVFs) under Alternative Investment Funds (AIFs).

There is a great opportunity to unlock funds from donors, philanthropic foundations and CSR spenders, in the form of zero coupon zero principal bonds. These bonds will be listed on the SSE.

The group has also suggested a new minimum reporting standard for organisations that raise funds on social stock exchanges.

The working group has also suggested that the social stock exchange can be housed within the existing national bourses like the BSE and the National Stock Exchange.