



**THE INSTITUTE OF  
Company Secretaries of India**  
भारतीय कम्पनी सचिव संस्थान  
**IN PURSUIT OF PROFESSIONAL EXCELLENCE**  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)

**SUPPLEMENT  
EXECUTIVE PROGRAMME  
(NEW SYLLABUS)**

*for*

*December, 2025 Examination*

**Capital Market & Securities Laws**

**GROUP 2, PAPER 5**

*Disclaimer: This document has been prepared purely for academic purposes only and it does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*

***Students appearing in Examination shall note the following:***

*Students appearing in December, 2025 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by MCA, SEBI, RBI & Central Government upto 31<sup>st</sup> May, 2025.*

*The students are advised to acquaint themselves with the monthly and Regulatory updates published by the Institute.*

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## LESSON 1 BASICS OF CAPITAL MARKET

### (1) **SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/194 dated July 11, 2024)**

SEBI has notified the SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2024 on July 11, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification the following amendments have been made in the SEBI (Alternative Investment Funds) Regulations, 2012:

- A new Chapter III-D has been inserted specifying the provisions pertaining to migrated venture capital funds and schemes launched by such migrated venture capital funds.  
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 SEBI (Alternative Investment Funds) Regulations, 2012 as a sub-category of Venture Capital Fund under Category I - Alternative Investment Fund in accordance with the provisions of this Chapter.
- The definition of Venture Capital Fund is amended to include migrated venture capital fund. The definition is reproduced below:  
“Venture Capital Fund” means an Alternative Investment Fund which invests primarily in unlisted securities of start-ups, emerging or early-stage venture capital undertakings mainly involved in new products, new services, technology or intellectual property right based activities or a new business model and shall include an angel fund as defined under Chapter III-A **and migrated venture capital fund as defined under Chapter III-D.** [Regulation 2(1)(z)]
- Venture Capital funds may seek registration under SEBI (Alternative Investment Funds) Regulations, 2012, as migrated venture capital funds in terms of Chapter III-D, within twelve months from the date of notification of the SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2024. [**Amendment: Second proviso to Regulation (3)(2)**]
- SEBI may specify enhanced regulatory reporting and other measures for the venture capital funds that do not seek registration as a migrated venture capital fund in terms of Chapter III-D. [**Insertion: Third proviso to Regulation (3)(2)**]

For details: [https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2024\\_84929.html](https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2024_84929.html)

### (2) **SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/198 dated August 05, 2024)**

SEBI has notified the SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. In Regulation 3(4)(b) of the SEBI (Alternative Investment Funds) Regulations, 2012, Alternative Investment Funds seeking registration in Category II Alternative Investment Fund which does not fall in Category I and III and which does not undertake leverage or borrowing other than as permitted in these regulations, the words “to meet day-to-day operational requirements and” are omitted. [**Amendment: Regulation 3(4)(b)**]

For details: [https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2024\\_85550.html](https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2024_85550.html)

**(3) SEBI (Alternative Investment Funds) (Amendment) Regulations, 2025 (Notification No. SEBI/LAD-NRO/GN/2025/248 dated May 21, 2025)**

SEBI has notified the SEBI (Alternative Investment Funds) (Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, clause (a) in regulation 17, relating to Conditions for Category II Alternative Investment Funds, has been substituted as -

“(a) Category II Alternative Investment Funds shall invest in investee companies or in the units of Category I or other Category II Alternative Investment Funds as may be disclosed in the Placement Memorandum;

Explanation -Category II Alternative Investment Fund shall invest primarily in unlisted securities and/or listed debt securities (including securitised debt instruments) which are rated ‘A’ or below by a credit rating agency registered with the Board, directly or through investment in units of other Alternative Investment Funds, in the manner as may be specified by the Board;”

For details: [https://www.sebi.gov.in/legal/regulations/may-2025/securities-and-exchange-board-of-india-alternative-investment-funds-amendment-regulations-2025\\_94132.html](https://www.sebi.gov.in/legal/regulations/may-2025/securities-and-exchange-board-of-india-alternative-investment-funds-amendment-regulations-2025_94132.html)

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## LESSON 2 SECONDARY MARKET IN INDIA

**(1) Introduction of Beta version of T+0 rolling settlement cycle on optional basis in addition to the existing T+1 settlement cycle in Equity Cash Markets (SEBI Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/20 dated March 21, 2024)**

SEBI has issued a framework to introduce the beta version of the T+0 trade settlement cycle on an optional basis with effect from March 28, 2024. This will be in addition to the existing T+1 settlement cycle in the equity cash market. The beta version of T+0 settlement will be introduced for a limited set of 25 scrips and with a limited number of brokers. All investors are eligible to participate in the segment for T+0 settlement cycle, if they are able to meet the timelines, process and risk requirements as prescribed by the MIIs, during 09:15 AM to 1:30 PM continuous trading session. A shortened settlement cycle will bring cost and time efficiency, transparency in charges to investors and strengthen risk management at clearing corporations and the overall securities market ecosystem.

For details: [https://www.sebi.gov.in/legal/circulars/mar-2024/introduction-of-beta-version-of-t-0-rolling-settlement-cycle-on-optional-basis-in-addition-to-the-existing-t-1-settlement-cycle-in-equity-cash-markets\\_82455.html](https://www.sebi.gov.in/legal/circulars/mar-2024/introduction-of-beta-version-of-t-0-rolling-settlement-cycle-on-optional-basis-in-addition-to-the-existing-t-1-settlement-cycle-in-equity-cash-markets_82455.html)

**(2) Enhancement in the scope of optional T+0 rolling settlement cycle in addition to the existing T+1 settlement cycle in Equity Cash Markets (SEBI Circular No. SEBI/HO/MRD/POD-3/P/CIR/2024/172 dated December 10, 2024)**

SEBI had issued a framework to introduce the beta version of the T+0 trade settlement cycle on an optional basis with effect from March 28, 2024. This will be in addition to the existing T+1 settlement cycle in the equity cash market. The beta version of T+0 settlement will be introduced for a limited set of 25 scrips and with a limited number of brokers. All investors are eligible to participate in the segment for T+0 settlement cycle, if they are able to meet the timelines, process and risk requirements as prescribed by the MIIs, during 09:15 AM to 1:30 PM continuous trading session. A shortened settlement cycle will bring cost and time efficiency, transparency in charges to investors and strengthen risk management at clearing corporations and the overall securities market ecosystem.

SEBI, vide its Circular dated December 10, 2024, enhanced the scope of optional T+0 rolling settlement cycle in addition to the existing T+1 settlement cycle in Equity Cash Markets. It is provided that, the optional T+0 settlement cycle will be made available to top 500 scrips in terms of market capitalization as on December 31, 2024. The scrips shall be made available for trading and settlement starting with scrips at bottom 100 companies out of the aforesaid 500 companies and gradually include the next bottom 100 companies every month till top 500 companies are available for trading in optional T+0 settlement cycle. The above list of scrips shall be in addition to the existing 25 scrips available for trading and settlement under the Beta version of optional T+0 settlement cycle

For details: [https://www.sebi.gov.in/legal/circulars/dec-2024/enhancement-in-the-scope-of-optional-t-0-rolling-settlement-cycle-in-addition-to-the-existing-t-1-settlement-cycle-in-equity-cash-markets\\_89443.html](https://www.sebi.gov.in/legal/circulars/dec-2024/enhancement-in-the-scope-of-optional-t-0-rolling-settlement-cycle-in-addition-to-the-existing-t-1-settlement-cycle-in-equity-cash-markets_89443.html)

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## LESSON 4 SECURITIES AND EXCHANGE BOARD OF INDIA

### **SCORES 2.0 New Technology to strengthen SEBI Complaint Redressal System for Investors (PR No.06/2024 dated April 01, 2024)**

In the continuous pursuit of protection of interests of investors in the securities market, SEBI has launched the new version of the SEBI Complaint Redress System (SCORES 2.0). The new version of SCORES strengthens the investor complaint redress mechanism in the securities market by making the process more efficient through auto-routing, auto-escalation, monitoring by the 'Designated Bodies and reduction of timelines. The new SCORES system has also been made more user friendly. SCORES is an online system where investors in securities market can lodge their complaints through web URL and an App. Investors can lodge complaints only through new version of SCORES i.e. <https://scores.sebi.gov.in> from April 01, 2024. In the old SCORES i.e. <https://scores.gov.in> investors would not be able to lodge any new complaint. However, Investors can check the status of their complaints already lodged in old SCORES and pending in the old SCORES. Further, the disposed of complaints filed in the old SCORES can be viewed at SCORES 2.0

For details: [https://www.sebi.gov.in/media-and-notifications/press-releases/apr-2024/scores-2-0-new-technology-to-strengthen-sebi-complaint-redressal-system-for-investors\\_82618.html](https://www.sebi.gov.in/media-and-notifications/press-releases/apr-2024/scores-2-0-new-technology-to-strengthen-sebi-complaint-redressal-system-for-investors_82618.html)

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## LESSON 6 SECURITIES MARKET INTERMEDIARIES

### (1) **SEBI (Bankers to an Issue) (Amendment) Regulations, 2024 (SEBI Notification No. SEBI/LAD-NRO/GN/2024/211 dated November 20, 2024)**

SEBI has notified the SEBI (Bankers to an Issue) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the definition of banker to an issue is amended and new sub-clauses have been inserted. The same is provided hereunder:

“Banker to an issue means a scheduled bank or such other banking company as may be specified by the Board from time to time, carrying on any of the activities, including :—

- (i) acceptance of application and application monies;
- (ii) acceptance of allotment or call monies;
- (iii) refund of application monies;
- (iv) payment of dividend or interest warrants;
- (v) **providing escrow services for the purposes of issue management, buyback, delisting, or open offer, as required under the relevant regulations made by the Board;**
- (vi) **opening of a separate bank account for depositing the proceeds in the initial public offer/ further public offer; and**
- (vii) **such other activities as may be specified by the Board.”**

For details: [https://www.sebi.gov.in/legal/regulations/nov-2024/securities-and-exchange-board-of-india-bankers-to-an-issue-amendment-regulations-2024\\_88681.html](https://www.sebi.gov.in/legal/regulations/nov-2024/securities-and-exchange-board-of-india-bankers-to-an-issue-amendment-regulations-2024_88681.html)

### (2) **SEBI (Merchant Bankers) (Amendment) Regulations, 2024 (Notification F. No. SEBI/LAD-NRO/GN/2024/214 dated November 29, 2024)**

SEBI has notified the SEBI (Merchant Bankers) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Merchant Bankers) Regulations, 1992:

- Regulation 20 relating to Responsibility of the Lead Manager is substituted. The same is provided hereunder:

“20. No lead manager shall agree to manage or be associated with any issue unless its responsibilities relating to the issue particularly, those of disclosures, allotment and refund are clearly defined, allocated and determined and a statement specifying such responsibilities is disclosed in the draft offer document and offer document:

Provided that, where there is more than one lead merchant banker to the issue, the responsibilities of each of the lead merchant banker shall clearly be demarcated and a statement specifying such responsibilities shall be disclosed in the draft offer document and offer document.”

- The amendments are made in regulation 21A. the same is reproduced below:

“21A. Merchant banker not to act **for its** associate

**A merchant banker, being a promoter or an associate of either the issuer of the securities or of a person making an offer to sell or purchase securities in terms of any of the regulations made by the Board, shall not lead manage any issue or be associated with any activity undertaken under any of**

**the regulations made by the Board by such issuer or person.**

Provided that a merchant banker who is an associate of such issuer or person may be appointed, if **it** is involved only in the marketing of the issue or offer.”

- Regulation 22B relating to general responsibilities of a merchant banker as an underwriter, sub regulation (3) is substituted. The same is provided hereunder:

“(3). A merchant banker, if called upon, pursuant to an agreement for underwriting to subscribe to the securities of a body corporate, shall subscribe to the said securities prior to the finalisation of the basis of allotment.”

- The existing regulation 27 is substituted with the following:

“27. A merchant banker shall submit to the Board complete particulars of the transaction for acquisition of securities of a body corporate whose issue is managed by that merchant banker, within fifteen days from the date of entering into such a transaction.

Provided that complete particulars of a transaction for acquisition of securities pursuant to underwriting or market making obligations in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 shall be submitted to the Board on a quarterly basis.”

For details: [https://www.sebi.gov.in/legal/regulations/nov-2024/securities-and-exchange-board-of-india-merchant-bankers-amendment-regulations-2024\\_89173.html](https://www.sebi.gov.in/legal/regulations/nov-2024/securities-and-exchange-board-of-india-merchant-bankers-amendment-regulations-2024_89173.html)

**(3) SEBI (Investment Advisers) (Second Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2024/219 dated December 16, 2024]**

SEBI has notified the SEBI (Investment Advisers) (Second Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Investment Advisers) Regulations, 2013:

- **A new definition of part-time investment adviser is inserted** which means an individual or a firm, who for consideration, is engaged in the business of providing investment advice and is also engaged in any other business activity or employment.
- The **amendment is made in the definition of the investment adviser** which means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes a part-time investment adviser or any person who holds out himself as an investment adviser, by whatever name called.
- The **definition of investment advice is amended** which as per amended definition means advice relating to investing in, purchasing, selling or otherwise dealing in securities and advice on investment portfolio containing securities whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning: Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations.

Provided further that trading calls shall not be considered as investment advice for purpose of these regulations.

- **The net-worth requirement for the investment adviser is substituted with deposit requirements under regulation 6(e) and regulation 8. The regulation 8 is reproduced below:**

“Deposit.

8. (1) An investment adviser shall maintain a deposit of such sum, as specified by the Board from time to time.

(2) The deposit shall be maintained with a scheduled bank marked as lien in favor of a body or body corporate recognized by the Board for the purpose of administration and supervision of investment advisers in accordance with regulation 14 of these regulations.

Provided that such deposit shall be available for utilization in case the investment adviser fails to pay dues emanating out of arbitration and conciliation proceedings, if any, under the Online Dispute Resolution Mechanism or such other mechanism as may be specified by the Board.”

- **A new clause is inserted under the General Obligations and Responsibilities of the investment adviser:**

“An investment adviser who uses Artificial Intelligence tools, irrespective of the scale and scenario of adoption of such tools, for servicing its clients shall be solely responsible for the security, confidentiality, integrity of the client data, use of any other information or data to arrive at investment advice, investment advice based on output of Artificial Intelligence tools and compliance with any law for the time being in force.”

- **Regulation 20 relating to appointment of compliance officer is amended:**

20(1) A non-individual investment adviser shall appoint either:

(i) a compliance officer; or

(ii) an independent professional who is a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India or Institute of Cost Accountants of India or member of any other professional body as may be specified by the Board, provided such a professional holds a relevant certification from NISM, as may be specified by the Board; who shall be responsible for monitoring the compliance by the investment adviser in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the Board.

(2) Where independent professional referred in sub-regulation (1) of this regulation is appointed for monitoring compliance, the principal officer shall submit an undertaking to the Board or the body or body corporate recognized under regulation 14 of these regulations to the effect that the principal officer shall be responsible for monitoring the compliance in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the Board.

For details: [https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-investment-advisers-second-amendment-regulations-2024\\_89980.html](https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-investment-advisers-second-amendment-regulations-2024_89980.html)

- (4) **SEBI (Research Analysts) (Third Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2024/220 dated December 16, 2024]**

SEBI has notified the SEBI (Research Analysts) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Research Analysts) Regulations, 2014:

- **A new definition of part-time research analyst is inserted** which means an individual or a partnership firm who for consideration, is engaged in the business of providing research services and is also engaged in any other business activity or employment.

- **The definition of research analyst is amended** which means a person who, for consideration, is engaged in the business of providing research services and includes a part-time research analyst.
- **A new definition of research services is inserted** which means the following services provided by research analyst:
  1. preparation or publication of the research report or content of the research report; or
  2. providing or issuing research report or research analysis; or
  3. making 'buy/sell/hold' recommendation; or iv. giving price target or stop loss target; or
  4. offering an opinion concerning public offer, or
  5. recommending model portfolio; or
  6. providing trading calls; or
  7. any other service of similar nature or character, with respect to securities that are listed or proposed to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' to the clients or other persons or group of persons or general public.
- **The capital adequacy requirement for the research analyst is substituted with deposit requirements under regulation 6(vi) and regulation 8. Regulation 8 is reproduced below:**

“Deposit.

8. (1) A research analyst shall maintain a deposit of such sum as specified by the Board from time to time.

(2) The deposit shall be maintained with a scheduled bank, marked as lien in favour of a body or body corporate recognised by the Board for the purpose of administration and supervision of research analysts in accordance with regulation 14 of these regulations.

Provided that such deposit shall be available for utilization in case the research analyst fails to pay dues emanating out of arbitration and conciliation proceedings, if any, under the Online Dispute Resolution Mechanism or such other mechanism as may be specified by the Board.
- **New clauses have been inserted under the General Responsibilities of the research analyst:**
  - A research analyst or research entity shall disclose to the client the terms and conditions as may be specified by the Board and take consent of the client on such terms and conditions in such manner as may be specified by the Board.
  - A research analyst or research entity who uses Artificial Intelligence tools, irrespective of the scale and scenario of adoption of such tools, for servicing its clients shall be solely responsible for the security, confidentiality and integrity of the client data, use of any other information or data for research services, research services based on output of Artificial Intelligence tools and compliance with any law for the time being in force.
  - Research analyst or research entity engaged in providing model portfolio shall abide by the guidelines issued by the Board from time to time.
- **Regulation 26 relating to appointment of compliance officer is amended:**

26. (1) A non-individual research analyst or research entity shall appoint either:

  - (i) a compliance officer; or
  - (ii) an independent professional who is a member of Institute of Chartered

Accountants of India or Institute of Company Secretaries of India or Institute of Cost Accountants of India or member of any other professional body as may be specified by the Board, provided that such a professional holds a relevant certification from NISM, as specified by the Board who shall be responsible for monitoring the compliance of the provisions of the Act, these regulations and circulars issued by the Board.

(2) Where independent professional referred in sub-regulation (1) of this regulation is appointed for monitoring compliance, the principal officer shall submit an undertaking to the Board or the body or body corporate recognised under regulation 14 of these regulations to the effect that principal officer shall be responsible for monitoring the compliance in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the Board.

For details: [https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-research-analysts-third-amendment-regulations-2024\\_89979.html](https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-research-analysts-third-amendment-regulations-2024_89979.html)

**(5) SEBI (Intermediaries) (Amendment) Regulations, 2025 [Notification No. SEBI/LAD-NRO/GN/2025/226 dated February 06, 2025]**

SEBI has notified the SEBI (Intermediaries) (Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, a new Chapter IIIB has been inserted, namely, Usage of Artificial Intelligence. Under this Chapter the responsibility for the use of artificial intelligence is prescribed as under:

**Responsibility for the use of artificial intelligence**

16C. (1) Any person regulated by SEBI who uses artificial intelligence and machine learning tools and techniques, either designed by it or procured from third-party technology service providers, irrespective of the scale and scenario of adoption of such tools for conducting its business and servicing its investors, shall be solely responsible –

- a. for the privacy, security and integrity of investors' and stakeholders' data including data maintained by it in a fiduciary capacity throughout the processes involved;
- b. for the output arising from the usage of such tools and techniques it relies upon or deals with; and
- c. for the compliance with applicable laws in force.

(2) SEBI may, in case of violation of the provisions of sub-regulation (1), take such action as it may deem fit.

For details: [https://www.sebi.gov.in/legal/regulations/feb-2025/securities-and-exchange-board-of-india-intermediaries-amendment-regulations-2025\\_91809.html](https://www.sebi.gov.in/legal/regulations/feb-2025/securities-and-exchange-board-of-india-intermediaries-amendment-regulations-2025_91809.html)

**(6) SEBI (Credit Rating Agencies) (Amendment) Regulations, 2025 (Notification F. No. SEBI/LAD-NRO/GN/2025/236 dated March 20, 2025)**

SEBI has notified the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette.

Vide this notification, **SEBI has inserted a new chapter IIA** in the SEBI (Credit Rating Agencies) Regulations, 1999 namely **Past Risk and Return Verification Agency** specifying that the activity of a Past Risk and Return Verification Agency may be carried out by a credit rating agency, with the approval of SEBI, on such terms and conditions as may be specified by SEBI. The Past Risk and Return Verification Agency shall engage a recognised stock exchange as a Past Risk and Return Verification Agency Data Centre on such terms and conditions as may be specified by SEBI.

For details: [https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-credit-rating-agencies-amendment-regulations-2025\\_92874.html](https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-credit-rating-agencies-amendment-regulations-2025_92874.html)

(7) **SEBI (Intermediaries) (Second Amendment) Regulations, 2025 (Notification F. No. SEBI/LAD-NRO/GN/2025/237 dated March 20, 2025)**

SEBI has notified the SEBI (Intermediaries) (Second Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, **SEBI has inserted new Chapter III C** in the SEBI (Intermediaries) Regulations, 2008 namely **Verification of Past Risk and Return Metrics**.

The provisions of this chapter IIIC shall be applicable only to Investment Advisers, Research Analysts, Algo Providers empaneled with a recognised stock exchange, and intermediaries permitted by SEBI to provide the services of Investment Advisers, Research Analysts and Algorithmic Trading. The Investment Advisers, Research Analysts, Algo Providers shall be permitted to make claim of returns or performance in the form of risk and return metrics, which have been verified by a credit rating agency recognized SEBI to carry out the activity of a Past Risk and Return Verification Agency.

For details: [https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-intermediaries-second-amendment-regulations-2025\\_92873.html](https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-intermediaries-second-amendment-regulations-2025_92873.html)

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## LESSON 7 INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

### **(1) International Financial Services Centre Authority (Informal Guidance) Scheme, 2024 (December 02, 2024)**

IFSCA has issued the 'International Financial Services Centre Authority (Informal Guidance) Scheme, 2024' (Scheme) which is aimed at providing a mechanism for seeking clarity and guidance inter-alia on various issues pertaining to a potential business activity and transactions, which are under the regulatory ambit of the IFSCA and on other legal issues emanating from the Acts administered by IFSCA.

In order to effectively execute business decisions and transactions within the financial services market, it is essential to have clarity and guidance on the extant regulatory framework for making informed and compliant decisions, in order to facilitate the same, IFSCA hereby issues the said Scheme.

Eligible entities who can seek guidance include persons who are licensed, registered, recognized or authorised by IFSCA, persons intending to undertake a business transaction(s) in relation to financial product(s) or financial service(s) and persons desirous of setting up a Unit in IFSC. The informal guidance can be sought under two forms, namely:

1. No-Action letter and
2. Interpretative letter.

The Scheme also provides confidential treatment of 90 days considering the sensitivities of certain transactions, based on the requests made. The Department(s) will provide the guidance within a period of 30 days and the fees charged for the same is USD 1000. The guidance provided under the scheme is not binding on the IFSCA and not amenable for appeal.

For details: <https://ifsc.gov.in/Legal/Index?Mid=R2Bf2Aoz0wk=>

### **(2) Transition to IFSCA (Fund Management) Regulations, 2025 (Circular No. F. No. IFSCA-IF-10PR/1/2023-Capital Markets/7 dated April 08, 2025)**

IFSCA on April 08, 2025, issued Transition to IFSCA (Fund Management) Regulations, 2025. IFSCA (Fund Management) Regulations, 2025 notified on February 19, 2025, repealed the old 2022 regulations and introduced key changes including an increased validity period of 12 months for PPMs (up from 6 months) and a reduced minimum corpus requirement of USD 3 million (down from USD 5 million) for Venture Capital and Restricted Schemes. Schemes recorded or extended under the 2022 regulations as of February 19 2025, may operate under the new regime. A one-time opportunity is being offered to the Fund Management Entities to seek an extension of the PPM of Venture Capital Schemes and Restricted Schemes whose validity has expired before February 19, 2025. A one-time window allows expired PPMs to be re-filed within 3 months, subject to conditions. No processing fee is required for filings prompted by regulatory changes or Authority actions.

**For details:** <https://ifsc.gov.in/Legal/Index?Mid=W5sF6sVtP6c=>

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## LESSON 8 ISSUE OF CAPITAL & DISCLOSURE REQUIREMENTS

**(1) SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2023 (Notification No. SEBI/LAD-NRO/GN/2023/162 dated December 21, 2023)**

SEBI has notified the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2023 on 21st December, 2023 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018:

1. The words “Social Auditor” and “Social Audit Firm” is substituted with the words “Social Impact Assessor” and “Social Impact Assessment Firm” respectively. [Regulation 292A(f) and 292A(g)]
2. Social Stock Exchange shall be accessible to institutional investors, non-institutional investors and retail investors. [Regulation 292C]
3. A Not for Profit Organization may raise funds on a Social Stock Exchange through issuance of Zero Coupon Zero Principal Instruments **to eligible investors**. [Regulation 292G(a)(i)]
4. The procedure and other conditions in respect of public issuance of Zero Coupon Zero Principal Instruments by a Not for Profit Organization shall be as specified by SEBI. [Regulation 292K]
5. The contents of the fund raising document shall be as specified by SEBI. [Regulation 292M]
6. The regulation 292N has been omitted specifying the other conditions relating to issuance of Zero Coupon Zero Principal Instruments.

For details: [https://www.sebi.gov.in/legal/regulations/dec-2023/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2023\\_80419.html](https://www.sebi.gov.in/legal/regulations/dec-2023/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2023_80419.html)

**(2) Guidelines for returning of draft offer document and its resubmission (Circular No. SEBI/HO/CFD/PoD-1/P/CIR/2024/009 dated February 06, 2024)**

Adequate disclosures by the issuer and timely processing of offer documents are important for the vibrancy of the primary market. It is imperative that the offer documents as filed by the issuers and lead manager(s) are compliant with Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”), which specifies information for disclosure in the draft offer document or the draft letter of offer and the offer document or the letter of offer, as applicable.

However, SEBI has observed that at times, draft offer documents / draft letter of offer filed for public issue / rights issue of securities are found lacking in compliance with respect to instructions provided under Schedule VI of ICDR Regulations. Such documents require revisions/changes and thus lead to a longer processing time.

In order to ensure completeness of the offer document for investors and provide greater clarity & consistency in the disclosures and for timely processing, **SEBI has issued ‘Guidelines for returning of draft offer document and its resubmission’**.

Accordingly, the draft offer document shall be scrutinized based on the broad guidelines and such documents which are not compliant with the instructions provided under Schedule VI of ICDR Regulations and guidelines provided, shall be returned to the issuer. The Broad guidelines for returning of draft offer document and its resubmission are provided below:

#### **Return of Draft Offer Document**

- Draft offer document must be drafted in simple language with visual representation of data, so as to ensure ease of understanding of its contents.
- The information in the draft offer document is presented in a clear, concise, and intelligible manner.
- The draft offer document avoids complex presentations, vague, ambiguous and imprecise explanations, complex information, repetition of disclosures and inconsistency.
- The risk factors are appropriately worded in simple, clear and unambiguous language to bring out clearly the risk to the investor, without undermining the same.

#### **Resubmission of Draft Offer Document**

- While there shall be no requirement for payment of any fees on account of resubmission of draft offer document, the requirement for paying applicable fees for the changes, if any, in terms of changes specified in Schedule XVI of the ICDR Regulations for the updated offer document shall continue to apply as is applicable to issuer for updation in offer document.
- There shall be no refund of the filing fees on account of non-submission of draft offer document by the issuer after return.
- The issuer, within two days of resubmission of draft offer document with the SEBI, shall make a public announcement in the mode and manner as prescribed under ICDR Regulations, as applicable, and the issuer shall also include a disclosure that it is a resubmitted document.
- Issuer shall make written intimation to its sectoral regulator, if any, informing about the return and resubmission of the draft offer document, as applicable.

For details: [https://www.sebi.gov.in/legal/circulars/feb-2024/guidelines-for-returning-of-draft-offer-document-and-its-resubmission\\_81146.html](https://www.sebi.gov.in/legal/circulars/feb-2024/guidelines-for-returning-of-draft-offer-document-and-its-resubmission_81146.html)

### **(3) SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/178 dated May 17, 2024)**

SEBI has notified the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2024 on 17<sup>th</sup> May, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018:

### **Promoters' Contribution in case of Initial Public Offer**

- The promoters of the issuer shall hold at least twenty per cent. of the post-issue capital. Provided that in case the post-issue shareholding of the promoters is less than twenty per cent., alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with IRDAI or **any non-individual public shareholder holding at least five per cent. of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s)** may contribute to meet the shortfall in minimum contribution as specified for the promoters, subject to a maximum of ten per cent. of the post-issue capital without being identified as promoter(s). **[Regulation 14(1)]**

### **Lock-in Requirements in case of Initial Public Offer**

- Minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India **or any non-individual public shareholder holding at least five per cent. of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s)** referred to in proviso to sub-regulation (1) of regulation 14, shall be locked-in for a period of eighteen months from the date of allotment in the initial public offer. Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer. **[Regulation 16(1)(a)]**

### **Period of Subscription**

- An IPO/FPO shall be kept open for at least 3 working days and not more than 10 working days. In case of force majeure, banking strike or similar **unforeseen** circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the red herring prospectus (in case of a book built issue) or the issue period disclosed in the prospectus (in case of a fixed price issue), for a minimum period of **one working day**. **[Regulation 46 and 142]**

### **Adjustments in Pricing in case of Preferential Issue - Frequently and Infrequently Traded Shares**

- The effect on the price of the equity shares of the issuer due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for determination of the price for a preferential issue in accordance with regulations 164, 164A, 164B or 165 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 **[Insertion: Regulation 166(2)]**

### **Pricing in case of Qualified Institutions Placement**

- The effect on the price of the equity shares of the issuer due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 for calculation of the issue price under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. **[Insertion: Regulation 176(5)]**

#### **Promoters' Contribution in case of Initial Public Offer by Small and Medium Enterprises**

- The promoters of the issuer shall hold at least twenty per cent. of the post-issue capital. Provided that in case the post-issue shareholding of the promoters is less than twenty per cent., alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India **or any non-individual public shareholder holding at least five per cent. of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s)** may contribute to meet the shortfall in minimum contribution as specified for the promoters, subject to a maximum of ten per cent. of the post-issue capital without being identified as promoter(s). **[First proviso to Regulation 236(1)]**

#### **Lock-in of specified securities held by the promoters in case of Initial Public Offer by Small and Medium Enterprises**

- Minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India **or any non-individual public shareholder holding at least five per cent. of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s)**, as applicable, shall be locked-in for a period of three years from the date of commencement of commercial production or date of allotment in the initial public offer, whichever is later. **[Regulation 238(a)]**

#### **Period of subscription in case of Initial Public Offer by Small and Medium Enterprises**

- A public issue shall be kept open for at least 3 working days and not more than 10 working days. In case of force majeure, banking strike or similar **unforeseen** circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the red herring prospectus (in case of a book built issue) or the issue period disclosed in the prospectus (in case of a fixed price issue), for a minimum period of **one working day**. **[Regulation 266]**
- The provisions mentioned in Regulation 38, Regulation 80, Regulation 135 and Regulation 197 and Regulation 259 pertaining to Security deposit have been omitted.

#### **Brief Analysis:**

In order to facilitate ease of doing business for companies coming for IPOs / fund raising, SEBI has amended the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and notified SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2024. The amendments, inter alia, have been made in respect of the following:

- Promoter group entities and non-individual shareholders holding more than five percent of the post-offer equity share capital to be permitted to contribute towards minimum promoters' contribution (MPC) without being identified as a promoter
- Doing away with the requirement of one percent security deposit in public/rights issue of equity shares.
- Flexibility in extending the bid/offer closing date on account of force majeure events by minimum one day instead of present requirement of minimum three days.

For details: [https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-amendment-regulations-2024\\_83469.html](https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-amendment-regulations-2024_83469.html)

**(4) SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025 (Notification No. SEBI/LAD-NRO/GN/2025/233 dated March 03, 2025)**

SEBI has notified the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025 on March 03, 2025 which shall come into force on the date of their publication in the Official Gazette. Provided that the provisions of these regulations with respect to the Rights Issue by a listed issuer shall come into force on the 31st day from the date of their publication in the Official Gazette and shall be applicable to Rights Issues that are approved by the Board of Directors of the issuer after coming into force of these regulations. Provided further that the Rights Issues that were approved by the Board of Directors of the issuer before coming into force of these regulations shall be continued to be governed by the pre-amended provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Vide this notification, the following amendments have been made in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018:

- **Applicability of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Regulation 3]**
  - The amendment has been made in regulation 3(b) which *inter alia* stipulates that the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 will apply to a rights issue by a listed issuer. The words “where the aggregate value of the issue is fifty crore rupees or more” have been omitted.
  - The first proviso to regulation 3 has been omitted stating that “in case of rights issue of size less than fifty crores rupees, the issuer shall prepare the letter of offer in accordance with requirements as specified in these regulations and file the same with the Board for information and dissemination on the Board’s website”.
- **Non applicability of Regulation 5 (2) – For Outstanding Convertibles Securities**

As per regulation 5(2), an issuer shall not be eligible to make an initial public offer if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares of the issuer.

A clause is inserted in proviso to regulation 5(2) which states that the provisions of regulation 5(2) shall not apply to outstanding stock appreciation rights granted to employees pursuant to a stock appreciation right scheme, which are fully exercised for equity shares prior to the filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case may be, disclosures regarding such stock appreciation rights and the scheme

and the total number of equity shares resulting from the exercise of such rights are made in the draft offer document and offer document.

- The issuer shall appoint a **person qualified to be a company secretary as the compliance officer** who shall be responsible for monitoring the compliance of the securities laws and for redressal of investors' grievances. [Amendment: Regulation 23(8) and 121(8) relating to Appointment of Compliance Officer]
- The draft offer document filed with SEBI shall be made public for comments, if any, for a period of at least twenty one days from the date of **publication of the public announcement**, by hosting it on the websites of the issuer, the Board, stock exchanges where specified securities are proposed to be listed and lead manager(s) associated with the issue. [Amendment: Regulation 26(1) and 124(1)]
- The issuer shall announce the floor price or the price band at least two working days before the opening of the issue/bid in the pre-issue and price band advertisement in the format specified under Part A of Schedule X in the same newspapers in which the public announcement was published. [Substitution: Regulation 29(4) and 127(4)]
- Subject to the provisions of the Companies Act, 2013, the issuer shall, after filing the red herring prospectus (in case of a book built issue) or prospectus (in case of fixed price issue) with the Registrar of Companies, make a pre-issue and price band advertisement in the same newspapers in which the public announcement was published. [Substitution: Regulation 43(1) and 139(1)]
- The pre-issue **and price band** advertisement shall be in the format and shall contain the disclosures specified in Part A of Schedule X. [Amendment: Regulation 43(2) and 139(2)]
- The proviso to regulation 43(2) and 139(2) has been omitted stating that *“the disclosures in relation to price band or floor price and financial ratios contained therein shall only be applicable where the issuer opts to announce the price band or floor price along with the pre-issue advertisement.”*
- Regulation 54 and 150 has been substituted with the following regulation, namely,-  
**Reporting of transactions of the promoters and promoter group and other pre-IPO transactions**
  - The issuer shall ensure that all transactions in securities by the promoters and promoter group between the date of filing of the draft offer document or offer document, as the case may be, and the date of closure of the issue shall be reported to the stock exchange(s), within twenty-four hours of such transactions.
  - The issuer shall also ensure that any proposed pre-IPO/ pre-offer placement disclosed in the draft offer document shall be reported to the stock exchange(s), within twenty-four hours of such pre-IPO/ pre-offer transactions (in part or in entirety).
- **Eligibility Requirements for Rights Issue:** An issuer offering specified securities through a rights issue shall satisfy the conditions of Chapter III at the time of filing the draft letter of offer

with the stock exchange(s), and at the time of filing the letter of offer with the Board and the stock exchange(s). [Amendment: Regulation 60]

Vide this amendment, Rights Issues of issue size less than 50 crore rupees, have been brought under the purview of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

- An issuer shall not be eligible to make a rights issue if the equity shares of the issuer are suspended from trading as a disciplinary measure as on the reference date. [Insertion: Regulation 61(d)]
- In regulation 62(2A) relating to General conditions for Rights Issues, the words “draft offer document and the offer document”, wherever they appear, have been substituted with the words “draft letter of offer and the letter of offer”.

SEBI, vide this amendment, has discontinued the current requirement of filing Draft Offer Document with SEBI for issuance of its observation, instead it will be filed with Stock Exchanges for its in-principle approval, as the entity is already a listed entity.

- Where the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower, the promoters or promoter group of the issuer shall not renounce their rights except to the extent of renunciation within the promoter group **or to the specific investor(s) as disclosed by the issuer in terms of these regulations.** [Amendment: Regulation 62(3)]
- The amendments have been made in regulation 69 relating to “Appointment of Intermediaries” in case of Rights Issue. The same is reproduced below:

#### **Appointment of Intermediaries [Regulation 69]**

- The issuer shall appoint intermediaries which are registered with SEBI after assessing the capability of intermediaries to carry out their obligations
- The issuer shall enter into an agreement with the intermediaries as required under the respective regulations applicable to the intermediary concerned. Provided that such agreements may include such other clauses as the issuer and the intermediaries may deem fit without diminishing or limiting in any way the liabilities and obligations of the intermediaries and the issuer under the SEBI Act, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder or any statutory modification or statutory enactment thereof. Provided further that in case of ASBA process, the issuer shall take cognisance of the deemed agreement of the issuer with the self-certified syndicate banks.
- The issuer shall appoint bankers to an issue, at centres as specified in Schedule XII.
- The issuer shall appoint a registrar to the issue registered with SEBI, which has connectivity with all the depositories. Provided that if the issuer itself is a registrar, it shall not appoint itself as a registrar to the issue.

Vide this amendment, SEBI dispensed with the mandatory requirement of appointment of a Merchant Banker by an Issuer.

- The amendments have been made in regulation 70 relating to “Disclosures in the draft letter of offer and letter of offer” in case of Rights Issue. The same is reproduced below:

### **Disclosures in the draft letter of offer and letter of offer [Regulation 70]**

- The draft letter of offer and letter of offer shall contain all material disclosures which are true and adequate to enable the applicants to take an informed investment decision.
  - The draft letter of offer and letter of offer shall contain disclosures as specified in Part B of Schedule VI.
  - The issuer shall ensure that the information contained in the draft letter of offer and letter of offer and the particulars as per audited financial statements in the letter of offer are not more than six months old from the issue opening date.
  - An issuer shall make disclosures in the draft letter of offer and letter of offer, if the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower.
  - In the letter of offer, the issuer shall disclose the process of credit of rights entitlements in the demat account and renunciation thereof.
- The amendments have been made in regulation 71 relating to “Filing of the draft letter of offer and letter of offer” in case of Rights Issue. The same is reproduced below:

### **Filing of the draft letter of offer and letter of offer [Regulation 71]**

- The issuer shall file the draft letter of offer with the stock exchange(s) and shall submit to such stock exchange(s) the following:
    - a. the Permanent Account Number, bank account number and passport number of its promoters where they are individuals, and Permanent Account Number, bank account number, company registration number or equivalent, and the address of the Registrar of Companies with which the promoter is registered, where the promoter is a body corporate,
    - b. in case of an issue of convertible debt instruments, a due diligence certificate from the debenture trustee as per Form B of Schedule V.
  - The issuer shall file letter of offer with the stock exchanges/ the designated stock exchange.
  - The issuer shall file a letter of offer with SEBI for information and dissemination on Board’s website along with fees specified in Schedule III.
- The amendments have been made in regulation 72 relating to “Draft letter of offer and letter of offer to be available to the public” in case of Rights Issue. The same is reproduced below:

### **Draft letter of offer and letter of offer to be available to the public [Regulation 72]**

- The issuer shall ensure that the draft letter of offer and letter of offer are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with SEBI and the stock exchanges, as applicable.
- The stock exchanges shall provide copies of the draft letter of offer to the public as and when requested and may charge a reasonable sum for providing a copy of the same.

- The issuer shall decide the issue price before determining the record date, which shall be determined in consultation with the designated stock exchange. [Amendment: Regulation 73(1)]
- Regulation 74(3) and the proviso has been omitted stating that “*Subject to other applicable provision of these regulations, the issuer may make reservation for its employees along with rights issue subject to the condition that the value of allotment to any employee shall not exceed two lakhs rupees. Provided that in the event of under-subscription in the employee reservation portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees.*”
- The amendments have been made in regulation 75 relating to “Letter of Offer” in case of Rights Issue. The same is reproduced below:

#### **Letter of Offer [Regulation 75]**

Every application form distributed by the issuer or any other person in relation to the issue shall be accompanied by a copy of the letter of offer.

- The amendments have been made in regulation 77 relating to “Availability of letter of offer and other issue materials” in case of Rights Issue. The same is reproduced below:

#### **Availability of letter of offer and other issue materials [Regulation 77]**

- The issuer shall ensure availability of the letter of offer and other issue material including application forms with stock exchanges, registrar to issue, registrar and share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, investors’ associations and self-certified syndicate banks before the opening of the issue.
  - The letter of offer, along with application form, shall be despatched through registered post or speed post or by courier service or by electronic transmission to all the existing shareholders at least three days before the date of opening of the issue.
  - The letter of offer shall also be provided by the issuer to any existing shareholder who makes a request in this regard.
- The following regulation 77B has been inserted, namely,-  
**Allotment to Specific Investors**  
77B. (1) For the purpose of this chapter, specific investor would mean any investor who is eligible to participate in rights issue of the issuer and-
    1. whose name has been disclosed by the issuer in terms of sub-clause (i) of clause (f) of sub-regulation (1) of regulation 84 of these regulations;
    2. whose name has been disclosed by the issuer in terms of sub-clause (ii) of clause (f) of sub-regulation (1) of regulation 84 of these regulations.

(2) The application by the specific investor(s) in terms of clause (a) shall be made on the first day of issue opening before 11 A.M. and the issuer shall disclose to the stock exchange(s) whether such specific investor(s) have made the application or not, for dissemination on the first day of issue opening by 11:30 A.M.

(3) No withdrawal of the application(s) shall be permitted when the application by the specific investor(s) is received in terms of clause (a).

(4) The application in terms of clause (b) shall be made by the specific investor(s) along with the application money before the finalisation of basis of allotment.

- Regulation 81(2) has been omitted stating that *“In case of every underwritten issue, the lead manager(s) shall undertake minimum underwriting obligations as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.”*
- The issuer shall make arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Board. Vide this amendment, the appointment of Monitoring Agency will be mandatory for all rights issue irrespective of the issue size, to monitor the use of proceeds of the issue. [Amendment: Regulation 82(1)]
- **Opening of the issue:** Subject to the compliance with the provisions of the Companies Act, 2013, a rights issue may be opened within such period as may be specified by the Board from time to time. [Substitution: Regulation 85]
- **Period of subscription:** The rights issue shall be kept open for subscription for **such period as may be specified by the Board from time to time** and no withdrawal of application shall be permitted after the issue closing date. [Substitution: Regulation 87]
- The Regulation 99 and regulation 100 relating to eligibility conditions and issue conditions for Fast Track Rights Issue under Part IX, have been omitted.
- The issuer shall appoint a **person qualified to be a company secretary as the** compliance officer who shall be responsible for monitoring the compliance of the securities laws and for redressal of investors’ grievances. [Amendment: Regulation 184(7) relating to Appointment of Compliance Officer in case of Initial Public Offer of Indian Depository Receipts]
- The issuer shall also appoint a person qualified to be a company secretary as the compliance officer who shall ensure compliance with the obligations under Chapter VIII relating to Rights Issue of Indian Depository Receipts, and shall function from within the territorial limits of India. [Substitution: Regulation 219(2)]

For details: [https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-amendment-regulations-2025\\_92539.html](https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-amendment-regulations-2025_92539.html)

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**LESSON 10**  
**ISSUE AND LISTING OF NON-CONVERTIBLE**  
**SECURITIES**

**(1) SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/190 dated July 08, 2024)**

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this Notification, the following amendments have been made in the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021:

- Regulation 23 pertaining to obligations of the issuer, sub-regulation (7) has been inserted which provides that the issuer shall fix a record date for the purposes of payment of interest, dividend and payment of redemption or repayment amount or for such other purposes as specified by SEBI. Such record date shall be fixed at fifteen days prior to the due date of payment interest or dividend, repayment of principal or any other corporate actions.
- Regulation 40, pertaining to Due Diligence by Debenture trustee, is substituted. The same is reproduced below:

*40(1) The debenture trustee shall, at the time of filing the draft offer document with the stock exchange(s) and prior to the opening of the public issue of debt securities, furnish to the Board and to the stock exchange(s), a due diligence certificate:*

- (a) in case of secured debt securities, in the format as specified in Part A of Schedule IV of these regulations; and*
- (b) in case of unsecured debt securities, in the format as specified in Part A of Schedule IVA of these regulations.*

*(2) The debenture trustee shall at the time of filing of the listing application by the issuer, furnish to the Board and to the stock exchange(s), a due diligence certificate:*

- a) in case of secured debt securities, in the format as specified in Part B of Schedule IV of these regulations; and*
- b) in case of unsecured debt securities, in the format as specified in Part B of Schedule IVA of these regulations.*

*(3) The stock exchange shall disclose the offer document and due diligence certificates provided by the debenture trustee on its website.*

- Regulation 44 relating to Listing Application in case of Private Placement of Debt Securities and Non-Convertible Redeemable Preference Shares, sub-regulation (3) is substituted with the following:

“(3) The debenture trustee shall submit a due diligence certificate to the stock exchange:

- in case of secured debt securities, in the format as specified in Part B of Schedule IV of these regulations; and

- in case of unsecured debt securities, in the format as specified in Part B of Schedule IVA of these regulations.

(3A) The stock exchange shall disclose the placement memorandum and the due diligence certificates provided by the debenture trustee on its website.”

For details: [https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-amendment-regulations-2024\\_84775.html](https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-amendment-regulations-2024_84775.html)

**(2) SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/205 dated September 17, 2024)**

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. With a view to facilitate ease of doing business and provide flexibility to issuers, SEBI has amended the provisions of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to streamline the public issue process for debt securities and Non-Convertible Redeemable Preference share to provide:

- The draft offer document filed with the stock exchange(s) shall be made public by posting the same on the website of the stock exchange(s) for seeking public comments for a period of **5 days** from the date of filing the draft offer document with stock exchange(s). The period is reduced from 7 working days. However, issuers whose specified securities are listed on a recognised stock exchange having nationwide trading terminals shall post the draft offer document filed with stock exchange for 1 day immediately after the date of filing the draft offer document with stock exchange. [**Amendment: Regulation 27(2)**]
- The issuer shall make an advertisement **through electronic modes such as online newspapers or website of the issuer or the stock exchange**, or in an english national daily and regional daily with wide circulation at the place where the registered office of the issuer is situated, on or before the issue opening date and such advertisement shall, amongst other things, contain the disclosures as specified in Schedule V.  
**Provided that issuers opting to advertise the public issue through electronic modes shall publish a notice, in an English national daily and regional daily newspaper with wide circulation at the place where the registered office of the issuer is situated, exhibiting a QR Code and link to the complete advertisement. [Amendment: Regulation 30(1)]**
- A public issue of debt securities or, non-convertible redeemable preference shares shall be kept open for a minimum of **two** working days and a maximum of ten working days. Earlier the requirement for minimum subscription period was for three working days. [**Amendment: Regulation 33A(1)**]

For details: [https://www.sebi.gov.in/legal/regulations/sep-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-second-amendment-regulations-2024\\_86784.html](https://www.sebi.gov.in/legal/regulations/sep-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-second-amendment-regulations-2024_86784.html)

**(3) SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2024/217 dated December 11, 2024]**

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021:

- A new definition of **Environment, Social and Governance Debt Securities** (“ESG Debt Securities) is inserted which means green debt securities, social bonds, sustainability bonds, sustainability-linked bonds, or any other type of bonds, by whatever name called, that are issued in accordance with such international frameworks as adapted or adjusted to suit Indian requirements that are specified by the Board from time to time, and any other securities as specified by the Board.
- An issuer desirous of issuing and listing of Environment, Social and Governance Debt Securities shall comply with such conditions as may be specified by SEBI. [Insertion: Regulation 12A]
- Regulation 26 pertaining to issuance of green debt securities is omitted.

For details: [https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-third-amendment-regulations-2024\\_89762.html](https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-third-amendment-regulations-2024_89762.html)

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## LESSON 11

### LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS

**(1) SEBI (Listing Obligations and Disclosure Requirements) (Seventh Amendment) Regulations, 2023 (Notification No. SEBI/LAD-NRO/GN/2023/161 dated December 21, 2023)**

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Seventh Amendment) Regulations, 2023 on 21st December, 2023 which shall come into force on the date of their publication in the Official Gazette. The amendment has been made in regulation 91E(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides that the annual impact report shall be assessed by a Social Impact Assessment Firm employing Social Impact Assessor(s). Prior to the amendment, the requirement was to audit the annual impact report by a Social Audit Firm employing Social Auditor.

For details: [https://www.sebi.gov.in/legal/regulations/dec-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-seventh-amendment-regulations-2023\\_80417.html](https://www.sebi.gov.in/legal/regulations/dec-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-seventh-amendment-regulations-2023_80417.html)

**(2) Extension of timeline for verification of market rumours by listed entities (Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/7 dated January 25, 2024)**

The proviso to Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) inter-alia requires top 100 listed entities by market capitalization and thereafter the top 250 listed entities by market capitalization to mandatorily verify and confirm, deny or clarify market rumours from the date as may be specified by SEBI.

SEBI vide its Circular dated September 30, 2023, has made the said provision applicable to top 100 listed entities by market capitalization from February 1, 2024 and to top 250 listed entities by market capitalization from August 1, 2024.

SEBI has extended this timeline for effective date of implementation of the proviso to regulation 30(11) of the LODR Regulations for **top 100 listed entities** by market capitalization, to **June 1, 2024** and for **top 250 listed entities** by market capitalization, to **December 1, 2024**.

For details: [https://www.sebi.gov.in/legal/circulars/jan-2024/extension-of-timeline-for-verification-of-market-rumours-by-listed-entities\\_80867.html](https://www.sebi.gov.in/legal/circulars/jan-2024/extension-of-timeline-for-verification-of-market-rumours-by-listed-entities_80867.html)

**(3) SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/177 dated May 17, 2024)**

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette except the amendments in Regulations 3, 17, 21(5), 25, 30 [omission of the Explanation

under sub-regulation (11)], 34, 43A and 44 which shall come into force with effect from December 31, 2024.

- SEBI vide this notification has made amendments in Regulation 3(2) specifying the applicability of the provisions of SEBI LODR regulations to a listed entity on the basis of market capitalisation.

It is provided that-

- (a) every recognized stock exchange shall, at the end of the calendar year i.e., 31st December, prepare a list of entities that have listed their specified securities ranking such entities on the basis of their average market capitalisation from 1st July to 31st December of that calendar year.
- (b) The relevant provisions shall then become applicable to a listed entity that is required to comply with such requirements for the first time (or, if applicable, required to comply after any interim period) after a period of three months from December 31 (i.e. April 1) or from the beginning of the immediate next financial year, whichever is later.

Provided that the listed entity, which is required to comply for the first time or after a period of cessation, shall put in place systems and processes for compliance with clause (f) of sub-regulation (2) of regulation 34 within a period of three months from December 31 (i.e. on or before April 1) or from the beginning of the immediate next financial year, whichever is later, and further disclose the Business Responsibility and Sustainability Report and/or assurance as per the Business Responsibility and Sustainability Report Core in the Annual Report prepared for the financial year in which systems and processes were required to be put in place in accordance with this proviso.

- (c) The listed entity shall continue to comply with relevant provisions that were applicable to it based on the market capitalisation of previous year and continue(s) to remain applicable on the basis of its rank in the list prepared by recognized stock exchanges as per clause (a) of this sub-regulation.

- In Regulation 3, the Regulations (2A) and (2B) have been added:

(2A) The provisions of these regulations, which become applicable to a listed entity on the basis of criteria of market capitalisation, shall continue to apply to such an entity unless its ranking changes in the list prepared in accordance with sub-regulation (2) of this regulation and such change results in the listed entity remaining outside the applicable threshold for a period of three consecutive years.

(2B) For such listed entities which remain outside the applicable threshold for a period of three consecutive years in terms of sub-regulation (2A) of this regulation, the provisions that apply on the basis of criteria of market capitalisation shall cease to apply at the end of the financial year following the 31st December of the third consecutive year:

Provided that for those listed entities that follow January to December as its financial year, the provisions shall cease to apply at the end of three months from 31st December of the third consecutive year (i.e. on 31st March).

- In accordance with second proviso to Regulation 15(1A), the Corporate Governance provisions shall be applicable to a ‘high value debt listed entity’ on a ‘comply or explain’ basis until March 31, 2024 earlier. Now, the said timelines have been extended to March 31, 2025.
- In proviso to Regulation 17(1)(a), the following is omitted:
  1. the words, numerals and symbols “top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the”
  2. the words, numerals and symbols “by April 1, 2020”
  3. the Explanation
- In Regulation 17(1)(c), the following is omitted:
  1. the words, numerals and symbols “top 1000 listed entities (with effect from April 1, 2019) and the”
  2. the words, numerals and symbols “(with effect from April 1, 2020)”
  3. the Explanation
- In sub-regulation 17(2A), the following is omitted:
  1. the words, numerals and symbols “top 1000 listed entities with effect from April 1, 2019 and of the”
  2. the words, numerals and symbols “with effect from April 1, 2020”
  3. Explanation II
- Regulation 21(3C) is amended and provides that, the meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than **two hundred and ten** days shall elapse between any two consecutive meetings.
- In Regulation 21(5), the words and symbols “determined on the basis of market capitalization as at the end of the immediate preceding financial year” have been omitted.
- In regulation 25(10), the words, symbols and numerals “calculated as on March 31 of the preceding financial year,” have been omitted.
- Where the listed entity is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the listed entity at the earliest and in any case not later than six months from the date of vacancy. **[Insertion of Proviso in Regulation 26A(1) and 26A(2)]**
- The amendments have been made in Regulation 29 pertaining to Prior Imitations. The amended provisions of regulation 29 are reproduced below:

### **Prior Intimations [Regulation 29]**

(1) The listed entity shall give prior intimation of at least two working days in advance, excluding the date of the intimation and date of the meeting, to stock exchange about the meeting of the board of directors in which any of the following proposals is due to be considered:

- a) financial results viz. quarterly, half yearly, or annual, as the case may be;
- b) proposal for buyback of securities;
- c) proposal for voluntary delisting by the listed entity from the stock exchange(s);
- d) fund raising by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through] further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price:

Provided that intimation shall also be given in case of any annual general meeting or extraordinary general meeting or postal ballot that is proposed to be held for obtaining shareholder approval for further fund raising indicating type of issuance.

Provided further that intimation for determination of issue price in a qualified institutions placement is not required if such placement is done in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

- e) declaration/ recommendation of dividend, issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend;
- f) the proposal for declaration of bonus securities;
- g) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof;
- h) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.

(2) The intimation required under sub-regulation (1) shall mention the date of such meeting of board of directors.

- The listed entity may on its initiative also, confirm or deny any reported event or information to stock exchange(s).

Provided that the top 100 listed entities and thereafter the top 250 listed entities, with effect from the date specified by the SEBI, shall confirm, deny or clarify, upon the material price movement as may be specified by the stock exchanges, any reported event or information in the mainstream media which is not general in nature and which indicates that rumour of an impending specific event or information is circulating amongst the investing public, as soon as reasonably possible but in any case not later than twenty four hours from the trigger of material price movement. Provided further that if the listed entity confirms the reported event or information, it shall also provide the current stage of such event or information.

Provided further that when the listed entity confirms within twenty four hours from the trigger of material price movement, any reported event or information on which pricing norms provided under Chapter V or Chapter VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or pricing norms provided under Regulation 8 or Regulation 9 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or pricing norms provided under Regulation 19 or Regulation 22B of the SEBI (Buy- back of Securities) Regulations, 2018 or any other pricing norms specified by the SEBI or the stock exchanges are applicable, then the effect on the price of the equity shares of the listed entity due to the material price movement and confirmation of the reported event or information may be excluded for calculation of the price for that transaction as per the framework as may be specified by SEBI. **[Regulation 30(11)]**

- The promoter, director, key managerial personnel or senior management of a listed entity shall provide adequate, accurate and timely response to queries raised or explanation sought by the listed entity in order to ensure compliance with the requirements under sub-regulation 11 of this regulation and the listed entity shall disseminate the response received from such individual(s) promptly to the stock exchanges. **[Insertion: Regulation 30(11A)]**
- In regulation 34(2)(f), clause (i) to the Explanation-1 stated, market capitalization shall be calculated as on the 31st day of March of every financial year, has been omitted.
- In regulation 43A(1), the words, symbols and numerals “(calculated as on March 31 of every financial year)” have been omitted.
- In regulation 44(5), the words, symbols and numerals “determined as on March 31st of every financial year,” have been omitted.
- In regulation 44(6), the Explanation has been omitted.

For details: [https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2024\\_83476.html](https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2024_83476.html)

**(4) SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024 (Notification F. No. SEBI/LAD-NRO/GN/2024/189 dated July 08, 2024)**

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this Notification, the following amendments have been made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- In Regulation 52 relating to Financial Results for Non-Convertible Securities, under sub-regulation (8), a proviso is added after the existing proviso as:  
Provided further that listed entities may publish only a window advertisement in the newspapers that refers to a Quick Response Code and the link of the website of the listed entity and stock exchange(s), where such financial results are available and capable of being accessed by the investors subject to the following conditions:
  - For non-convertible securities outstanding as on the date of notification of this proviso, the listed entity has obtained the prior approval from the debenture trustee;

- In case of any issuances after the date of notification of this proviso, the listed entity shall either make a disclosure in the offer document regarding the window advertisement in the newspapers or obtain prior approval from the debenture trustee.

For details: [https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2024\\_84773.html](https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2024_84773.html)

**(5) SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2024/218 dated December 12, 2024]**

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Provided that sub-regulations VI and XX of regulation 3 of these regulations shall come into force with effect from December 31, 2024.

Vide this notification, the following amendments have been made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- Regulation 2(1) clause (k) defining the term Half Year is omitted.
- In regulation 2(1)(zc), defining the term related party transaction, in the first proviso, new sub clauses (d) and (e) are inserted:
  - “(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:  
Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
  - (e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.”
- Regulation 2(1)(zla) is inserted defining the term SR equity shares which means the equity shares of a listed entity having superior voting rights compared to all other equity shares issued by that listed entity.
- In terms of regulation 6(1), a listed entity shall appoint a qualified company secretary as the compliance officer. After the existing regulation 6(1) the following new proviso is inserted: “Provided that the Compliance Officer shall be an officer, who is in whole time employment of the listed entity, not more than one level below the board of directors and shall be designated as a Key Managerial Personnel.”
- Further, in terms of regulation 6(1A), any vacancy in the office of the Compliance Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy. After the regulation 6(1A) and the proviso thereto, the following new-sub-regulation is inserted, namely, -
  - “(1B) Any vacancy in the office of the Compliance Officer of such listed entity in respect of which a resolution plan under section 31 of the Insolvency Code has been approved, shall be filled within a period of three months of such approval. Provided that, in the interim, such listed entity shall have not less than one full-time key managerial personnel managing

its day-to-day affairs.”

- Regulation 7(3) has been omitted relating to submission of a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent certifying compliance with the requirements of share transfer facility in accordance with regulation 7(2).
  - Regulation 10(1A) is inserted specifying that the Board may enable integrated filing of periodic reports, statements, documents and any other information required to be filed by a listed entity under the Act or the regulations made thereunder in the format and within the timelines as may be specified.
  - Regulation 13(3) is substituted stating that the listed entity shall file with the recognised stock exchange(s) on a quarterly basis a statement detailing the redressal of investor grievances in such form and within the timelines as may be specified by SEBI.
  - The amendment is made in regulation 16(1)(c) in the definition of material subsidiary. The word “income” wherever appearing is substituted by the word “turnover”.
  - The amendment is made in regulation 16(1)(d) in the definition of senior management. The words “Company Secretary and the Chief Financial Officer” wherever appearing is substituted by the words and symbols “persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.
  - A proviso to regulation 17(1A) is inserted stating that the listed entity shall ensure compliance with this sub-regulation at the time of appointment or re-appointment or any time prior to the non-executive director attaining the age of seventy- five years.
  - The existing regulation 17(1C) and the provisos thereto has been substituted and same is reproduced below:

17(C)(a) The listed entity shall ensure that approval of shareholders for appointment or reappointment of a person on the board of directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

Provided that if such appointment or re-appointment of a person to the board of directors or as a manager is subject to approval of regulatory, government or statutory authorities, then the time taken to receive such approvals shall be excluded for the purposes of this clause.

Provided further that a public sector company shall ensure that the approval of the shareholders for appointment or re-appointment of a person on the board of directors or as a Manager is taken at the next general meeting.

Provided further that the requirements specified in this clause shall not be applicable to appointment or re-appointment of a person nominated by a financial sector regulator, Court or Tribunal to the board of the listed entity.
  - (b) The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders.
- Provided that the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed

explanation and justification by the Nomination and Remuneration Committee and the board of directors for recommending such a person for appointment or re-appointment.

- The following new proviso is inserted to regulation 17(1E):  
If the vacancy in the office of a director results in non-compliance with the provisions of sub-regulation (1) of regulation 18, sub-regulation (1) or (2) of regulation 19, sub-regulation (2) or (2A) of regulation 20 or sub-regulation (2) or (3) of regulation 21, the listed entity shall ensure compliance at the earliest and in any case not later than three months from the date of such vacancy.
- The following Amendments have been made in regulation 23 relating to Related Party Transactions:
  - Regulation 23(2) lays down that all related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity. In the second proviso, after clause (d) and the Explanation thereto, the following new clauses and the proviso have been inserted:  
“(e) remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.  
(f) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:
    - (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
    - (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
    - (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
    - (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
    - (v) any other condition as specified by the audit committee:  
Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.”
  - Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity **or its subsidiary** subject to the conditions mentioned in the regulations. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity **or its subsidiary** pursuant to each of the omnibus approvals given. [Amendment: 23(3) and 23(3)(d)]
  - The amendments are made in Regulation 23(5), the same is reproduced below:  
The provisions of regulations 23(2), 23(3) and 23(4) shall not be applicable in the following cases:
    - transactions entered into between two public sector companies;
    - transactions entered into between a holding company and its wholly owned

- subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
  - transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
  - transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- The following new proviso is inserted to Regulation 23(9):  
The remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.
- In regulation 24A, stipulating the provisions for Secretarial Audit and Secretarial Compliance Report, the existing sub-regulation (1) is substituted with the following sub-regulation, namely,-  
“(1) (a) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.

**Explanation:**

(i) “Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

(ii) “Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.

(b) On the basis of recommendation of board of directors, a listed entity shall appoint or re-appoint:

(i) an individual as Secretarial Auditor for not more than one term of five consecutive years;

or

(ii) a Secretarial Audit firm as Secretarial Auditor for not more than two terms of five consecutive years, with the approval of its shareholders in its Annual General Meeting:

Provided that-

(i) an individual Secretarial Auditor who has completed his or her term under sub-clause (i) of this clause shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of his or her term;

(ii) a Secretarial Audit firm which has completed its term under sub-clause (ii) of this clause, shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of such term:

Provided further that as on the date of appointment no Secretarial Audit firm having a common partner or partners to the other Secretarial Audit firm, whose tenure has expired in the listed entity immediately preceding the financial year, shall be appointed as Secretarial Auditor of the same listed entity for a period of five years:

Provided further that, nothing contained in these regulations shall prejudice the right of the entity to remove Secretarial Auditor with the approval of its shareholders in its Annual General Meeting or the right of the Secretarial Auditor to resign from such office of the listed entity.

(c) The casual vacancy arising out of resignation, death or disqualification of a Secretarial Auditor shall be filled by the board of directors of the listed entity within a period of three months and the secretarial auditor so appointed shall hold office till the conclusion of the next annual general meeting.”

- The following new sub-regulations have been inserted, namely:

(1A) Eligibility, Qualifications and Disqualifications of Secretarial Auditor:

(a) A person shall be eligible for appointment as a Secretarial Auditor of the listed entity only if such person is a Peer Reviewed Company Secretary and has not incurred any of the disqualifications as specified by SEBI.

Provided that a firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be Secretarial Auditor of the listed entity.

(b) Where a firm including a limited liability partnership is appointed as Secretarial Auditor of the listed entity, only the partners who are Peer Reviewed Company Secretaries shall be authorised to act and sign on behalf of the firm.

(c) Where a person appointed as Secretarial Auditor of the listed entity incurs any of the disqualifications as specified by the Board, after appointment, such person shall vacate the office as Secretarial Auditor and such vacation shall be deemed to be a casual vacancy in the office of the Secretarial Auditor.

(1B) Secretarial Auditor not to render certain services:

A Secretarial Auditor appointed under these regulations shall provide to the listed entity only such other services as are approved by the board of directors, but which shall not include any services as specified by the Board in this behalf.

(1C) With effect from April 1, 2025, every listed entity shall ensure compliance with sub-regulation (1), (1A) and (1B) for appointment, re-appointment or continuation of the Secretarial Auditor of the listed entity.

Provided that any association of the individual or the firm as the Secretarial Auditor of the listed entity before March 31, 2025 shall not be considered for the purpose of calculating the tenure under clause (b) of sub-regulation (1).”

- Regulation 24A(2) stipulates that every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each

financial year. A new proviso to regulation 24A(2) is inserted, specifying that the listed entity shall ensure that with effect from April 1, 2025, the Secretarial Compliance Report submitted to the stock exchange(s) on annual basis is signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the conditions mentioned in sub-regulations (1A) and (1B) of this regulation.

- Regulation 25(6) and the proviso thereto, under the heading “Obligations with respect to Independent Directors” has been omitted stating that “*An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than three months from the date of such vacancy. Provided that where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.*”
- The amendment is made in regulation 27(2)(a) relating to corporate governance requirements, the same is reproduce below:  
27(2)(a) The listed entity shall submit, to the recognised stock exchange(s), a quarterly compliance report on corporate governance in the format and within the timelines, as may be specified by the Board from time to time. The report mentioned in clause (a) of sub-regulation (2) shall be signed either by the compliance officer or the chief executive officer of the listed entity.
- Regulation 27(2)(b) has been omitted. Prior to the omission, the clause read as under-  
“(b) *Details of all material transactions with related parties shall be disclosed along with the report mentioned in clause (a) of sub-regulation (2).*”
- In regulation 30(6) stating that the listed entity is require to first disclose to the stock exchange(s) all events or information which are material as soon as reasonably possible. The following new provisos are inserted to regulation 30(6)(i) and regulation 30(6)(iii):
  - In case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the listed entity shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting. Provided further that in case the meeting of the board of directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered. [Insertion: Proviso to regulation 30(6)(i)]
  - If all the relevant information, in respect of claims which are made against the listed entity under any litigation or dispute, other than tax litigation or dispute, in terms of subparagraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the listed entity in terms of provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the disclosure with respect to such claims shall be made to the stock exchange(s) within seventy-two hours of receipt of the notice by the listed entity. [Insertion: Proviso to regulation 30(6)(iii)]
- The listed entity shall submit to the stock exchange and publish on its website a copy of the annual report sent to the shareholders along with the notice of the annual general meeting **on or before the** commencement of dispatch to its shareholders. [Amendment: Regulation 34(1)(a)]

- The listed entity shall send a letter providing the web-link, including the exact path, where complete details of the Annual Report is available. SEBI has done away with the requirement of sending the hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder. [Amendment: Regulation 36(1)(b)]
- Regulation 36(2) is omitted specifying that *the listed entity shall send annual report to the holders of securities, not less than twenty-one days before the annual general meeting.*
- The amendments are made in regulation 36(5) and the same is reproduced below:  
The notice being sent to shareholders for an annual general meeting, where the statutory auditor(s) or Secretarial Auditor is/are proposed to be appointed/re-appointed shall include the following disclosures as a part of the explanatory statement to the notice:
  - Proposed fees payable to the statutory auditor(s) or Secretarial Auditor along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;
  - Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) or Secretarial Auditor proposed to be appointed.
- Regulation 40, sub-regulations (2), (3), (6), (8), (9) and (10) are omitted containing the provisions pertaining to transfer or transmission or transposition of securities.
- The amendments are made in regulation 42 sub regulation (2), (3), (4) and (5) relating to Record Date or Date of closure of transfer books. The same are reproduced below:

The listed entity shall give notice in advance of atleast three working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date. Provided that in the case of corporate actions through schemes of arrangement covered under regulation 37, the listed entity shall give notice in advance of atleast three working days (excluding the date of intimation and the record date). The listed entity shall ensure the time gap of at least five working days between two record dates.

- The requirement to send proxy forms shall not be applicable to general meetings held only through electronic mode. [Insertion: Proviso to Regulation 44(4)]
- The following new clauses are inserted in regulation 46(2) relating to Website:
  - Memorandum of Association and Articles of Association;
  - Brief profile of board of directors including directorship and full-time positions in body corporates;
  - Employee Benefit Scheme Documents.
- The amendment is made in regulation 47(1) relating to advertisements in Newspapers, the same is reproduced below:  
47(1) The listed entity shall publish an advertisement in the newspaper, within forty eight hours of conclusion of the meeting of board of directors at which the financial results were approved, containing a Quick Response code and the details of the webpage where complete financial results of the listed entity, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor, is accessible to the investors.

Nothing provided under this regulation shall preclude a listed entity from publishing, if it so chooses, the financial results in terms of regulation 33 along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor in the newspaper as per the format specified within 48 hours of conclusion of the meeting of the board of directors at which the financial results were approved.

- Regulations 47(2) and 47(3) and the proviso thereto are omitted.

For details: [https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-third-amendment-regulations-2024\\_89956.html](https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-third-amendment-regulations-2024_89956.html)

**(6) SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025 [Notification No. SEBI/LAD-NRO/GN/2025/239 dated March 27, 2025]**

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- **Amendments pertaining to High Value Debt Listed Entities (HVDLEs)**
  - The provisions of regulation 15 and regulation 16 to regulation 27 (Corporate Governance provisions) of chapter IV shall apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of **Rupees One Thousand Crore** and above. (Earlier the requirement was of Rupees Five Hundred Crore.) Provided that in case the value of the outstanding listed non-convertible debt securities becomes equal to or greater than the specified threshold of Rupees One Thousand Crore during the course of the year, a high value debt listed entity shall ensure compliance with these provisions within six months from the date of such trigger, and the disclosures of such compliance may be made in the corporate governance compliance report on and from the third quarter following the date of the trigger. [Amendment to Regulation 15(1A)]
  - Once the regulation 15 to 27 become applicable to a ‘high value debt listed entity’, the said regulations continue to apply till value of the outstanding listed debt securities as on March 31 in a year, reduces and remains below the specified threshold for a period of three consecutive financial years.[Insertion: Regulation 15(1AA)]
  - In regulation 26(1)(a), the words ‘high value debt listed entities’ have been deleted. As per amendment, HVDLEs shall be included in computation of listed entities while counting the ceiling on the number of memberships or chairpersonships of Committees so as to ensure that a director is able to give adequate attention to each listed entity. [Amendment: Regulation 26(1)(a)]
- **Amendments pertaining to listed entity which has listed its specified securities on the SME Exchange**
  - With effect from April 01, 2025, the provisions of regulation 23, relating to Related party transactions, shall be applicable in respect of a listed entity which has listed its specified securities on the SME Exchange and which has either paid up equity share capital exceeding Rupees ten crore or net worth exceeding Rupees twenty-five crore, as on the last day of the previous financial year.

Provided further that where the provisions of regulation 23 become applicable at a later date to a listed entity which has listed its specified securities on the SME Exchange, it shall ensure compliance with the same within six months from such date.

Provided further that once the provisions of regulation 23 become applicable to a listed entity which has listed its specified securities on the SME Exchange, they shall continue to remain applicable till such time the equity share capital and the net-worth of such entity reduces and remains below the specified threshold for a period of three consecutive financial years. [Insertion: Provisos to Regulation 15(2)(b)]

- With effect from April 01, 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. [Insertion: Provisos to Regulation 23(1)]
- Regulation 34(2)(f) provides that the Annual Report shall contain a Business Responsibility and Sustainability Report on the environmental, social and governance disclosures for the top one thousand listed entities based on market capitalization in the format as may be specified by SEBI. In the provisos, the word “assurance” has been substituted with the words “assessment or assurance of the specified parameters”.
- A new Chapter VA regarding Corporate Governance Norms for a Listed Entity which has listed its Non- Convertible Debt Securities has been introduced. The brief provisions of the same are provided below:

#### **Applicability**

- The provisions of this Chapter will be applicable to a listed entity which only has non-convertible debt securities listed with an outstanding value of Rs. 1000 crore and above and does not have any listed specified securities.
- In case, this Chapter becomes applicable to “high value debt listed entity” (‘HVDLE’), these regulations will be applicable till the value of the outstanding listed debt securities as on March 31 in a year, reduces and remains below the specified threshold for a period of three consecutive financial years.
- In case of Infrastructure Investment Trust, the governance norms specified under SEBI (Infrastructure Investment Trusts) Regulations, 2014 will be applicable. In case of a Real Estate Investment Trust registered, the governance norms specified under the SEBI (Real Estate Investment Trust) Regulations, 2014 will be applicable.
- Provisions of Companies Act, 2013 will continue to apply, wherever applicable.

#### **Board of Directors of HVDLE**

- It will have an optimum combination of executive and non-executive directors with at least 1 woman director and not less than 50% of the board of directors will comprise of non-executive directors. Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.
- Directors will have to comply with the following conditions with respect to maximum number of directorships:

- A person may act as a director in not more than seven listed entities;
- A person may serve as an independent director in not more than seven listed entities
- Any person who is serving as a whole time director/ managing director in any listed entity may serve as an independent director in not more than three listed entities.
- The following committees will be created under this Chapter:
  - a. Audit Committee
  - b. Nomination and Remuneration Committee
  - c. Stakeholder Relationship Committee
  - d. Risk Management Committee
- The HVDLE shall formulate a vigil mechanism/ whistle blower policy for directors and employees to report genuine concerns.
- The HVDLE shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly. Provided that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees one thousand crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- At least one independent director, on the board of directors of the HVDLE, shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
- Every HVDLE and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified by the Board, with the annual report of the listed entity. Every HVDLE shall submit a secretarial compliance report in such form as specified by SEBI, to stock exchanges, within sixty days from end of each financial year.

For details: [https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2025\\_93156.html](https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2025_93156.html)

**(7) SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2025/244 dated April 29, 2025]**

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette.

Regulation 13(2) stipulates that the listed entity shall ensure that it is registered on the SCORES platform or such other electronic platform or system of the Board as shall be mandated from time to time, in order to handle investor complaints electronically in the manner specified by SEBI. Vide this notification, a proviso to regulation 13(2) is inserted stating that in case of securitised debt instrument, SCORES registration may be taken at Trustee level for all special purpose distinct entities, they are trustee of.

For details: [https://www.sebi.gov.in/legal/regulations/may-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2025\\_93783.html](https://www.sebi.gov.in/legal/regulations/may-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2025_93783.html)

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## LESSON 12 ACQUISITION OF SHARES AND TAKEOVERS – CONCEPTS

### **SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/179 dated May 17, 2024)**

Securities and Exchange Board of India, on May 17, 2024, notified the SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the amendments have been made in Regulation 8 and Regulation 9 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. It is provided that for determination of the offer price under Regulation 8 and for determination of the price of equity shares under Regulation 9, the effect on the price of the equity shares of the target company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same are reproduced hereunder:

“The effect on the price of the equity shares of the target company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the listing regulations for determination of the offer price under this regulation.” **[Insertion: Regulation 8(17)]**

“The effect on the price of the listed equity shares, which are offered as consideration, due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the listing regulations for determination of the price of such equity shares under this regulation.” **[Insertion: Regulation 9(6)]**

For details: [https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-amendment-regulations-2024\\_83472.html](https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-amendment-regulations-2024_83472.html)

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## LESSON 13 PROHIBITION OF INSIDER TRADING

(1) **SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/181 dated May 17, 2024)**

Securities and Exchange Board of India, on May 17, 2024, notified the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, SEBI has amended the definition of “generally available information” as prescribed under regulation 2(1)(e) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and provides that generally available information means information that is accessible to the public on a non-discriminatory basis and **shall not include unverified event or information reported in print or electronic media.**

For details: [https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-amendment-regulations-2024\\_83471.html](https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-amendment-regulations-2024_83471.html)

(2) **SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/184 dated June 25, 2024)**

SEBI has notified the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024 which shall come into force on the ninetieth day from the date of their publication in the Official Gazette. The following amendments have been made in the SEBI (Prohibition of Insider Trading) Regulations, 2015:

- The trading plan shall not entail commencement of trading on behalf of the insider earlier than **one hundred and twenty calendar days** from the public disclosure of the plan. [**Amendment: Regulation 5(2)(i)**]
- Clause (ii) and (iii) to regulation 5(2) are omitted.
- The trading plan set out following parameters for each trade to be executed:
  - (i) either the value of trade to be effected or the number of securities to be traded;
  - (ii) nature of the trade;
  - (iii) either specific date or time period not exceeding five consecutive trading days;
  - (iv) price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:
    - a. for a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;
    - b. for a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price. [**Amendment: Regulation 5(2)(v)**]
- In second proviso to regulation 5(3), the words “and restrictions on contra trade” have been omitted. The amended second proviso is reproduced below:

*“Provided further that trading window norms shall not be applicable for trades carried out in accordance with an approved trading plan.”*

- The amendments are made in regulation 5(4) and the amended provisions are reproduced below: The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either execute any trade in the securities outside the scope of the trading plan **or to deviate from it except due to permanent incapacity or bankruptcy or operation of law.**

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation.

**Provided further that if the insider has set a price limit for a trade under sub-clause (iv) of clause (v) of sub-regulation 2, the insider shall execute the trade only if the execution price of the security is within such limit. If price of the security is outside the price limit set by the insider, the trade shall not be executed. [Amendment: Regulation 5(4)]**

- The compliance officer shall approve or reject the trading plan within two trading days of receipt of the trading plan and notify the approved plan to the stock exchanges on which the securities are listed, on the day of approval. **[Substitution: Regulation 5(5)]**

For details: [https://www.sebi.gov.in/legal/regulations/jun-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-second-amendment-regulations-2024\\_84437.html](https://www.sebi.gov.in/legal/regulations/jun-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-second-amendment-regulations-2024_84437.html)

**(3) SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2024/215 dated December 04, 2024]**

SEBI has notified the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette.

- The following amendments have been made in regulation 2(1)(d) defining the term Connected Person:
  - Sub-clause (i) has been substituted with the following:

“(i) any person who is or has been, during the six months prior to the concerned act, associated with a company, in any capacity, directly or indirectly, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship, whether temporary or permanent, with the company, that allows such a person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.”
  - The word “immediate” appearing in point no. (a) and (j) to regulation 2(1)(d)(ii) is omitted.
  - The following points are inserted in regulation 2(1)(d)(ii):

“(k). a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause (d) is also a partner; or  
(l). a person sharing household or residence with a connected person specified in sub-clause (i) of clause (d);”

- The definition of “**relative**” is inserted which shall mean the following:
  - (i) spouse of the person;
  - (ii) parent of the person and parent of its spouse;
  - (iii) sibling of the person and sibling of its spouse;
  - (iv) child of the person and child of its spouse;
  - (v) spouse of the person listed at sub-clause (iii); and
  - (vi) spouse of the person listed at sub-clause (iv)

For details: [https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-third-amendment-regulations-2024\\_89481.html](https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-third-amendment-regulations-2024_89481.html)

**(4) SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025 (Notification F. No. SEBI/LAD-NRO/GN/2025/235 dated March 11, 2025)**

SEBI has notified the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025 which shall come into force on the ninetieth day from the date of their publication in the Official Gazette.

1. According to the notification, following information *inter alia* are to be included in the definition of unpublished price sensitive information in regulation 2(1)(n) of the SEBI (Prohibition of Insider Trading) Regulations, 2015:
  - mergers, de-mergers, acquisitions, delistings, disposals and expansion of business, **award or termination of order/contracts not in the normal course of business** and such other transactions;
  - changes in key managerial personnel, **other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;**
  - change in rating(s), other than ESG rating(s);
  - fund raising proposed to be undertaken;
  - agreements, by whatever name called, which may impact the management or control of the company;
  - fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
  - resolution plan/ restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions;
  - admission of winding up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
  - initiation of forensic audit, by whatever name called, by the company or any other entity for detecting misstatement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
  - action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial

- personnel, promoter or subsidiary, in relation to the company;
  - outcome of any litigation(s) or dispute(s) which may have an impact on the company;
  - giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
  - granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
2. Entry of information, not emanating from within the organisation, in structured digital database may be done not later than 2 calendar days from the receipt of such information. [Insertion: Proviso to regulation 3(5)]

For details: [https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-prohibition-of-insider-trading-amendment-regulations-2025\\_92645.html](https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-prohibition-of-insider-trading-amendment-regulations-2025_92645.html)

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**LESSON 14**  
**PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET**

**(1) SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/187 dated June 27, 2024)**

SEBI has notified the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003:

- The definition of “Mule Account” is inserted, namely-

*Mule Account includes a trading account maintained with a stock broker or a dematerialised account or bank account linked with such trading account in the name(s) of a person, where the account is effectively controlled by another person, whether or not the consideration for transactions in the account are paid by such other person.*

- The definition of “dealing in securities” as per regulation 2(1)(b) has been amended to include the mule accounts. The amended clause is reproduced below:

*2(1)(b)(i) an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons including as principal, agent, or intermediary referred to in section 12 of the Act either by themselves or through mule accounts.*

- Regulation 4(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 provides that no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets. The explanation to regulation 4(1) is amended and the same is provided below:

*“Explanation.– For the removal of doubts, it is clarified that-*

*(i) any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company, or*

*(ii) transactions through mule accounts for indulging in manipulative, fraudulent and unfair trade practice shall be and shall always be deemed to have been included in sub-regulation (1).”*

**For details:** [https://www.sebi.gov.in/legal/regulations/jun-2024/securities-and-exchange-board-of-india-prohibition-of-fraudulent-and-unfair-trade-practices-relating-to-securities-market-amendment-regulations-2024\\_84510.html](https://www.sebi.gov.in/legal/regulations/jun-2024/securities-and-exchange-board-of-india-prohibition-of-fraudulent-and-unfair-trade-practices-relating-to-securities-market-amendment-regulations-2024_84510.html)

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## LESSON 15 DELISTING OF EQUITY SHARES

### **SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/206 dated September 25, 2024)**

SEBI has notified the SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2024, which shall come into force on the date of their publication in the Official Gazette. Provided that the provisions of these regulations shall be applicable to such delisting offers whose initial public announcement is made on or after the date of coming into force of these regulations. Further provided that an acquirer may make the delisting offer in terms of the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2021 as they existed before the coming into force of these regulations till the sixtieth day from the date of publication of these regulations in the official gazette.

In order to facilitate ease of doing business, to protect the interest of investors and to provide flexibility in the Voluntary Delisting framework, SEBI, vide this notification, has introduced the Fixed Price process as an alternative to Reverse Book Building process (RBB) for delisting of companies whose shares are frequently traded.

In light of the above, the following amendments have been made in the SEBI (Delisting of Equity Shares) Regulations, 2021:

- The definitions of “fixed delisting price” and “Investment Holding Company” have been inserted which are reproduced below:
  - Fixed Delisting Price means the fixed price offered by the acquirer for undertaking delisting of the equity shares of the company through fixed price process.
  - Investment Holding Company means a company which holds investments in listed or unlisted companies or holding assets other than such investments.
- Regulation 14 relating to Escrow Account, sub- regulation (1) is substituted:

“14(1) The acquirer shall open an interest bearing escrow account with a Scheduled Commercial Bank, not later than seven working days from the date of obtaining the shareholders’ approval, and deposit therein an amount equivalent to twenty-five percent of the total consideration, calculated as below –

  - i. in case delisting is proposed through reverse book building process; the total consideration shall be calculated on the basis of the number of equity shares outstanding with the public shareholders multiplied with the floor price or the indicative price, if any given by the acquirer in terms of sub-regulation (4) of regulation 20 of these regulations; whichever is higher;
  - ii. in case delisting is proposed through the fixed price process; the total consideration shall be calculated on the basis of the number of equity shares outstanding with the public shareholders multiplied with the fixed delisting price offered by the acquirer.”
- Regulation 14 relating to Escrow Account, sub- regulation (3) is substituted:

“14(3) Before making the detailed public announcement under regulation 15 of these regulations, the acquirer shall deposit in the escrow account, the remaining consideration amount being seventy-five percent of the total consideration amount calculated in terms of sub-regulation (1).”

- The amendments have been made in Regulation 17 relating to Bidding mechanism. The amended regulations 17 is reproduced below:

**“Bidding/tendering mechanism**

17.(1) **In case delisting is proposed through the reverse book building process or through fixed price process, the bidding period or the tendering period, as the case may be, shall begin within** seven working days from the date of the detailed public announcement and shall remain open for five working days.

- (2) The acquirer shall facilitate the tendering of shares by the shareholders and settlement of the same, through the stock exchange mechanism as specified by the Board.
- (3) The Manager to the offer shall ensure that the outcome of the reverse book building process **or the fixed price process, as the case may be**, is announced within two hours of the closure of the bidding period.
- (4) **The acquirer through the Manager to the offer shall, within two working days from the closure of the bidding period or the tendering period, make a public announcement in the same newspapers in which the detailed public announcement under sub-regulation (1) of regulation 15 of these regulations was made, of the success or failure of the fixed price delisting process or the reverse book building process and also disclose the discovered price accepted by acquirer, in the event of success of the reverse book building process.”**

- The amendments have been made in Regulation 19 pertaining to Right of shareholders to participate in the reverse book building process. The amended regulations 19 is reproduced below:

**“Right of shareholders to participate in the delisting process**

19.(1) The public shareholders holding the equity shares of the company, which are sought to be delisted, shall be entitled to participate in the **fixed price process or in** the reverse book building process in the manner specified in Schedule II of these regulations.

- (2) The Manager to the issue shall take necessary steps to ensure compliance with sub-regulation (1).
- (3) Any holder of depository receipts issued on the basis of the underlying equity shares and a custodian keeping custody of such equity shares shall not be entitled to participate in the **delisting** process. Provided that any holder of depository receipts may participate in the **delisting** process under sub-regulation (1) after converting such depository receipts into equity shares of the company that are proposed to be delisted.”

- The regulation 19A has been inserted specifying provisions for Floor Price which is reproduced below:

19A (1) The floor price of the equity shares proposed to be delisted through reverse book building process or through fixed price process, as the case may be, shall not be less than the highest of the following:

- (i) volume weighted average price paid or payable for acquisitions by the acquirer along with persons acting in concert, during the 52 weeks immediately preceding the reference date;
- (ii) the highest price paid or payable for any acquisition by the acquirer along with persons acting in concert during the 26 weeks immediately preceding the reference date;

- (iii) adjusted book value (considering consolidated financials) as determined by an independent registered valuer. Provided that adjusted book value shall not be applicable in case of delisting of Public Sector Undertakings.
- (iv) the volume weighted average market price for a period of 60 trading days immediately preceding the reference date on the stock exchange where the maximum trading volume of the equity shares is recorded, provided such shares are frequently traded;
- (v) the price determined by an independent registered valuer taking into account valuation parameters such as the book value, comparable trading multiples and any other customary valuation metrics for valuation of shares of companies in the same industry where the shares are not frequently traded. Explanation: The adjusted book-value of the company shall be calculated as below –

$A+B+C+D - L$ , where,

- ‘A’ shall be the book value of all the assets (other than jewellery, artistic work, shares & securities and immovable property) in the balance sheet as reduced by any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;
- ‘B’ shall be the price which jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;
- ‘C’ shall be the fair market value of unquoted/infrequently traded shares and securities as determined considering the internationally accepted valuation methods by the registered valuer. If the shares and securities are quoted and frequently traded on any recognized stock exchange, the fair market value of such shares and securities shall be the transaction value as recorded in such stock exchange as on the valuation date;
- ‘D’ shall be the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property. In case immovable property is located outside India, market value of the property shall be determined by the independent registered valuer;
- ‘L’ shall be the book value of liabilities shown in the balance sheet, but not including the following amounts, namely:—
  - the paid-up capital in respect of equity shares;
  - the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;
  - reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;
  - any amount representing provisions made for meeting liabilities, other than ascertained liabilities;
  - any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares.

(2) The reference date for computing the floor price shall be –

- (i) the date of initial public announcement made by the acquirer, if such an announcement was made before the close of market hours; or
- (ii) the trading day next to the date of the initial public announcement, if such an announcement was made after the close of market hours or on a non-trading day.”

- The amendments have been made in Regulation 20 pertaining to Discovered price. The amended regulations 20 is reproduced below:

**“Discovered price**

20.(1) After fixation of the floor price **in terms of regulation 19A of these regulations**, the discovered price shall be determined through the reverse book building process in the manner specified in Schedule II of these regulations, **and shall be disclose** in the detailed public announcement and the letter of offer **by the Manager of the offer**.

- (2) The acquirer shall have the option to provide an indicative price in respect of the delisting offer, which shall be higher than the floor price calculated in terms of **regulation 19A of these regulations**.
- (3) The acquirer shall also have the option to revise the indicative price upwards before the start of the bidding period and the same shall be duly disclosed to the shareholders.
- (4) The acquirer may, if it deems fit, pay a price higher than the discovered price determined in terms of sub-regulation (1).

- The regulation 20A is inserted specifying the provisions for Fixed Delisting Price. The same is reproduced below:

“20A (1) In case the acquirer has proposed delisting through fixed price process; the acquirer shall provide a fixed delisting price which shall be at least 15 percent more than the floor price calculated in terms of regulation 19A.

- (2) The acquirer shall be eligible to undertake delisting through fixed price process only if the shares of the company are frequently traded.
- (3) The acquirer shall be bound to accept the equity shares tendered or offered in the delisting offer, if the post-offer shareholding of the acquirer along with the shares tendered by the public shareholders reaches 90 percent at the fixed delisting price, offered by the acquirer.”

- Regulation 22 relating to Option to accept or reject the discovered price or counter offer, sub-regulation (4) and (5) are substituted:

“(4) In case of delisting through reverse book building process; a counter-offer may be made by the acquirer to the public shareholders, provided - i. the post-offer shareholding of the acquirer, along with the shares tendered by public shareholders, is not less than seventy-five percent; and ii. not less than fifty percent of the public shareholding has been tendered.

(4A) The counter-offer in terms of sub-regulation (4) may be made within two working days of the closure of the bidding period and thereafter the acquirer shall ensure compliance with the provisions of these regulations in accordance with the timelines provided in Schedule IV of these regulations.

(5) The counter offer price shall not be less than the higher of i. volume weighted average price of the shares tendered/offered in the reverse book building process; and ii. the indicative price, if any, offered by the acquirer.

Explanation-If the cumulative shareholding of the acquirer, along with the shares tendered or offered by the public shareholders is less than ninety percent; the volume weighted average price shall be calculated taking into account all the shares tendered or offered and if the cumulative shareholding is equal to or higher than ninety percent, the volume weighted average price shall be calculated taking into account the shares tendered or offered up to ninety percent.”

- The following amendments have been made in regulation 23(2) pertaining to the failure of the delisting offer:
  - In clause (a)
    - The words and symbol “tendered/offered”, are substituted by the words and symbols “tendered or offered under the reverse book building process or the fixed price process or the counter-offer, as the case may be.
    - The words “Schedule II or Schedule IV of” have been omitted.
    - The words “as the case may be”, have been omitted.
  - In sub-clause (i),
    - After the words “reverse book building process” the words “or the fixed price process” have been inserted.
  - In clause (c)(i), after the words “reverse book building process”, the words “or the fixed price process, as the case may be,” have been inserted.
- The following amendments have been made in regulation 24 pertaining to Payment upon success of the offer:
  - In clause (1)
    - after the words “regulation 20 of these regulations” and before the words and symbol “, as stated in the public announcement”, the words “or fixed price offered by the acquirer in terms of sub-regulation (1) of regulation 20A of these regulations” shall be inserted;
    - in clause (i) thereof, after the words “regulation 22” and before the words “of these regulations”, the words “or in terms of fixed price as provided under regulation 20A” shall be inserted.
- The regulation 38A has been inserted specifying special provisions for delisting of investment holding company which is reproduced below:

#### **“Part -E**

#### **Delisting of equity shares of a listed investment holding company pursuant to a scheme of arrangement**

38A (1) Nothing contained in these regulations shall apply to the delisting of equity shares of an investment holding company, pursuant to a scheme of arrangement by an order of a Court or Tribunal.

(2) Delisting of equity shares made under sub-regulation (1) shall be undertaken, in the following manner-

- i. the listed investment holding company shall transfer the equity shares (value as calculated on a net of pro-rata liabilities) held by it in other listed companies, to its public shareholders in proportion to their shareholding;
- ii. the listed investment holding company shall make payment in cash (value as calculated on a net of pro-rata liabilities) in exchange for the underlying shares or investments made by such investment holding company in unlisted companies and other assets, if any, to its public shareholders in proportion to their shareholding;
- iii. public shareholding of the listed investment holding company shall be extinguished upon transfer of the underlying shares mentioned at (i) and payment in cash mentioned at (ii), pursuant to a scheme for selective reduction of capital under Section 66 of the Companies Act, 2013, as amended from time to time; and
- iv. the listed investment holding company shall apply to the stock exchanges for delisting.

(3) The delisting of the equity shares of an investment holding company in terms of sub-

regulation (1) shall be permitted, subject to the fulfilment of the following conditions:-

- i. the listed investment holding company shall have not less than seventy-five percent of its fair value comprising direct investments in equity shares of other listed companies; Explanation: The fair value (net of liabilities) of the listed investment holding company shall be determined pursuant to a joint report by two independent registered valuers, which, inter-alia, shall include-
  - a) value of investments of frequently traded shares of listed companies based on sixty trading days volume weighted average market price;
  - b) fair value of investments of infrequently traded shares of listed companies and unlisted companies; and
  - c) fair value of other assets of the listed investment holding company.
- ii. the listed investment holding company shall comply with regulations 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Circulars issued thereunder;
- iii. there shall be e-voting by shareholders of such listed investment holding company wherein votes cast by public shareholders of the listed investment holding company in favour of the proposal are not less than two times the number of votes cast against it;
- iv. the material disclosures in relation to calculation of the entitlement ratio and per share consideration is included in the explanatory statement of the notice for the shareholders meeting;
- v. the joint valuation report obtained by two independent registered valuers shall be submitted to the stock exchanges along with draft scheme for disclosure to public;
- vi. the report from a chartered accountant or merchant banker confirming the entitlement ratio is obtained;
- vii. the shares of the listed investment holding company shall have been listed for not less than 3 years and shall not be suspended at the time of taking this route;
- viii. no adverse orders have been passed by the Board against the listed investment holding company and their promoters or promoter group in the last three years; and
- ix. the equity shares of the listed investment holding company so delisted, shall not be permitted to seek relisting for a period of three years from the date of delisting. Provided that such relisting shall be in terms of sub-regulation (3) and (4) of regulation 40 of these regulations.

(4) The delisting of the equity shares of an investment holding company shall also be subject to the compliance with any requirement specified by any financial sector regulator with whom such investment holding company is regulated.”

For details: [https://www.sebi.gov.in/legal/regulations/sep-2024/securities-and-exchange-board-of-india-delisting-of-equity-shares-amendment-regulations-2024\\_86999.html](https://www.sebi.gov.in/legal/regulations/sep-2024/securities-and-exchange-board-of-india-delisting-of-equity-shares-amendment-regulations-2024_86999.html)

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## LESSON 16 BUY-BACK OF SECURITIES

**(1) SEBI (Buy-Back of Securities) (Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/180 dated May 17, 2024)**

Securities and Exchange Board of India, on May 17, 2024, notified the SEBI (Buy-Back of Securities) (Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the amendments have been made in Regulation 19 and Regulation 22B of the SEBI (Buy-Back of Securities) Regulations, 2018. It is provided that for determination of the volume weighted average market price under Regulation 19 and for calculation of the lower end of the price range under Regulation 22B, the effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same are reproduced hereunder:

“Provided further that the effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for determination of the volume weighted average market price.” **[Insertion: Proviso to Regulation 19]**

“The effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for calculation of the lower end of the price range under this regulation.” **[Insertion: Regulation 22B(vi)]**

For details: [https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-buy-back-of-securities-amendment-regulations-2024\\_83474.html](https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-buy-back-of-securities-amendment-regulations-2024_83474.html)

**(2) SEBI (Buy-Back of Securities) (Second Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/210 dated November 20, 2024)**

SEBI has notified the SEBI (Buy-Back of Securities) (Second Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Buy-Back of Securities) Regulations, 2018:

- Regulation 4 has specified conditions and requirements for buy-back of shares and specified securities. The amendments have been made in clause (a) and (b) of regulation 4(ii), where the words “sets out a lower amount” is substituted by the words “is lower”.
- In case any member of the promoter / promoter group has declared its intention to not participate in the buy-back, the shares held by such member of the promoter / promoter group shall not be considered for computing the entitlement ratio. **[Insertion of a new proviso to regulation 4(iv)(a)]**

- The words record date under Regulation 17(ii) of the Regulation is substituted by the words “date of public announcement”, accordingly buy-back offer shall open not later than four working days from the date of public announcement.
- Companies shall not issue any shares or other specified securities including by way of bonus till the date of expiry of buy-back period for the offer made under the regulation, **except in discharge of subsisting obligations through conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares. Provided that the relevant details and the potential impact of such subsisting obligations, if any, shall be disclosed in the public announcement. [Amendment: Regulation 24(i)(b)]**

For details: [https://www.sebi.gov.in/legal/regulations/nov-2024/securities-and-exchange-board-of-india-buy-back-of-securities-second-amendment-regulations-2024\\_88680.html](https://www.sebi.gov.in/legal/regulations/nov-2024/securities-and-exchange-board-of-india-buy-back-of-securities-second-amendment-regulations-2024_88680.html)

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## LESSON 17 MUTUAL FUNDS

### (1) **SEBI (Mutual Funds) (Second Amendment) Regulations, 2024 (Notification No. SEBI/LAD-NRO/GN/2024/197 dated August 01, 2024)**

SEBI has notified the SEBI (Mutual Funds) (Second Amendment) Regulations, 2024 and amended the provisions of the SEBI (Mutual Funds) Regulations, 1996. The definition of market abuse is inserted which includes manipulative, fraudulent and unfair trade practices which may contravene Section 12A of the Act or any of the provisions of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 or the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. [**Insertion: Regulation 2(1)(nb)**]

For details: [https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-mutual-funds-second-amendment-regulations-2024\\_85459.html](https://www.sebi.gov.in/legal/regulations/aug-2024/securities-and-exchange-board-of-india-mutual-funds-second-amendment-regulations-2024_85459.html)

### (2) **SEBI (Mutual Funds) (Third Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2024/221 dated December 16, 2024]**

SEBI has notified the SEBI (Mutual Funds) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Provided that sub-regulations I, II and VI of regulation 3 of these amendment regulations shall come into force on the ninetieth day from the date of their publication in the Official Gazette and sub-regulations IV and V of regulation 3 of these amendment regulations shall come into force with effect from April 1, 2025.

The following amendments have been made in the SEBI (Mutual Funds) Regulations, 1996:

- **Rejection of application**

Where the sponsor does not satisfy the eligibility criteria mentioned in regulation 7 **or regulation 81 (eligibility criteria for registration as a Mutual Fund Lite)**, the SEBI may reject the application and inform the applicant of the same. [Amendment: Regulation 11]

- **Procedure where approval is not granted**

Where an application made under regulation 19 by an asset management company for grant of approval does not satisfy the eligibility criteria laid down in regulation 21 (Eligibility criteria for appointment of asset management company) **and regulation 86 (Net-worth requirement for the mutual fund lite asset management company)**, the SEBI may reject the application. [Amendment: Regulation 23]

- **The amendments have been made in Regulation 29A relating to Nomination. The same is provided below:**

(1) The asset management company shall provide an option to the unitholder to nominate, **in the manner as may be specified from time to time**, a person in whom the units held by him shall vest in the event of his death.

(2) **The unitholder shall have an option to nominate, in the manner as may be specified, a**

**person who shall be authorized to conduct transactions on behalf of the unitholder in the event of the incapacitation of the unitholder.**

(3) Where the units are held by more than one person jointly, the joint unitholders may together nominate a person in whom all the rights in the units shall vest in the event of death of all the joint unitholders.

**(4) An asset management company or its registrar to an issue and share transfer agent shall not be liable for any action taken on the basis of nomination made by the unitholder.**

- A new sub-regulation 8 is inserted in Regulation 43 pertaining to Investment objective which states that moneys collected under the investment strategies of a Specialized Investment Fund shall be invested in accordance with regulation 49Z.
- **A new Chapter VI-C namely “Specialized Investment Fund” is inserted which stipulates that:**
  - A Specialized Investment Fund shall not accept from an investor, an investment amount less than Rs. 10 lakh across all investment strategies in the manner as may be specified by SEBI. Provided that the requirement of minimum investment amount shall not apply to an accredited investor.
  - An investment strategy under the Specialized Investment Fund shall be launched as an open-ended investment strategy or close-ended investment strategy or interval investment strategy with subscription and redemption frequency appropriately disclosed in the offer document.
  - An investment strategy under Specialized Investment Fund shall not invest more than 20 per cent of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 25 per cent of the NAV of the investment strategy with the prior approval of the Board of Trustees and Board of Directors of the asset management company.
  - The asset management company shall ensure that the Specialized Investment Fund has distinct identification, separate from that of the Mutual Fund, to maintain clear differentiation between the offerings of the Specialized Investment Fund and that of a Mutual Fund and the asset management company shall comply with the provisions relating to branding, advertising, standard disclaimers, guidelines on usage of sponsor or asset management company or mutual fund’s brand name and maintenance of a separate website, as may be specified by SEBI from time to time.
  - The trustees shall ensure that the asset management company has the necessary expertise, internal control systems and risk management mechanism to invest in and manage investments and further ensure that the asset management company shall comply with such other requirements related to risk management, investor protection, disclosures and reporting, as may be specified by the Board from time to time.
  - The offer documents of the Specialized Investment Fund shall contain disclosures which are adequate for investors to make informed investment decisions, highlighting the high-risk nature of the product, in the manner as may be specified by SEBI.

- **Introduction of Mutual Funds Lite (MF Lite) framework for passively managed schemes of Mutual Funds:**

The present regulatory framework for Mutual Funds (MFs) provides for regulation of MFs and the schemes managed thereunder. While both active and passive MF schemes (such as Exchange Traded Funds (ETFs) and Index funds) are covered under the purview of the extant MF Regulations, the provisions thereunder have been envisaged, primarily keeping in mind the actively managed schemes and the risks and complexities associated therewith.

Passive funds follow a rule-based investment strategy and there is negligible discretion with AMCs regarding asset allocation and investment objective. As such, various provisions of the existing regulatory framework may not be relevant for passively managed schemes. Accordingly, SEBI has made amendments to the SEBI (Mutual Funds) Regulations, 1996 and inserted Chapter XI viz, “Mutual Funds Lite” for enabling a relaxed framework with light-touch regulations for entities desirous of launching only passive Mutual Fund schemes.

“Mutual Fund Lite” or “MF Lite” means a mutual fund that has obtained registration under Chapter XI and is having only such index funds, exchange traded funds, fund of funds or other mutual fund schemes as may be specified by the Board from time to time.

The light touch regulations include relaxed requirements relating to eligibility criteria for sponsors; including net worth, track record and profitability, responsibility of trustees, approval process and disclosures. The framework intends to promote ease of entry, encourage new players, reduce compliance requirements, increase penetration, enhance market liquidity, facilitate investment diversification and foster innovation.

For details: [https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-mutual-funds-third-amendment-regulations-2024\\_89978.html](https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-mutual-funds-third-amendment-regulations-2024_89978.html)

**(3) SEBI (Mutual Funds) (Amendment) Regulations, 2025 [Notification No. SEBI/LAD-NRO/GN/2025/230 dated February 14, 2025]**

SEBI has notified the SEBI (Mutual Funds) (Amendment) Regulations, 2025 which shall come into force with effect from April 1, 2025. Vide this notification, the following amendments have been made in the SEBI (Mutual Funds) Regulations, 1996:

- In regulation 25, relating to Asset management company and its obligations, the following clauses have been inserted:
  - The asset management company shall invest a percentage of the remuneration of such employees as specified by the Board in units of mutual fund schemes based on the designation or roles of the designated employees in the manner as may be specified by the Board.
  - The asset management company shall conduct stress testing for such schemes as specified by the Board and disclose the results of the stress testing in the form and manner, as may be specified by the Board.

For details: [https://www.sebi.gov.in/legal/regulations/feb-2025/securities-and-exchange-board-of-india-mutual-funds-amendment-regulations-2025\\_92004.html](https://www.sebi.gov.in/legal/regulations/feb-2025/securities-and-exchange-board-of-india-mutual-funds-amendment-regulations-2025_92004.html)

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