



Regulatory Alert Delivering Clarity

Overhaul of SEBI Regulations

Issue no: RA/15/2018

In this issue:

[Background](#)
[Key highlights](#)
[Conclusion](#)
[Deloitte tax@hand App](#)
[Do you know about Dbriefs?](#)

Background

At its Board meeting held on 20 June 2018, SEBI approved certain amendments and revamped few regulations relating to the securities market with the aim to simplify the law, eliminate redundancies and inconsistencies and also update references to the Companies Act, 2013.

The highlights of some of the announcements of SEBI Board meeting are summarized in this alert.

Key highlights

- **SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

Open offer price can be revised upward till 1 working day, as against 3 working days, before the commencement of share tendering period.

- **SEBI (Buy-back of Securities) Regulations, 2018 (New Regulations) to replace SEBI (Buy-back of Securities) Regulations, 1998**

Relevant provision of buy-back of Companies Act, 2013 (Section 68 to 70) being incorporated in New Regulations.

- **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations 2018) to replace SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**

SEBI considered the recommendation of Primary Market Advisory Committee and public comments on consultation paper and approved ICDR Regulations 2018. Some of the key amendments are as follows:

- Price band can be announced 2 working days before opening of the issue, compared to earlier requirement of 5 working days
- Financial disclosure for public/right issue to be made for preceding 3 years as against 5 years
- Restated and audited financial disclosures in the offer document will need to be made on a consolidated basis only
- Threshold for submission of draft letter of offer for right issue to SEBI is increased to INR 100 million as against INR 5 million. A Company can make fast track right issue if it does not have any audit qualification or any adverse opinion
- Company should not have any audit qualification or adverse opinion in order to qualify for fast track right issue
- Shortfall of up to 10% of minimum promoter's contribution can now be met by institutional investors (Foreign Venture Capital Investor, Scheduled Commercial Banks, Public Financial Institution, Alternate Investment Funds and Registered Insurance Companies) without being identified as promoters
- Minimum anchor investor size in SME IPO reduced to INR 20 million from existing INR 100 million

- To identify promoter group, shareholding threshold increased to 20% as against earlier requirement of 10%
- Definition of Group companies is widened and shall include such companies (other than promoter and subsidiaries) with which there were related party transactions in past 3 years
- **Amendment to Regulation pertaining to Stock Exchanges, Clearing Corporations and Depositories (Market Infrastructure Institutions – MII's)**
 - Shareholding by eligible domestic and foreign entities have been harmonized across MIIs – shareholding is increased to 15% for depositories and clearing corporations as in case of stock exchanges
 - Multilateral and bilateral financial institutions, as notified by the government are recommended to hold up to 15% in an MII
 - Tenure and Directorship norms of Public Interest Directors (PIDs) and Managing Director of MIIs modified
 - Definition of key management personnel to include any person who directly reports to CEO or Director of a stock exchange or depository or any person who is up to 2 levels below MD/CEO, or as identified by the nomination and remuneration committee
 - Various Committees of MIIs have been restructured and reduced to 7 from existing 15
 - Clearing Corporation to maintain net worth of INR 1 billion at all time, as against earlier requirement of INR 3 billion
- **Discontinuation of category of Sub-Broker as market intermediary**
 - No fresh registration to be granted
 - Existing Sub-Brokers shall migrate to Authorized Persons or Trading Members, failing which their registrations will be deemed to have been surrendered
- **Professionals like practicing chartered accountant (PCA), practicing company secretaries (PCS) etc. under SEBI's ambit**

SEBI to float consultation paper to amend various regulation in respect of professionals such as PCA, PCS, Cost Accountant, Valuers and Monitoring Agencies etc. who undertake third party fiduciary duty / assignment / engagement from issuers or intermediaries etc. under the securities laws. Presently such professionals are not registered with SEBI.

Conclusion

SEBI announcements are aimed at simplifying various regulations, remove redundancy, bring the regulations in line with contemporary market practices and to inculcate transparency and accountability.

One needs to wait for formal amendments / issuance of the regulations giving effect to the above announcement.

Deloitte tax@hand App

Current. Comprehensive. Convenient.

Download [tax@hand](#) app, a secure digital platform for timely global and regional news, perspectives, and resources. Do visit the tax@hand webpage [here](#).



Deloitte.

IOS



Download from App Store

Android



Download from Google Play

Website



Add to favorites

Do you know about Dbriefs?

Dbriefs are live webcasts that give valuable insights on important developments affecting your business. To register, visit the [Dbriefs](#) page.



Download the report





Deloitte makes an impact that matters

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India LLP (DTTI LLP) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites).

DTTI LLP is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTI LLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this material, rendering professional advice or services. This information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2018 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited