



## Takeover Code Amended - Creeping acquisition limit extended to 10% for promoters for FY 2020-21 | Voluntary offer made easier till March 31, 2021

June 16, 2020

In a major change in the takeover space of listed companies, creeping acquisition limits and certain prohibition on voluntary open offer has been changed. These are summarised as follows:

- **Promoters can acquire up to 10% in FY 2020-21**

As per the change, any acquisition beyond 5% but up to 10% of the voting rights in the target company has been allowed for the financial year 2020-21 - only in respect of an acquisition by a promoter pursuant to preferential issue of equity shares by the target company. This has been added as a proviso to existing Regulation 3(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Takeover Code**). Before the change, any acquisition beyond 5% voting rights would trigger the open offer under Regulation 3(2).

- **Acquisition in preceding 52 weeks will not debar from making voluntary open offer: Relaxation granted till March 31, 2021**

One of the disqualifications for making a voluntary open offer under Regulation 6 of the Takeover Code was that where an acquirer or any person acting in concert with him had acquired shares of the target company in the preceding 52 weeks without attracting the obligation to make a public announcement of an open offer, he was not eligible to voluntarily make a public announcement of an open offer for acquiring shares. As per the change, aforementioned disqualification has been relaxed till March 31, 2021.

Aforementioned changes have been made **effective from June 16, 2020**, vide the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2020, dated June 16, 2020 ([available here](#)).

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