

In its meeting held on June 25, 2020, SEBI has considered and decided to introduce certain changes in: (i) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations); (ii) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations); (iii) SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations); and (iv) SEBI (Settlement Proceedings) Regulations, 2018 (Settlement Regulations). These changes are summarized below:

<b>ICDR Regulations</b>	<p><b>Another pricing method of preferential issues – Temporary relaxation due to COVID 19</b></p> <p>SEBI has decided to provide an additional option to the existing pricing methodology for preferential issuance in addition to already existing pricing under Regulation 164 of the ICDR Regulations. The issuer is given the option to choose any of the formulas. The said option in pricing will be available for the preferential issues made between July 1, 2020 or date of notification of amendment to the ICDR Regulations, whichever is later and December 31, 2020. Please also note that recently SEBI had also incorporated relaxed pricing for preferential issue for listed companies with stressed assets under Regulation 164A of the ICDR Regulations.</p> <p>The additional pricing formula is as under:</p> <ul style="list-style-type: none"> <li>▪ In case of frequently traded shares, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following: <ul style="list-style-type: none"> <li>– the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twelve weeks preceding the relevant date; or</li> <li>– the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.</li> </ul> </li> <li>▪ The specified securities allotted on preferential basis using the above pricing formula shall be locked-in for a period of three years.</li> </ul>
<b>Takeover Regulations</b>	<ul style="list-style-type: none"> <li>▪ <b>Bulk / Block deal during the open offer:</b> Acquisition through stock exchange settlement process through bulk and/or block deals shall be permitted during the open offer, subject to conditions mentioned in Regulation 22(2A) of Takeover Regulations. Regulation 22(2A) provides that an acquirer may acquire shares of the target company through preferential issue or through the stock exchange settlement process, <u>other than through bulk deals or block deals</u>, subject to (i) such shares being kept in an escrow account, (ii) the acquirer not exercising any voting rights over such shares kept in the escrow account: Provided that such shares may be transferred to the account of the acquirer, subject to the acquirer complying with requirements specified in Regulation 22(2) (which inter alia deals with deposit of entire consideration amount in the escrow account);</li> <li>▪ <b>Escrow in case of indirect acquisitions:</b> In case of indirect acquisitions where public announcement of an open offer has been made, an amount equivalent to 100% of the consideration payable under the open offer must be deposited 2 working days before the date of detailed public statement. The escrow account shall be in the form of cash and/ or bank guarantee;</li> <li>▪ <b>Interest for delay in making open offer:</b> In case of delays in making open offer attributable to the acts of omission or commission of the acquirer, a simple interest of 10% shall be paid to all the shareholders who have tendered the shares in the open offer.</li> </ul>
<b>PIT Regulations</b>	<ul style="list-style-type: none"> <li>▪ Maintaining a structured digital database containing nature of unpublished price sensitive information (UPSI) and the names of persons who have shared the information;</li> <li>▪ Automation of process of filing disclosures to stock exchanges;</li> <li>▪ Restriction on trading window not to be made applicable for transactions as prescribed by SEBI;</li> <li>▪ Entities to file the non-compliances of Code of Conduct with the stock exchanges and amounts if any collected for such non-compliances shall be credited to Investor Protection Education Fund administered by SEBI under the SEBI Act, 1992.</li> </ul>

<b>Settlement Regulations</b>	<ul style="list-style-type: none"><li>▪ Promoters to be included along with the Principal Officer for the purpose of calculation of the base amount in terms of Table X (dealing with residuary base amount attributable to every count of the alleged default) of Schedule II;</li><li>▪ Base Amount for alleged defaults relating to open offer violations, where the making of the open offer has become infructuous, to be rationalised and benchmark for certain Base Amount in Schedule II to be suitably amended;</li><li>▪ In order to save time, instead of issuing settlement notice under Regulation 18, a paragraph shall be included in the show cause notice, informing the noticee about the option to file a settlement application; etc.</li></ul>
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