



# SEBI eases rights issue opening upto December 31, 2020

July 25, 2020

SEBI has extended the one-time relaxations from strict enforcement of certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**ICDR Regulations**), pertaining to **Rights Issue opening upto December 31, 2020**. These were earlier available for rights issue opening upto July 31, 2020.

Key relaxations are summarized below:

- **Application by Physical Shareholders for Rights Entitlement (RE):** In case the physical shareholders who have not been able to open a demat account or are unable to communicate their demat details, in terms of clause 1.3.4 of SEBI circular dated January 22, 2020 ([available here](#)), to the issuer/ registrar for credit of REs within a specified time, such physical shareholders may be allowed to submit their application subject to certain conditions. e.g. issuer and lead manager to provide mechanism, shareholder will not be able to renounce their RE, shares will be received only in demat mode;
- **Optional mechanism in addition to ASBA:** In order to ensure that all eligible shareholders are able to apply to rights issue during COVID-19, the issuer shall along with lead manager(s) to the issue, the registrar, and other recognized intermediaries [**as deemed fit by issuer and lead manager(s)**] institute an optional mechanism (**non-cash mode only**) to accept the applications of the shareholders subject to ensuring that no third party payments shall be allowed in respect of any application;
- **Digital authentication of Offer Documents:** In respect of all offer documents filed until July 31, 2020, authentication/ certification/ undertaking(s) in respect of offer documents, may be done using digital signature certifications;
- **Digital inspection of material documents:** In respect of all offer documents filed until July 31, 2020, the issuer along with lead manager(s) shall provide procedure for inspection of material documents electronically;
- **Digital service of documents:** Service of the abridged letter of offer, application form and other issue material to shareholders may be undertaken by electronic transmission. Failure to adhere to modes of dispatch through registered post or speed post or courier services due to prevailing Covid-19 related conditions will not be treated as non-compliance during the said period. These documents should be placed on the website of the issuer, registrar, stock exchanges and lead manager. Steps should also be taken to reach out to shareholders through other means such as ordinary post or SMS or audio-visual advertisement on television or digital advertisement, etc.
- **Advertisements:** The issue related advertisement shall contain additional details as regards the manner in which the shareholders who have not been served notice electronically may apply. The issuer may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required in ICDR Regulations. The advertisement should also be made available on the website of the Issuer, Registrar, Lead Managers, and Stock Exchanges. The Issuer shall make use of advertisements in television channels, radio, internet etc. to disseminate information relating to the application process. Such advertisements can be in the form of crawlers/ tickers as well.

Aforementioned extension has been provided vide SEBI Circular dated July 24, 2020 ([available here](#))

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at [insights@elp-in.com](mailto:insights@elp-in.com)

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