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REGULATORY UPDATE

SEBI Amendment Regulations, 2024 under ICDR, LODR, and PIT REGULATIONS

SEBI AMENDMENT REGULATIONS, 2024

SEBI via its notification dated 17th May, 2024 has amended the following regulations:-

- Issue of Capital and Disclosure Requirements ("ICDR") Regulations,
- Listing Obligation and Disclosure Requirements ("LODR") Regulations,
- Prohibition of Insider Trading ("PIT") Regulations

KEY HIGHLIGHTS OF THE SEBI (ICDR) AMENDMENT REGULATIONS, 2024:

(a) Introduction of new Categories of investors for minimum Promoter's Contribution

Now, non-individual public shareholders holding at least *5%* of the post-offer equity share capital or any entity (individual or non-individual) forming a part of the promoter group other than the Promoter(s) may contribute to cover any shortfall in the minimum required contribution.

(b) Additional disclosure in draft offer documents

Those securities that will be converted or exchanged for fully paid-up securities and held for more than one year, the details of those securities shall be disclosed in the draft offer document

(c) Reduction in the bidding period in case of force majeure events

In case of force majeure events such as unexpected events beyond control, the minimum days for which the bidding can be extended have been revised from three (3) working days to one (1) working day.

(d) <u>Omission of requirement regarding creation of Security Deposit</u>

The regulation related to security deposit, i.e., maintaining a 1% security deposit for public and rights issues, has been omitted.

(e) <u>Unaffected price movement on Pricing Guidelines</u>

While determining the price for the preferential issue and qualified institutions placement, the effect on the price of equity shares due to material price movement and confirmation of reported event or information may be excluded as per regulation 30(11) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

<u>KEY HIGHLIGHTS OF THE SEBI (LODR) AMENDMENT REGULATIONS, 2024:</u>

(a) <u>Applicability of provisions related to market capitalization</u>

- Now, the market capitalization will be determined by the listed entity based on an average Market Capitalization of 6 months i.e. from July 1 to Dec 31, instead of Market Capitalization based on a single day of March 31.

- The listed entity shall ensure that at the first instance of each applicable compliance basis the market capitalization applicable to a listed entity be adhered within **three months from December 31 (i.e. April 1) or from the beginning of the immediate next financial year**, whichever is later.

- The listed entity which is required to comply for the very first time or after a period of cessation, shall put in place systems and processes for compliance with the provisions of Regulation 34(2)(f) within the aforesaid timeline and reporting to be made and also disclose the Business Responsibility and Sustainability Report ("**BRSR**") and/or Assurance as per BRSR Core in the Annual Report.

- Regulations based on market capitalization will continue to apply to a listed entity until it falls below the threshold for three consecutive years. Thereafter, the compliances based on market capitalization will cease to apply.

(b) Increase in the period of the maximum gap between two consecutive meetings of the Risk Management Committee (RMC)

The gap between the two meetings of RMC has been increased from 180 days to 210 days.

(c) Filing up vacancies of certain Key Managerial Personnel

A new proviso has been added to Regulation 26A (1) and (2) which states that any vacancies requiring approval from regulatory, government, or statutory authorities must be filled by the listed entity as soon as possible, but no later than six months from the date of the vacancy.

(d) Standardization in timelines for prior intimation of board meeting

- Now the prior intimations required under Regulation 29(1) are required to be made at least 2 days in advance excluding the date of the intimation.

- A new proviso has been inserted stating that no intimation regarding the determination of issue price in a qualified institution's placement is required if a placement is done according to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

- Clarification is provided that the intimation under Regulation 29(1)(d) shall be made only with respect to the issuance of shares.

- Now, prior intimation under Regulation 29(1) are also required to be given for:-

  (g) Any change in the form, nature, rights, or privileges of its listed securities on the stock exchange.

  (h) Any change in the payment date for interest on debentures or bonds, or the redemption amount for redeemable shares, debentures, or bonds.

(e) <u>Amendment in Regulation 30(11) related to the Market Rumour</u>

- Now, the listed Companies are required to intimate only that market rumor which are taking place upon the material price movement.

- Reporting within 24 hours shall be made on the occurrence of material price movement.

- Any movement in the price due to the market rumor which is reported to the stock exchange shall not be considered while considering the price norms under the provisions of SEBI*****.

- It shall be the duty of the promoter, director, key managerial personnel, or senior management of a listed entity to provide adequate, accurate, and timely responses to queries raised or explanations sought by the listed entity.

Pursuant to this change the necessary changes have been made under ICDR, SAST, and Buyback Regulations.

KEY HIGHLIGHTS OF THE SEBI (PIT) AMENDMENT REGULATIONS, 2024:

(a) Amendment in the definition of generally available information

The definition of Generally available information has been refined by *excluding unverified events or information reported in print or electronic media* from its purview.

DISCLAIMER*: - The summary information herein is based on SEBI Notifications dated 17th May, 2024. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.*