



PR No.36/2020

## SEBI Board Meeting

The SEBI Board met in Mumbai today. The out of station Members joined the meeting through video conferencing. The Board, inter-alia, took the following decisions:

### I. Pricing of preferential issues – Temporary relaxation due to COVID 19

Due to serious challenges faced by the corporate sector in the wake of developments related to COVID-19, SEBI has been receiving numerous representations from various stakeholders for temporarily liberalizing regulations relating to raising of capital from securities market.

The Board has decided to provide an additional option to the existing pricing methodology for preferential issuance as under:

- i. 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:
  - a. 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
  - b. 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.
- ii. The specified securities allotted on preferential basis using the above pricing formula shall be locked-in for a period of three years.

The existing pricing guideline for preferential issue, for frequently traded shares, as prescribed under Regulation 164(1) of the ICDR Regulations shall also continue to remain in force. The issuer may choose any one of the formula.

The said option in pricing shall be available for the preferential issues made between July 1, 2020 or date of notification of amendment to the Regulations, whichever is later and December 31, 2020.

## **II. Amendments to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

The Board approved the following amendments to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”):

- i. 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.
- ii. 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.
- iii. 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.

## **III. Amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015**

The Board considered and approved amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015. The amendments include maintaining a structured digital database containing nature of unpublished price sensitive information and the names of persons who have shared the information; automation of process of filing disclosures to stock exchanges, restriction on trading window not to be made applicable for transactions as prescribed by SEBI, 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 Board under the SEBI Act.

#### **IV. Securities and Exchange Board of India (Settlement Proceedings) (Amendment) Regulations, 2020**

The Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (Settlement Regulations) which came into force with effect from January 1, 2019 provides for the settlement of the proceedings initiated or to be initiated for the contravention of the securities laws. The experience gained in handling the settlement matters during the past one year has necessitated the need to amend certain provisions of the Regulations in order to streamline the settlement procedures.

After due consideration, the Board approved some amendments to the Settlement Regulations including - Promoters to be included along with the Principal Officer for the purpose of calculation of the base amount in terms of Table X of Schedule II; 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; 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.

#### **V. Annual Report: 2019-20**

The Board considered and approved the SEBI Annual Report: 2019-20. In compliance with Section 18(2) of SEBI Act, 1992, the same Annual Report would be submitted to the Central Government.

**Mumbai**

**June 25, 2020**