SEBI (BUY BACK OF SECURITIES) REGULATIONS, 1998

Reg.	Condition	Descriptions
3	**Applicability**	buy-back of listed shares or other specified securities.
	Prohibition	shall not buy-back its shares so as to delist its shares.
4	**Methods**	● from the existing security-holders on a proportionate basis through the tender offer; ● from the open market through— (i) book-building process, (ii) stock exchange; ● from odd-lot holders.
	Restrictions	shall not buy-back its shares from any person through negotiated deals, ◆ whether on or of the stock exchange ◆ or through spot transactions or ◆ through any private arrangement
5	**Special Resolution**	A copy of the resolution shall be filed with the ➢ Board and ➢ the stock exchanges within **seven days** from the date of passing of the resolution.
5A	**Board Resolution**	A copy of the resolution shall be filed with the ➢ Board and ➢ the stock exchanges within **two working days** of the date of the passing of the resolution.
6	**BUY BACK THROUGH TENDER OFFER**	
		from its existing share holders on a proportionate basis ● 15% of the number of securities which the company proposes to buy back or number of securities entitled as per their shareholding, whichever is higher, shall be reserved for small shareholders.
7	**Additional Disclosures**	notice under section 173 shall contain the disclosures mentioned in regulation 5 & 7. **Promoters can tender their shares { Regulation 7(b)}**
8	**Filing of offer Documents**	Public announcement within two working days from the date of resolution in ➢ One English National Daily, ➢ One Hindi National Daily and ➢ Regional language daily
		A copy of the public announcement along with the soft copy, shall be submitted to the Board simultaneously through a merchant banker.

		The company shall within five working days of the public announcement file with the Board a draft-letter of offer along with soft copy.
		Board may give its comments on the draft letter of offer within seven working days of the receipt of the draft letter of offer
		file along with the draft letter of offer, a declaration of solvency (4A).
9	**Offer Procedure**	announce a record date for the purpose of determining the entitlement and the names of the security holders.
		The **letter of offer along with the tender form** shall be dispatched to the security holders **within five working days** from the receipt of communication of comments from the Board
		The date of the opening of the offer shall be within five working days from the date of dispatch of letter of offer.
	Period of offer	The offer shall remain open for a period of **10 working days**.
		The shares proposed to be bought back shall be divided in to two categories; ➢ reserved category for small shareholders ➢ the general category for other shareholders,
	Escrow account (on or before the opening of the offer**)**	consideration payable does not exceed Rs. 100 crores- 25 % of the consideration
		consideration payable exceeds Rs. 100 crores - 25 % upto Rs. 100 crores and 10 % thereafter.
		shall consist of, ● cash deposited with bank, or ● bank guarantee in favour of the merchant banker (1% Extra in cash), or ● deposit of acceptable securities with appropriate margin, with the merchant banker (1% Extra in cash) , or ● a combination of (a), (b) and (c) above
11	**Payment to shareholders**	complete the verifications of offers received and make payment **within 7 working days** of the closure of the offer.
12	**Extinguishment of certificate**	shall extinguish and physically destroy the security certificates so bought back **in the presence of a Registrar** to issue or the **Merchant Banker and the Statutory Auditor within fifteen days of the date of acceptance**.
14	**BUY-BACK FROM THE OPEN MARKET**	
		The buy-back of shares securities from the open market : (a) through stock exchange, (b) book-building process.
15	**Buy-back through stock exchange**	The resolution shall specify the maximum price at which the buy-back shall be made;

		The buy-back of the shares shall not be made from the promoters or persons in control of the company
		The public announcement shall be made at least seven days prior to the commencement of buy-back
		A copy of the public announcement shall be filed with the Board within two days of such announcement
		The buy-back shall be made only on stock exchanges having nationwide trading terminals (BSE and NSE)
		The buy-back of 59[shares or other specified securities shall be made only through the order matching mechanism except 'all or none' order matching system;
		The company and the merchant banker shall submit the information regarding the shares bought-back, to the stock exchange on a daily basis **and** publish the said information in a national daily on a fortnightly basis and every time when an additional 5% of the buy-back has been completed:
17	**Buy-back through book building**	resolution shall specify the maximum price at which the buy-back shall be made.
		public announcement shall be made at least 7 days prior to the commencement of buy-back.
		The deposit in the escrow account shall be made before the date of the public announcement
		A copy of the public announcement shall be filed with the Board within two days of announcement.
		The number of bidding centres shall not be less than thirty and there shall be at least one electronically linked computer terminal at all the bidding centres
		Offer open for 15-30 days.
	Obligations of Company	shall not issue any shares or other specified securities] including by way of bonus till the date of closure of the offer.
		pay the consideration only by way of cash
		shall not withdraw the offer to buy-back after the draft letter of offer is filed with the Board or public announcement of the offer to buy-back is made.
		the promoter or the person shall not deal in the shares or other specified securities of the company in the stock exchange during the period of the buyback offer is open
		No public announcement of buy-back shall be made during the pendency of any scheme of **amalgamation or compromise or arrangement.**
		The particulars of the security certificates extinguished and destroyed shall be furnished by the company to the stock exchanges

		within seven days of extinguishment and destruction.
		The company shall not buy-back the locked-in shares and non-transferable shares.
		The company shall within two days of the completion of buy-back issue a public advertisement in a national daily about Buy back
20	**Obligations of the Merchant Banker**	**NA**

By

Amit Kumar (Amicus Curiae)

csamitkr@gmail.com

 # 9717841557