

Key Amendments made at SEBI Board Meeting held on 25th June 2013

A. SEBI (Buy Back of Securities) Regulations, 1998

1. The Companies will have to buy-back mandatorily **50% of the amount targeted and reserved for the buy-back** (*Existing Provision: 25%*),
 - a. The Companies that **fail** to meet the Buy-back target will:
 - i. Not be allowed to come up with another offer for one year.
 - ii. Amount in the escrow account would be forfeited subject to a maximum of 2.5% of the total amount reserved for Buy-back.
2. The companies would have to **complete their buyback offers within 6 months** (*Existing: one year*)
3. The company **cannot raise further capital for a period of one year from the closure of the buy-back** except in discharge of subsisting obligations (*Existing: 6 months*)
4. The companies will now be required to make **public disclosures on a daily basis** through its website and to stock exchanges of the number of shares purchased and the amount utilized. (*Existing Provision: Daily, fortnightly and monthly disclosures*)
5. The companies can **buy-back 15% or more of capital only by way of tender offer**. (At present there are two routes by which a company can come out with a buyback - open market and tender offer. In an open market offer, companies can buy back shares from shareholders without knowing the buyer, while tender offer involves the company writing to its shareholders individually to know their willingness for sale of shares in the buyback.)
6. The **promoters of the company cannot execute any transaction**, either on-market or off-market, during the buyback period.
7. Buy back of Physical Shares (odd-lot) would require creation of separate window in the trading system for tendering of shares and would require PAN/Aadhar verification.

8. The companies will be allowed to extinguish shares bought back during the month, within 15 days of the succeeding month subject to the last extinguishment within 7 days of the completion of the offer.

B. SEBI (ICDR) Regulations, 2009 relating to Preferential Allotment.

1. Preferential issue shall be subscribed only through the allottee's own bank account.
2. The issuer shall disclose the ultimate beneficial owner of allotted shares.
3. Allotments in preferential issues shall only be made in dematerialized form.
4. Shares allotted in the preferential issue shall not be transferred till trading approval is granted for such shares by the stock exchanges.
5. The lock-in period shall commence on the date of such trading approval.

C. Listing of Start-Ups and SMEs on Institutional Trading Platform (ITP) without making an Initial Public Offer.

1. 'Institutional Trading Platform' shall be accessible for investment to the informed investors only (Angel Investors, Venture Capital Funds & PE)
2. Minimum amount for trading or investment on the ITP will be Rs 10 lakh (These companies shall be exempted from the requirements of rule 19(2)(b) of SC(R)R 1957 under which companies have to offer upto 25% of its shareholding to public through an offer document in order to get listed)

D. Other Amendments:

1. SEBI Board approved the Chandrasekhar committee recommendations for foreign investors which among other things have suggested merging of different classes of investors namely FII's, Sub Accounts & Qualified Foreign Investors into a new category called the foreign portfolio investors (FPIs).

2. Stipulating norms for **Angel Funds** as under:

- a. *'Angel Funds' shall be included in the definition of "Venture Capital Funds" under the SEBI (Alternative Investment Funds) Regulations, 2012.*
- b. *Individual angel investors shall be required to have early stage 10 years investing experience.*
- c. *Requirement of net tangible assets of atleast Rs. 2 crore.*
- d. *Corporate angel investors shall be required to have Rs 10 crore net worth or be a registered AIF/VCF.*
- e. *Angel Funds shall have a corpus of atleast Rs.10 crore*
- f. *Minimum investment by an investor shall be Rs. 25 lakh (may be accepted over a period of maximum 3 years)*
- g. *Angel funds shall invest only in non-promoted unlisted investee companies which are Incorporated in India, atleast 3 years old and have no family connections with investors proposing to invest in the company.*
- h. *Further, investment in an investee company by an angel fund shall be not less than Rs.50 lakh and not more than Rs.5 crore and shall be required to be held for a period of at least 3 years.*