भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

प्रेस विज्ञप्ति
PRESS RELEASE

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PR No. 33 /2026

Key decisions taken in the SEBI Board Meeting dated 19th June, 2026

The 214th meeting of the SEBI Board was held in Mumbai today.
The SEBI Board, inter-alia, approved the following:

1. **Simplifying and standardising the framework for transmission of securities**

1.1 In order to facilitate faster and easier transmission of securities to legal heirs/claimants of deceased investors, the Board approved comprehensive reforms to existing transmission framework.

1.2 A new category of Quick Transmission Processing (QTP) for small-value claims (i.e. up to ₹10 thousand for physical holdings and up to ₹30 thousand for dematerialised holdings) has been introduced to facilitate efficient processing of such claims with minimal documentation.

1.3 Further, limits for simplified documentation have been doubled from ₹5 lakh to ₹10 lakh for physical holdings per listed company and from ₹15 lakh to ₹30 lakh for dematerialised holdings per beneficial owner.

1.4 The revised framework also introduces several documentation and process related simplifications, reducing procedural burden for claimants while improving operational efficiency for intermediaries such as:

1.4.1 Existing requirement of submission of PAN has been removed considering that PAN is already available for opening demat accounts.

1.4.2 Mandatory requirement of Probate of Will has been done away with, in line with recent amendments to succession laws.

1.4.3 Combined affidavit-cum-NOC in place of separate affidavit and NOC has been permitted.

1.4.4 In addition to original/attested copy of death certificate, copy of death certificate with QR Code has been added as eligible document in view of ease of verification using the QR Code.

1.4.5 For death certificates issued in foreign jurisdictions, additional modes for verification from overseas branches of Indian banks or any foreign bank with whom Indian banks have correspondent banking relationship have been specified.

1.5 The approved measures are expected to facilitate easier and faster transmission of securities and reduce costs and procedural hardship for claimants.

1.6 The aforementioned proposals were deliberated with the Industry Standards Forum for Registrars to an Issue and Share Transfer Agents and the Association of Mutual Funds in India and have factored in the feedback received on the consultation paper issued on March 12, 2026.

2. Re-introduction of Open Market Buy-back through Stock Exchanges and Review of the SEBI (Buy-back of Securities) Regulations, 2018

2.1 The Board approved amendments to the SEBI (Buy-back of Securities) Regulations, 2018, to re-introduce open market buy-back through stock exchanges and review of buy-back processes, in light of the revision in taxation framework and the suggestions received from stakeholders with the objective of providing greater flexibility in undertaking buy-backs, reducing procedural complexity and strengthening investor protection.

2.2 The approved amendments, inter alia, provide for the following:

2.2.1 As per the existing regulatory framework, buy-backs can be undertaken through tender offer route and open market route through book-building. Considering the revised taxation framework applicable for buy-backs, open market buy-back through stock exchange is being reintroduced with effect from August 01, 2026 to provide additional route for the company to undertake buy-back.

2.2.2 There shall be dissemination of information about open market buy-backs to shareholders through electronic means in addition to the public announcement being already made through newspaper advertisements.

2.2.3 The reintroduced open market buy-back through stock exchanges shall be completed within 66 working days from the opening of buy-back with at least 40% of funds earmarked shall be utilized during first half of buy-back period.

2.2.4 Due to changes in the taxation framework applicable for buy-back and the fact that promoters are not allowed to take part in open market buy-back, now open market buy-back through stock exchanges will be treated as normal trading transaction. Therefore, requirement of a separate trading window and display of the company's identity as purchaser on the trading screen is being dispensed with.

2.2.5 Shares or other specified securities of the company for which it is undertaking buy-back, held by promoter(s) or his/their associates shall remain frozen at ISIN level during the buy-back period.

2.2.6 Buy-backs proposed to be undertaken shall be in compliance with minimum public shareholding requirements.

2.2.7 Interval between two buy-backs has been aligned with Companies Act, 2013.

2.2.8 With a view to reduce cost to the company and ease of doing business, the appointment of Merchant Banker is made discretionary on part of the company for undertaking buy-back. If company decides not to appoint merchant banker the activities undertaken by Merchant Banker have been assigned to Company, Compliance officer, Statutory Auditor, Secretarial Auditor and Stock Exchanges.

2.3 These amendments aim to streamline the regulatory framework governing buy-backs, enhance operational efficiency and facilitate ease of doing business. It shall also ensure that there are no inadvertent dealing of shares by the promoter or his/their associates during buy-back period and thereby strengthen investor protection.

2.4 The proposals were deliberated by the Primary Market Advisory Committee (PMAC) and public consultation papers in this regard were issued on April 02, 2026 and May 08, 2026. The approved amendments incorporate relevant feedback received from PMAC and through the public consultation process.

3. Utilization of intraday borrowing by Mutual Funds

3.1 The Board approved the amendment to SEBI (Mutual Funds) Regulations, 2026 to facilitate intraday borrowings availed by mutual funds for managing liquidity mismatches during the day.

3.2 The aforesaid amendment allows mutual funds to avail intraday borrowing for bridging difference arising out of pay-in/ pay-out settlement timings within asset classes, forex settlements, payments for MTM of derivative positions etc., subject to certain safeguards. This is in addition to the borrowing currently permitted upto 20% of net assets of scheme, for the purpose of meeting unitholder payouts such as redemptions.

3.3 The quantum of such intraday borrowings shall be upto receivables sighted during the day. Intraday borrowing over and above this threshold, may be availed solely for the purpose of meeting unitholder pay-outs, as specified under Regulation 42(1) of SEBI (Mutual Funds) Regulations, 2026.

3.4 It shall be the responsibility of the AMCs that intraday borrowings are repaid by end of the day and any intraday borrowing converted to overnight borrowing shall be within the regulatory limits and for the purposes allowed in SEBI (Mutual Funds) Regulations, 2026.

3.5 Intraday borrowings shall not be used as a source of leverage. Additional conditions include maintenance of adequate documentation for the intraday borrowing and having a policy, duly approved by AMC/Trustee Board, for utilization of the said facility.

3.6 The aforementioned proposals were considered pursuant to feedback received in public consultation in May 2026, and detailed deliberations with MFAC, concerned industry associations and stakeholders.

4. Green-Channel: AIF Rollout Upon Document Acknowledgement (GARUDA) Mechanism for Processing of Placement Memorandum of Alternative Investment Funds (AIFs) filed with SEBI- Ease of Doing Business measure

4.1 In continuation of recent initiative taken by SEBI to reduce the timelines for launch of schemes (vide SEBI circular dated April 30, 2026), to enable faster and more efficient deployment of capital by AIFs, the Board has approved GARUDA Mechanism through amendment in SEBI (Alternative Investment Funds) Regulations, 2012. As a result,

4.1.1 For Non- Accredited Investor Schemes which excludes LVF, AI only scheme and Angel Funds (“Regular schemes”), timeline for launch of new schemes by AIFs has been reduced to 10 working days compared with a longer period required earlier.

4.1.2 Considering the level of sophistication of AIs, AI only schemes and Angel Funds (which comprises of only AIs) have been exempted from filing

Private Placement Memorandum (PPM) through Merchant Banker and permitted to launch immediately upon grant of SEBI registration or filing of PPM with SEBI.

4.2 The proposals were deliberated before the Alternative Investment Policy Advisory Committee ('AIPAC') on April 28, 2026, and a public consultation paper in this regard was issued on May 11, 2026. The approved framework incorporates relevant feedback received from AIPAC and through public consultation.

5. Transfer of funds, administration & management of Capacity Building Fund (CBF) to Section 8 Company in respect of Social Stock Exchange

5.1 In terms of the extant framework for the Social Stock Exchange (SSE), the Capacity Building Fund (CBF) is presently housed at the National Bank for Agriculture and Rural Development (NABARD) as the administrative fund for undertaking capacity-building initiatives for SSE stakeholders.

5.2 However, upon the incorporation of the Social Stock Exchange–Capacity Building Foundation (SSE-CBF), a Section 8 company, the roles and responsibilities relating to capacity building of the SSE ecosystem are being taken over by SSE-CBF from CBF.

5.3 Board has granted approval to transfer the balance amount, administration and management of CBF from NABARD to SSE-CBF.

6. Amendments to SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (‘SDI Regulations’)

6.1 The Board approved the proposal for amendments to the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008, with the objective of aligning the regulatory framework governing listed securitisation transactions with the RBI’s framework on securitisation.

6.2 The amendments will enable development of listed SDI market and propose the following changes:

a) **Permitting single-asset securitisation transactions by RBI-regulated entities.**

Existing position	Proposed position	Rationale
No obligor shall constitute more than 25% of the asset pool at the time of issuance of Securitised Debt Instruments (SDIs).	Exempting RBI-regulated entities (e.g. Banks, NBFCs) from the 25% obligor concentration limit when undertaking securitisation. Additional disclosure of the concentration risk arising from single-asset securitisation as a prominent risk factor in the offer document.	This proposal aligns SDI regulations with the existing RBI framework, which *permits* single-asset securitisation for RBI-regulated entities. This will help in development of the listed securitisation market. Additional disclosure will ensure that investors are fully aware of the potential concentration risk.

b) **Stipulating certain disclosure and reporting obligations in respect of servicers.**

Existing position	Proposed position	Rationale
Periodic disclosure obligations (such as monthly reports, performance data)	Shifting responsibility to Servicer for periodic disclosures and other related	This proposal aligns with the current practice, recognizing that

are placed solely on the Originator of the securitized assets.	disclosures as mentioned in regulation.	the Servicer is the entity responsible for data collection and reporting.

c) **Aligning governance requirements relating to Constitution of Board of Trustee of SPDE for RBI regulated Originators**.

Existing position	Proposed position	Rationale
Trustees associated with the sponsor or originator cannot constitute more than one-half of the Board of Trustees of the SPDE.	For SPDEs where the originator is an RBI-regulated entity, it has been proposed to limit the originator's representation on the Board to a maximum of one representative.	This proposal aligns SDI Regulations with the existing, more specific requirement within the RBI's securitisation framework for RBI-regulated entities.

d) **Clarification regarding the originator and Special Purpose Distinct Entity (SPDE) belonging to the same group to enter into a securitization transaction.**

Existing position	Proposed position	Rationale
The plain reading of the existing provision gives an impression that SPDE shall not acquire any debt or receivables from any originator if they belong to the same group.	The revised wording clarifies that SPDE shall not acquire any debt or receivables from any originator if the originator is part of the same group as that of the trustee or the originator is under	To remove any ambiguity while interpreting the existing regulation.

	the same control as that of the trustee.	

e) **Empowering SEBI to appoint a new trustee while suspending/ cancelling the registration of an old trustee**

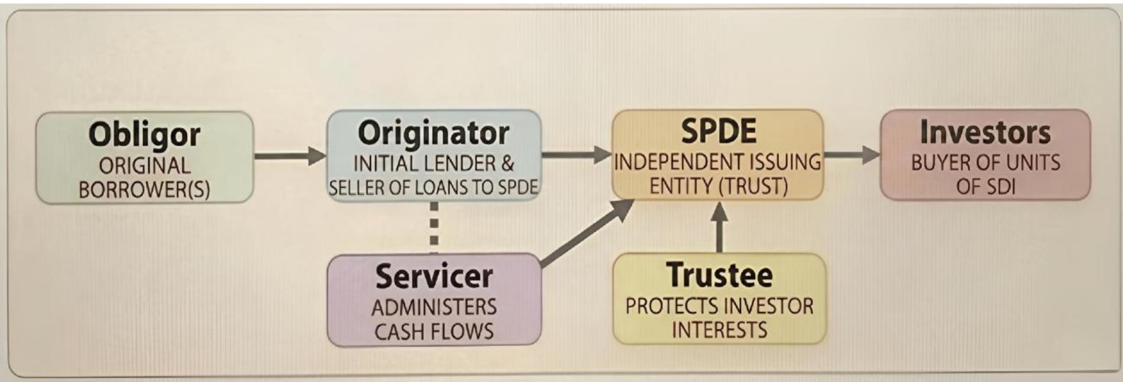
Existing position	Proposed position	Rationale
While passing an order of suspension or cancellation of registration of a trustee, the Board may also direct winding up of schemes of the special purpose distinct entity (SPDE).	To appoint a new trustee in place of the old trustee whose registration is suspended or cancelled. Additionally, retaining SEBI's discretionary power to wind up schemes in exceptional circumstances (such as systemic risk, fraud) to protect investor interests.	This will facilitate continuity of securitisation structure, in the event of suspension or cancellation of registration of trustee.

6.3 These proposals are intended to promote regulatory alignment, increase operational efficiency and support the development of the listed securitisation market while maintaining appropriate investor protection safeguards.

6.4 The proposal to the Board was made after public consultation undertaken vide consultation paper issued on May 04, 2026, and based on the recommendations of the Corporate Bonds and Securitization Advisory Committee of SEBI.

6.5 For ease of reference, certain terminology used herein are explained as under:

a) **ORIGINATOR:** The entity that initially extends credit (loans, receivables, etc.) to the Obligor. This could be a bank, NBFC (Non-Banking Financial Company), housing finance company, or other lending institution.
b) **OBLIGOR:** The borrower(s) of the original loans/assets. These are the entities or individuals making payments on the underlying debt.
c) **SPDE (Special Purpose Distinct Entity):** A legally independent entity (trust) created specifically for the purpose of the securitization transaction.
d) **TRUSTEE:** SEBI registered Debenture Trustee to protect the interests of the investors.
e) **SERVICER:** The entity responsible for the day-to-day administration, including cash flow management of the underlying assets.
f) **INVESTORS:** Entities that purchase units of the SDIs issued by the SPDE.



Generic Structure of Securitised Debt Instrument

7. Amendments to SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 ('ILMDS Regulations')

The Board approved the amendments to the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 ("ILMDS Regulations") with the objective of development of municipal bond market. The key amendments are as under:

7.1 Re-financing as an objective for raising of funds: The amendments are aimed at enabling municipalities to raise funds for re-financing of existing debt of specific project(s). Municipalities shall be required to make disclosures in respect of the existing lenders and loan(s) that are being refinanced in the offer document/ placement memorandum to enable investors to assess the issuer's financial health and liquidity risk.

7.2 Raising of funds by two or more municipalities through a Pooled finance vehicle: The current framework has an enabling provision for raising of funds by two or more municipalities through a pooled finance vehicle. The specific disclosures required to be made in the offer document, while raising funds through a pooled finance vehicle, shall be specified through this amendment. Further, operational aspects, viz. agreement between the pooled vehicle SPV ("issuer") and the constituent municipalities and the escrow account mechanism, shall also be specified for clarity regarding the pooled finance arrangement and the repayment mechanism.

7.3 Encourage retail participation in municipal debt securities: Following measures shall be introduced to encourage retail participation and to provide greater clarity for municipal debt securities issued under the ILMDS Regulations:

7.3.1 In line with the provision under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, issuers shall be permitted to offer incentives in the form of additional interest or a discount to the issue price to certain category of investors, namely senior citizens, women, serving and retired defence personnel, widows and widowers of defence personnel, retail individual investors or any other category of investors as may be specified by the Board from time to time.

7.3.2 The face value/ trading lot for municipal debt securities issued on private placement basis shall be specified as Rs. One Lakh or Rs. Ten Thousand. Municipal debt security issued at a face value of Rs. Ten Thousand shall have a fixed maturity and be without any structured obligations.

7.3.3 Electronic modes have been permitted for making advertisements for public issues.

7.4 Extension in timelines for post-issue event based compliances: Given the complexity and diversity of operations of municipalities, compiling accurate and comprehensive financial and operational data within the prescribed timelines is a significant challenge. Accordingly, the timelines for financial results shall be relaxed as under:

7.4.1 Submitting unaudited half-yearly financial results: From the current 45 days to 60 days from the end of half year, and

7.4.2 Submitting audited annual financial results: From the current 60 days to 90 days from the end of financial year.

7.5 These proposals are intended to support the development of the municipal debt market in India while maintaining appropriate investor protection safeguards.

7.6 The proposal to the Board was made after public consultation undertaken vide consultation paper issued on May 13, 2026, and based on the recommendations of the Corporate Bonds and Securitization Advisory Committee of SEBI.

8. Themes for Assessment proposed by External Experts Advisory Committee (EEAC)

The Union Budget 2025-26 had announced the establishment of a mechanism to assess the impact of existing regulations and subsidiary instructions, with the objective of enhancing regulatory responsiveness and supporting the continued development of the financial sector. In line with that vision and as guided by the Financial Stability and Development Council (FSDC) and FSDC-Sub Committee (FSDC-SC), SEBI had constituted an External Experts Advisory Committee (EEAC) in December 2025 as an independent advisory body to identify subjects for thematic, evidence-based reviews of regulatory frameworks. The Committee had deliberated on various themes which could be taken up for an independent review of regulations for FY 2026-27 and recommended the same for consideration of the SEBI Board.

The SEBI Board considered the recommendations of the Committee and approved the theme "Assessment of the framework for SME Capital Raising in Securities Markets" for an evidence-based review of the regulatory framework.

9. Code of Conduct for Members of the Securities and Exchange Board of India and amendments to the SEBI ESR Regulations to implement the recommendations of HLC

9.1 SEBI had set up a High-Level Committee on conflict of interest, disclosures and related matters in respect of Members and Officials of SEBI ("HLC" or "Committee") to undertake a comprehensive review of the existing framework governing conflict of interest, disclosures and related matters in respect of Board Members and employees of SEBI.

9.2 The recommendations of HLC were approved by the Board in the previous meeting held on March 23, 2026 with suitable modifications. As a next step, the Board has now approved a new Code of Conduct for Members of SEBI, 2026 ("2026 Code") and amendments to the SEBI (Employees' Service) Regulations, 2001 ("ESR").

9.3 The final Code and the amendments to the ESR shall be made available on SEBI website, after following due process including publication of ESR amendments in the Official Gazette.

Mumbai
June 19, 2026

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PRESS RELEASE

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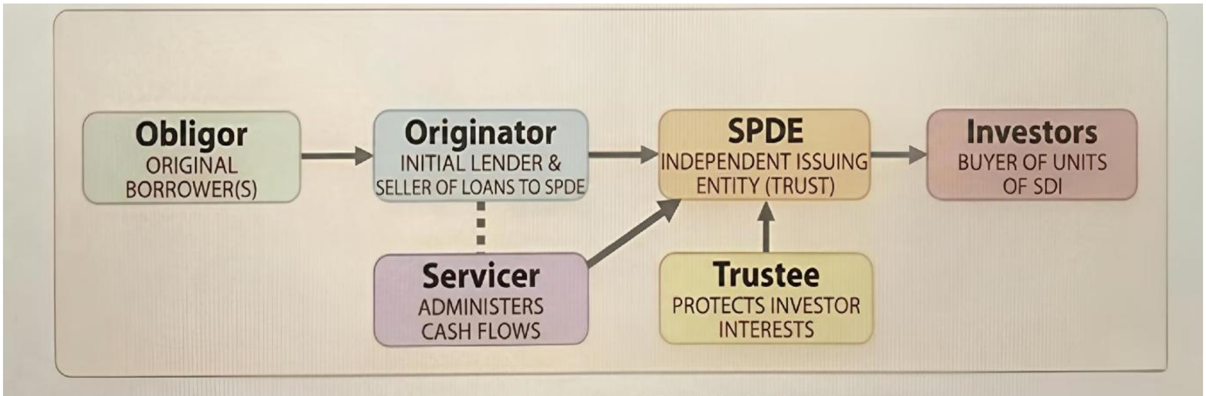
d) **TRUSTEE:** SEBI registered Debenture Trustee to protect the interests of the investors.
e) **SERVICER:** The entity responsible for the day-to-day administration, including cash flow management of the underlying assets.
f) **INVESTORS:** Entities that purchase units of the SDIs issued by the SPDE.



Generic Structure of Securitised Debt Instrument

7. **Amendments to SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 ('ILMDS Regulations')**

The Board approved the amendments to the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 ("ILMDS Regulations") with the objective of development of municipal bond market. The key amendments are as under:

7.1 Re-financing as an objective for raising of funds: The amendments are aimed at enabling municipalities to raise funds for re-financing of existing debt of specific project(s). Municipalities shall be required to make disclosures in respect of the existing lenders and loan(s) that are being refinanced in the offer document/ placement memorandum to enable investors to assess the issuer's financial health and liquidity risk.

7.2 Raising of funds by two or more municipalities through a Pooled finance vehicle: The current framework has an enabling provision for raising of funds by two or more municipalities through a pooled finance vehicle. The specific disclosures required to be made in the offer document, while raising funds through a pooled finance vehicle, shall be specified through this amendment. Further, operational aspects, viz. agreement between the pooled vehicle SPV ("issuer") and the constituent municipalities and the escrow account mechanism, shall also be specified for clarity regarding the pooled finance arrangement and the repayment mechanism.

7.3 Encourage retail participation in municipal debt securities: Following measures shall be introduced to encourage retail participation and to provide greater clarity for municipal debt securities issued under the ILMDS Regulations:

7.3.1 In line with the provision under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, issuers shall be permitted to offer incentives in the form of additional interest or a discount to the issue price to certain category of investors, namely senior citizens, women, serving and retired defence personnel, widows and widowers of defence personnel, retail individual investors or any other category of investors as may be specified by the Board from time to time.

7.3.2 The face value/ trading lot for municipal debt securities issued on private placement basis shall be specified as Rs. One Lakh or Rs. Ten Thousand. Municipal debt security issued at a face value of Rs. Ten Thousand shall have a fixed maturity and be without any structured obligations.

7.3.3 Electronic modes have been permitted for making advertisements for public issues.

7.4 Extension in timelines for post-issue event based compliances: Given the complexity and diversity of operations of municipalities, compiling accurate and comprehensive financial and operational data within the prescribed timelines is a significant challenge. Accordingly, the timelines for financial results shall be relaxed as under:

7.4.1 Submitting unaudited half-yearly financial results: From the current 45 days to 60 days from the end of half year, and

7.4.2 Submitting audited annual financial results: From the current 60 days to 90 days from the end of financial year.

7.5 These proposals are intended to support the development of the municipal debt market in India while maintaining appropriate investor protection safeguards.

7.6 The proposal to the Board was made after public consultation undertaken vide consultation paper issued on May 13, 2026, and based on the recommendations of the Corporate Bonds and Securitization Advisory Committee of SEBI.

8. Themes for Assessment proposed by External Experts Advisory Committee (EEAC)

The Union Budget 2025-26 had announced the establishment of a mechanism to assess the impact of existing regulations and subsidiary instructions, with the objective of enhancing regulatory responsiveness and supporting the continued development of the financial sector. In line with that vision and as guided by the Financial Stability and Development Council (FSDC) and FSDC-Sub Committee (FSDC-SC), SEBI had constituted an External Experts Advisory Committee (EEAC) in December 2025 as an independent advisory body to identify subjects for thematic, evidence-based reviews of regulatory frameworks. The Committee had deliberated on various themes which could be taken up for an independent review of regulations for FY 2026-27 and recommended the same for consideration of the SEBI Board.

The SEBI Board considered the recommendations of the Committee and approved the theme "Assessment of the framework for SME Capital Raising in Securities Markets" for an evidence-based review of the regulatory framework.

9. Code of Conduct for Members of the Securities and Exchange Board of India and amendments to the SEBI ESR Regulations to implement the recommendations of HLC

9.1 SEBI had set up a High-Level Committee on conflict of interest, disclosures and related matters in respect of Members and Officials of SEBI ("HLC" or "Committee") to undertake a comprehensive review of the existing framework governing conflict of interest, disclosures and related matters in respect of Board Members and employees of SEBI.

9.2 The recommendations of HLC were approved by the Board in the previous meeting held on March 23, 2026 with suitable modifications. As a next step, the Board has now approved a new Code of Conduct for Members of SEBI, 2026 ("2026 Code") and amendments to the SEBI (Employees' Service) Regulations, 2001 ("ESR").

9.3 The final Code and the amendments to the ESR shall be made available on SEBI website, after following due process including publication of ESR amendments in the Official Gazette.

Mumbai
June 19, 2026

Consultation Paper for Public Comments: Review and rationalization of (Buy-Back of Securities) Regulations, 2018

1. **Objective**

1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on the further proposals to review and rationalize the SEBI (Buy-Back of Securities) Regulations, 2018 (hereinafter referred to as "Buy-Back Regulations").

2. **Background**

2.1. SEBI had issued a consultation paper dated April 02, 2026, seeking public comments on the proposal for re-introduction of Open Market Buy-Back through Stock Exchange as an additional method under the Buy-Back Regulations. Simultaneously, the proposal was placed before the Primary Market Advisory Committee (PMAC) for deliberation and recommendations.

2.2. The PMAC, while agreeing with the proposal for re-introduction of Open Market Buy-Back through Stock Exchange, recommended certain additional measures with a view to further strengthen the buy-back framework. SEBI also undertook internal deliberations on additional proposals aimed at facilitating ease of doing business.

2.3. Accordingly, the recommendations of PMAC and proposals, are discussed in the following paragraphs.

3. **Recommendation of PMAC**

3.1. **Intimation to Shareholders regarding buy-back offer:**

3.1.1. **Existing Provisions:** In terms of Regulation 16(iv)(b) of Buy-back Regulations, the company is required to make a public announcement within two working days from the date of declaration of results of the postal ballot for special resolution / board of director's resolution. The company is further required to file a copy of the same with the Board and the Stock Exchanges. Such public announcement is required to be placed on the respective websites of the Stock Exchanges, Merchant Bankers and the Company for dissemination to the public.

3.1.2. **Recommendations of PMAC:** The Committee recommended that the company may additionally inform its shareholders regarding the buy-back offer through electronic mode. Such intimation, along with a copy of public announcement, may be sent within one working day from the date of public announcement. For this purpose, the shareholders as on the date of public announcement may be considered. This would ensure that all the shareholders are duly informed in a timely manner and are made aware about the open market buy-back through stock exchange.

3.1.3. **Proposal:** It is proposed that the company may be mandated to send an intimation through electronic mode regarding the buy-back offer to those who are shareholders as on date of public announcement within one working day of such public announcement.

3.1.4. **Question for public comments:**

Do you agree with the proposal to mandate companies to send intimation regarding buy-back offer through electronic mode to shareholders?

3.2. Opening of the offer on Stock Exchange

3.2.1. **Existing Provisions:** In terms of Regulation 17(ii) of Buy-Back Regulations, the buy-back offer shall not open later than four working days from the date of public announcement. Further, it provides the timelines for closure of the buy-back offer undertaken through stock exchange. These timelines subsequent to the calibrated glide path towards discontinuation of the stock exchange method, were gradually reduced form six months to 66 working days to 22 working days, before the method was discontinued with effect from April 01, 2025.

3.2.2. **Recommendations of PMAC:** The Committee recommended that the maximum duration for which the buy-back may remain open may be prescribed as six months, in line with the earlier framework. The Committee further recommended that in view of the longer duration i.e. six months, the existing requirement under Regulation 15(ii) of Buy-Back Regulations relating to utilization of minimum ‘forty per cent’ of the amount earmarked for buy-back within the initial half of the specified duration may be increased to ‘fifty percent’.

3.2.3. **SEBI's View:**

i. While PMAC has recommended a maximum duration of six months for completion of buy-back offers, it is observed that such a timeline seems relatively long from the point of timely implementation of buy-back. Further, such long period may make buy-back irrelevant in the context of the developments that may happen during these six months and would also be cumbersome for shareholders to keep a track on the same as the corporate action will remain open for period of 6 months.

ii. It is also noted that the regulatory framework governing buy-back under the Companies Act is undergoing changes pursuant to amendments introduced under the Finance Act, 2026 with respect to the permissible gap between two buy-back offers. These changes necessitate a balanced approach to ensure timely execution of the buy-back offers.

iii. Accordingly, it is considered appropriate that the maximum duration for completion of open market buy-back through stock exchange may be prescribed as 66 working days, which would be more aligned with the objective of ensuring timely execution while providing adequate flexibility to issuers and in the interest of the shareholders.

iv. Further, in view of the proposed duration of '66 working days', it is considered appropriate to retain the existing requirement relating to utilization of minimum 'forty percent' of the amount earmarked for buy-back within the initial half of the specified duration.

3.2.4. **Proposal:** It is proposed that open market buy-backs through the stock exchange mechanism shall be completed within 66 working days from the date of opening of the offer, with consequential deletion of the glide path under Regulation 17(ii). Further, the existing requirement of utilizing at least 40% of the buy-back size during the first half of the offer period may be retained.

3.2.5. **Question for public comments:**

Do you agree with the proposal of prescribing a maximum timeline of 66 working days for completion of open market buy-backs through the stock exchange mechanism, while retaining the requirement to utilize at least 40% of the buy-back size in the first half of the offer period?

3.3. Requirement of Separate Trading Window

3.3.1. **Existing Provisions:** While approving the phased discontinuation of open market buy-back through stock exchange earlier, the Board had, in terms of Explanation to Regulation 16(i), mandated creation of a separate window by the stock exchanges for execution of buy-back.

3.3.2. **Recommendations of PMAC:** The Committee recommended that such a separate window by stock exchanges may no longer be necessary, and that buy-back transactions may instead be executed through the normal trading mechanism. The separate window was primarily introduced to identify investors eligible for beneficial tax treatment. Since such tax benefits are no longer available, investors participating in Buy-Backs and regular market investors are now subject to the same tax treatment. Further, the requirement under Regulation 17(i) relating to the display of the company's identity on the electronic screen as purchaser when order is placed may now not be required.

3.3.3. **Proposal:** It is proposed that while re-introducing the open market buy-back through the stock exchange, the requirement of separate window and display of the identity of the company on electronic screen as a purchaser may be dispensed with.

3.3.4. **Question for public comments:**

Do you agree with the proposal to dispense with the requirement of separate trading window and display of the identity of the company on electronic screen as a purchaser for open market buy-back through stock exchange?

3.4. Restrictions on Promoter/ Promoter Group participation

3.4.1. **Existing Provisions:** Regulation 24(i)(e) of the Buy-Back Regulations, provides that the promoter(s) or his/their associates shall not deal in the shares or other specified securities of the company in the stock exchange or off-market, including inter-se transfer of shares among the promoters during the period from the date of passing the resolution of the board of directors or the special resolution, as the case may be, till the closing of the offer. This applicable to all methods of buy-back.

3.4.2. **Recommendations of PMAC:**

The Committee recommended that all the securities of the company for which it is undertaking buy-back, held by the promoters and their associates be frozen at the ISIN level during the buy-back period as an additional safeguard.

3.4.3. **Proposal:** It is proposed that the shares or other specified securities of the company for which it is undertaking buy-back, held by the promoters and their associates shall remain frozen at the ISIN level during the buy-back period. The company shall provide necessary instructions to the depositories for such freezing. Since promoters are allowed to participate in buy-backs through 'Tender Offer' method, such freeze would not be applicable for limited purpose of tendering such shares in buy-back. Promoters can participate in Tender Offer subject to additional tax introduced in the Finance Act, 2026.

3.4.4. **Question for public comments:**

Do you agree with the proposal to mandate freezing, at the ISIN level, of shares or other specified securities of the company for which it is undertaking buy-back, held by the promoters and their associates during the buy-back period?

3.5. Minimum Public Shareholding Compliance

3.5.1. **Existing Provisions:** The requirement relating to Minimum Public Shareholding (MPS) is prescribed under the Securities Contracts (Regulation) Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Buy-Back Regulations does not contain any explicit provision aligning the buy-back transactions with compliance of MPS requirements.

3.5.2. **Recommendations of PMAC:** The Committee recommended to introduce an explicit provision for the requirement of Minimum Public Shareholding (MPS) in the context of buy-back under the Buy-Back Regulations. Accordingly, it may be specified in the Buy-Back Regulations that the company / issuer should not announce any buy-back, (through open market or tender method) that may result in breach of MPS requirements.

3.5.3. **Proposal**: It is proposed to insert a suitable provision in the SEBI (Buy-Back of Securities) Regulations, 2018 specifying that the company / issuer should not announce any buy-back, (through open market or tender method) which may result in breach of MPS requirements.

3.5.4. **Question for public comments:**

Do you agree with the proposal to introduce an explicit provision in Buy-Back Regulations to ensure that Buy-Back offer made is in compliance with MPS requirements?

3.6. Interval between two Buy-Back offers

3.6.1. **Existing Provisions:** In terms of Regulation 4(vii) of the Buy-Back Regulations, a company cannot make any offer of buy-back within a period of one year reckoned from the date of expiry of the buy-back period of the preceding offer of buy-back.

3.6.2. **Recommendations of PMAC:** The Committee recommended that the requirement relating to minimum gap between two buy-back offers under Buy-Back Regulations may be aligned with the provisions of the Companies Act. This would ensure that any amendments to the Companies Act would be accordingly applicable for listed entities, thereby maintaining consistency and avoiding the need of corresponding amendments under Buy-Back Regulations.

3.6.3. **Proposal**: It is proposed to amend the clause (vii) of Regulation 4 of the SEBI (Buy-Back of Securities) Regulations, 2018 and specify that the interval between two buy-backs by a company shall be in accordance with the interval as specified in Companies Act, 2013 for unlisted company.

3.6.4. **Question for public comments:**

Do you agree with the proposal to align the interval between two buy-back offers under Buy-Back Regulations with the provisions of Companies Act, 2013?

4. Appointment of Merchant Banker:

4.1. Pursuant to internal deliberations, the requirement relating to mandatory appointment of Merchant Banker for undertaking buy-back under Buy-Back Regulations has also been reviewed in line with making the appointment of Merchant Banker optional in the rights issue process at the discretion of the company. The existing provisions and proposals are discussed as under:

4.1.1. **Existing Provisions:** The Buy-Back Regulations presently require mandatory appointment of a Merchant Banker for undertaking a Buy-Back. In terms of the extant framework, the Merchant Banker is, inter-alia, responsible for activities relating to filing of letter of offer, dissemination related activities, escrow account related compliances, ensuring compliances with regulatory requirements etc.

4.1.2. **Internal deliberations:**

i. The securities market ecosystem has evolved significantly over the years through continuous disclosure mechanisms and enhanced governance framework. At present, listed companies undertaking buy-back are already subject to detailed disclosures and governance requirements under SEBI Regulations. It is also noted that several responsibilities presently undertaken by Merchant Bankers under the Buy-Back Regulations are procedural and operational in nature that may be performed by the Company itself.

ii. Further, the Board of Directors in respect of Buy-Back Regulations continues to remain responsible for correctness of disclosures, compliance with statutory requirements, solvency declaration, extinguishment of securities etc.

iii. In this regard, mandatory appointment of Merchant Banker in all buy-back offers, particularly small buy-back offers undertaken by listed entities, may result in increased compliance costs. Considering that several responsibilities presently undertaken by Merchant Bankers are procedural in nature and may be undertaken by the Company itself or by the stock exchanges as the case may be, flexibility with respect to appointment of Merchant Banker under the Buy-Back Regulations, may be considered. The same would be aligned with the broader objective of promoting ease of doing business and facilitating efficient capital management by listed companies while reducing the procedural and compliance costs associated with mandatory appointment of Merchant Banker.

4.1.3. **Proposal**:

i. It is proposed to dispense with the requirement of appointing a Merchant Banker by the company for undertaking buy-back of shares or other specified securities.

ii. Further, it is proposed to assign the activities which are presently carried out by the Merchant Banker to the Company, Stock Exchanges and Secretarial Auditor, as provided in **'Annexure-I'.**

4.1.4. **Question for public comments:**

Do you agree with the proposal to dispense the mandatory requirement of appointing Merchant Banker under Buy-Back Regulations, 2018?

5. You may submit your comments/suggestions on aforesaid proposal by May 29, 2026, by using the following link:
https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

In case of any technical issue in submitting your comments through the web based public comments form, you may send the public comments on the email consultationcfd@sebi.gov.in with subject: '***Review and rationalization of (Buy-Back of Securities) Regulations, 2018'***

Issued on: May 08, 2026

Annexure -I

Sr. No.	Responsibilities of MBs as per current regulatory framework	Relevant Regulation of Buy-Back Regulations	Proposal	Activities proposed to be assigned to
1.	Appointment of Merchant Banker	16(iv)(a) and 22A	It is proposed to dispense with the requirement.	NA
2.	Filing of letter of offer and Public Announcement along with Fees in accordance with the terms of the Regulations and ensuring that their contents are true, fair and adequate.	8(i)(a), 16(iv)(a), 22A, 25(iv), 25(v), 25(vii) and Schedule V	It is proposed to be carried out by Company itself	Company
3.	Certifying that the buy-back offer is complying with regulations and Due diligence certification	8(i)(aa) and 25(vi)	It is proposed to be carried out by Secretarial Auditor	Secretarial Auditor
4.	Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI.	9(xi)(c)(ii), 9(xi)(d), 9(xi)(e), 9(xi)(f), 9(xi)(g), 20(ii)(b), 20(ii)(c), 20(iii), 20(iv)(a), 20(iv)(b), 20(viii), 25(ii), 25(ix)	It is proposed to be carried out by Designated Stock Exchanges*	Designated Stock Exchanges
5.	Certification relating to adequacy of sell orders and VWAP of shares or other specified securities	20(viii)(a) and 20(viii)(b)	It is proposed to be carried out by Stock Exchanges	Stock Exchanges
6.	Presence during extinguishment/destruction of securities in case of Tender offer	11(i)	It is proposed to do away with	NA
7.	Presence during extinguishment/destruction of securities in case of buy-back through open market	21(iii)	It is proposed to be carried out by Compliance officer of the Company	Compliance officer
8.	Certification/verification of compliance with extinguishment of securities	11(iii)(a)	It is proposed to be carried out by Compliance officer of the Company	Compliance officer
9.	Submission of final report	25(x)	It is proposed to be carried out by Company	Company
10.	Ensuring availability of funds and firm financial arrangements for implementation	Explanation to Regulation	It is proposed to be carried out by	Company

Sr. No.	Responsibilities of MBs as per current regulatory framework	Relevant Regulation of Buy-Back Regulations	Proposal	Activities proposed to be assigned to
	of the buy-back	9(xi)(c)(ii), 25(i) and 25(iii)	Company	
11.	Compliance with relevant provisions of Companies Act, 2013	25(viii)	It is proposed to be carried out by Company	Company
12.	Disclosure of Public Announcement on website of Merchant Bankers	7(iv), 16(iv)(cb)	It is proposed to be dispensed with the requirement.	NA
**Designated Stock Exchange means a recognized stock exchange having nationwide trading terminals chosen by the Company for the purpose of Buy-Back.*				

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भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Consultation Paper for Public Comments: Re-introduction of Open Market Buy-Back of Shares or Other Specified Securities through Stock Exchange

1. Objective

1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on the proposal to re-introduce open market buy-back of shares or other specified securities through stock exchange as an additional method under SEBI (Buy-Back of Securities) Regulations, 2018.

2. Background

2.1. The provisions related to buy-back of shares or other specified securities by companies are primarily governed by section 68 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014. The said provisions, inter-alia, permit a company to purchase its own shares or other specified securities, subject to the prescribed conditions including limits on size, procedural requirements etc.

2.2. Further, sub-clause (f) of clause (2) of section 68 of the Companies Act, 2013 states that the buy-back of shares or other specified securities listed on any recognized stock exchange shall be in accordance with the regulations framed by the Securities and Exchange Board of India (SEBI) in this regard.

2.3. Accordingly, in addition to the provisions of the Companies Act, 2013, the buy-back of shares or other specified securities by listed companies are governed by the SEBI (Buy-Back of Securities) Regulations, 2018, ("Buy-Back Regulations") which inter-alia, prescribes the conditions and requirements for undertaking buy-back of shares or other specified securities.

3. Methods for Buy-Back of Shares or Other Specified Securities

3.1. In terms of Regulation 4(iv) of Buy-Back Regulations, a company may buy-back its shares or other specified securities by any one of the following methods (*extract of existing Regulation 4(iv) of Buy-Back Regulations is placed at* ***'Annexure-I'***):

3.1.1. From the existing shareholders or other specified securities holders on a proportionate basis through tender offer;

3.1.2. From the open market through-

a) Book-building process,

b) Stock Exchange.

4. <u>Discontinuation of Buy-Back from Open Market through Stock Exchange-</u>

4.1. The open market method for buy-back of shares or other specified securities through the stock exchange mechanism was discontinued with effect from April 01, 2025, pursuant to the amendments made to the Buy-Back Regulations. The said method had concerns with respect to equitable treatment of shareholders, implications arising from then prevailing taxation framework etc. The major concerns were as follows:

4.1.1. Under the method open market through stock exchange, there existed a possibility that the entire purchase order of the company could get matched with the sale order placed by one or very few shareholders. There is also a possibility that another shareholder who specifically wanted to participate in the buy-back could remain deprived of such opportunity. This was viewed as contrary to the principle of equitable treatment of shareholders, as acceptance was a matter of chance due to the price-time order matching mechanism rather than a deliberate and equitable process.

4.1.2. Another major concern relating to buy-back pertained to the treatment of taxation. At that time, taxation of buy-back was governed by section 115QA of the Income Tax Act, 1961 which required the company to pay buy-back tax, with no tax liabilities in the hands of shareholders on gains made by successful participants. While some shareholders could offload their entire shareholding through matching orders without paying tax, others who wanted to participate but whose offers did not match remained deprived of tax exemptions, rendering the buy-back from open market through stock exchange inequitable from a taxation perspective.

4.2. In view of the above concerns, the board had approved the amendments to Buy-Back Regulations and accordingly a glide path, as under, was introduced to phase out the method of buy-back of shares or other specified securities from open market through stock exchange:

Parameter	**Till March 31, 2023**	**w.e.f. April 01, 2023**	**w.e.f. April 01, 2024**	**w.e.f. April 01, 2025**
Maximum limit	15%	10%	5%	0
Time period for completion	6 months	66 working days	22 working days	NA

4.3. Accordingly, buy-back of shares or other specified securities from open market through stock exchange was completely discontinued with effect from April 1, 2025.

5. Separate Window for Buy-Back from Open Market through Stock Exchange

5.1. While approving the phased discontinuation of buy-back of shares or other specified securities from open market through stock exchange, the Board had, in terms of Regulation 16(i) of the Buy-Back Regulations, envisaged that the concerned stock exchange shall provide a separate window for execution of buy-back during the specified period till March 31, 2025. The said window was intended to facilitate implementation of buy-back from open market through stock exchange during the transitional phase.

5.2. Other requirements applicable to buy-back of shares or other specified securities from open market through stock exchange as per Buy-Back Regulations are as follows:

5.2.1. The buy-back of the shares or other specified securities through the stock exchange shall not be made from the promoters or persons in control of the company;

5.2.2. The buy-back of shares or other specified securities shall be made only through the order matching mechanism except ‘all or none’ order matching system;

5.2.3. The buy-back through stock exchanges shall be undertaken only in respect of frequently traded shares;

5.2.4. The buy-back through stock exchanges shall be subject to the restrictions on placement of bids, price and volume as specified by the Board. In this regard, the Board vide circular dated March 08, 2023, specified the following:

5.2.4.1. The company shall not purchase more than twenty-five percent of the average daily trading volume (in value terms) of its shares or other specified securities computed over the ten trading days preceding the day on which such purchases are to be made;

5.2.4.2. The Company shall not place bids in the pre-open market, first thirty minutes and the last thirty minutes of the regular trading session;

5.2.4.3. The company's purchase order price shall be within the range of plus or minus one percent from the last traded price.

5.2.5. <u>Public announcement and disclosures:</u> The company is required to make comprehensive disclosures, public announcement for the buy-back, filing of copy of the public announcement with SEBI and the stock exchange(s), and dissemination of public announcement, ensuring transparency and adequate notice to shareholders regarding the buy-back through the separate window.

5.2.6. <u>Opening of Escrow Account</u>: Regulation 20 of the Buy-Back Regulations provides for the requirements and conditions relating to the opening of Escrow Account in respect of the buy-back of shares or other specified securities undertaken from open market through stock exchange method.

6. Taxation Framework for Buy-Back of Shares or Other Specified Securities

6.1. Subsequent to the aforesaid regulatory changes to the Buy-Back Regulations, the taxation framework governing buy-back has undergone significant evolution. From October 01, 2024, the Finance Bill, 2024 shifted the buy-back taxation from company to the shareholders. The entire buy-back consideration received by the shareholders was treated as ‘deemed dividend’ and taxed in the hands of the shareholders as per the applicable tax rates. Further, the cost of acquisition of the shares bought back was treated as capital loss by the shareholders.

6.2. Subsequently, the Income Tax Act, 2025 as amended by the Finance Act, 2026 (hereinafter referred to as "Income Tax Act"), has rationalized the taxation of buy-back proceeds, effective from April 1, 2026. As per the change in taxation framework, buy-back consideration will now be taxable under the head "Capital Gains" in the hands of the shareholders.

6.3. The Finance Act, 2026 also introduces an additional tax component in respect of promoter shareholders, with a view to minimize any potential tax arbitrage between buy-back and dividend distribution. In case of listed Companies, the differential treatment for promoter shareholders provided in the Finance Act, 2026, is as follows:

Shareholder Category	Tax Treatment
Shareholders other than Promoters	Capital Gains Tax at rates as specified in the Income Tax Act
Promoter Shareholders Domestic Companies	Capital Gains Tax (LTCG -12.5% / STCG-20%) + Additional Tax (for LTCG - 9.5% / for STCG - 2%)
Promoter Shareholders - Other than Domestic Companies	Capital Gains Tax (LTCG - 12.5% / STCG - 20%) + Additional Tax (for LTCG - 17.5% / for STCG - 10%)

6.4. The promoter shareholders are also required to pay surcharge at the rate of 12% on additional tax in accordance with section 3(6) of the Finance Act, 2026.This surcharge is not applicable to non-promoter shareholders. This has been clarified by the Income Tax Department on their official 'X' handle on March 26, 2026.

7. Representation Received from Stakeholders for Re-Introduction of Buy-Back from Open Market through Stock Exchange

7.1. Industry associations, including the Federation of Indian Chambers of Commerce and Industry (FICCI), have made representations, requesting reinstatement of the method of buy-back of shares or other specified securities from open market through stock exchange. FICCI has highlighted that buy-back from open market through stock exchange is an efficient and internationally preferred mechanism for buy-back of shares or other specified securities and can be re-introduced to be implemented through a separate window at the stock exchanges.

7.2. The Association of Investment Bankers of India (AIBI) has also submitted that reinstatement of the method of buy-back from open market through stock exchange would allow companies to steadily absorb surplus selling pressure over a continuous period of time, prevent panic selling and restore confidence among retail shareholders. It has been stated that buying back from the market at current prices is an efficient option to deploy surplus cash and extinguishment of shares purchased at lower market valuations boosts earnings per share, delivering long term value creation. AIBI has further submitted that, concerns relating to tax deprivation are also no longer relevant under the current tax framework.

8. Re-Introduction of Buy-Back from Open Market through Stock Exchange

8.1. In light of the amendments in the taxation framework introduced by the Income Tax Act, the then concerns for the discontinuation of buy-back of shares or other specified securities from open market through stock exchange, i.e. tax-induced inequity among public shareholders, now stands addressed.

8.2. Under the new buy-back taxation framework (i.e. Capital Gain), public shareholders would be taxed on their actual capital gains when the shares are tendered in buy-back, which would be similar to selling the shares in the normal course on the stock exchange. Consequently, the differential tax advantage that existed earlier between shareholders who were able to participate in the buy-back and those who were not, would not exist any longer.

8.3. Further, buy-back from open market through stock exchange is undertaken within an order-driven market mechanism wherein the execution of orders is determined by price-time matching and all public shareholders have equal opportunity to participate in the buy-back under uniform conditions. Further, shifting of tax burden from the Company undertaking buy-back to the public shareholders participating in buy-back, has made selling in normal market equal to selling in buy-back through stock exchange. Further, the open market buy-back method through stock exchange is also a widely adopted method in international jurisdictions which facilitates continuous price discovery and enhances liquidity.

8.4. Accordingly, buy-back of shares or specified securities from open market through stock exchange may be re-introduced, subject to appropriate regulatory provisions and compliance mechanism. The re-introduction of this method of buy-back would provide companies with an additional mechanism for undertaking buy-back, while ensuring equitable opportunity and treatment of taxation for public shareholders.

8.5. The buy-back of shares or other specified securities from open market through stock exchange may, inter alia, be undertaken through a separate buy-back window on the stock exchanges, as is already provided in the Buy-Back Regulations. The relevant extract of existing Buy-Back Regulations w.r.t open market through stock exchange is placed at **‘*Annexure-II*’.**

9. Proposal

9.1. It is proposed that the buy-back of shares or other specified securities from open market through stock exchange may be re-introduced as an additional method in terms of Regulation 4(iv) of Buy-Back Regulations. The existing framework as provided in Regulations and Circulars issued thereunder with respect to buy-back from open market through stock exchange would be applicable.

10. Question for public comments

10.1. Do you agree with the proposal to re-introduce the buy-back of shares or other specified securities from open market through stock exchange in accordance with SEBI (Buy-Back of Securities) Regulations, 2018?

11. You may submit your comments/suggestions on aforesaid proposal by April 23, 2026, by using the following link:
https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

12. In case of any technical issue in submitting your comments through the web based public comments form, you may send the public comments on the email consultationcfd@sebi.gov.in with subject: ***'Re-introduction of Open Market Buy-Back of Shares or Other Specified Securities through Stock Exchange'***

Issued on: April 02, 2026

Annexure - I

Extract of Regulation 4(iv) of Buy-Back Regulations

Conditions and requirements for buy-back of shares and specified securities

4. (i) ...

(ii) …

(ii) …

(iv) A company may buy-back its shares or other specified securities by any one of the following methods:

a) from the existing shareholders or other specified securities holders on a proportionate basis through the tender offer

Provided that in case any member of the promoter / promoter group has declared its intention to not participate in the buy-back, the shares held by such member of the promoter / promoter group shall not be considered for computing the entitlement ratio.

b) from the open market through—

i) book-building process,

ii) stock exchange;

Provided that the buy-back from the open market through stock exchanges, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount, shall be less than: —

(i) fifteen per cent of the paid up capital and free reserves of the company till March 31, 2023;

(ii) ten per cent of the paid up capital and free reserves of the company till March 31, 2024;

(iii) five per cent of the paid up capital and free reserves of the company till March 31, 2025:

Provided further that buy-back from the open market through the stock exchange shall not be allowed with effect from April 1, 2025.

Annexure - II

Extract of Chapter IV: Buy-Back from the Open Market

13. A company intending to buy-back its shares or other specified securities from the open market shall do so in accordance with the provisions of this Chapter.

14.The buy-back of shares or other specified securities from the open market may be in anyone of the following methods:

(a)through stock exchange,

(b)book-building process.

15.(i) The company shall ensure that atleast seventy-five percent of the amount earmarked for buy-back, as specified in the resolution of the board of directors or the special resolution, as the case may be, is utilized for buying-back shares or other specified securities.

(ii) The company shall ensure that at a minimum of forty per cent of the amount earmarked for the buy-back, as specified in the resolution of the Board of Directors or the special resolution, as the case may be, is utilized within the initial half of the specified duration.

<u>Buy-Back through Stock Exchange</u>

16.(i) The buy-back shall be made only on stock exchanges having nationwide trading terminals;

Explanation: For the purpose of buy-back through stock exchange, a separate window shall be created by the concerned stock exchange and such window shall remain open for the period specified in these regulations.

(ii) The buy-back of the shares or other specified securities through the stock exchange shall not be made from the promoters or persons in control of the company;

(iii) The buy-back of shares or other specified securities shall be made only through the order matching mechanism except 'all or none' order matching system;

(iv) Disclosures, filing requirements and timelines of public announcement:

THE GAZETTE OF INDIA

EXTRAORDINARY

PART –III – SECTION 4

PUBLISHED BY AUTHORITY

NEW DELHI, September, 11 2018

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, September 11, 2018

SECURITIES AND EXCHANGE BOARD OF INDIA (BUY-BACK OF SECURITIES) REGULATIONS, 2018

No. SEBI/LAD-NRO/GN/2018/32. - In exercise of the powers conferred by sub-sections (1) and (2) of section 11 and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with clause (f) of sub-section (2) of section 68 of the Companies Act, 2013, the Board hereby makes the following regulations, namely:-

CHAPTER I
PRELIMINARY

Short title and commencement

1. (i) These regulations may be called the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

(ii) These regulations shall come into force on the date of their publication in the Official Gazette.

Definitions

2. (i) In these regulations, unless the context otherwise requires:—

a) 'Act' means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

b) 'associate' includes a person,—

   i) who directly or indirectly by himself or in combination with relatives, exercise control over the company or,
   ii) whose employee, officer or director is also a director, officer or employee of company;

c) "Board" means the Securities and Exchange Board of India established under section 3 of the Act;

d) 'Buyback period' means the period between the date of board of directors resolution or date of declaration of results of the postal ballot for special resolution, as the case may be, to authorize buyback of shares of the company and the date on which the payment of consideration to shareholders who have accepted the buyback offer is made;

e) 'control' has the same meaning as defined in clause (e) of sub-regulation (1) of regulation (2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

f) 'company' means a company as defined under the Companies Act, whose shares or other specified securities are listed on a Stock Exchange and which buys or intends to buy such shares or other specified securities in accordance with these regulations;

g) 'Companies Act' means the Companies Act, 2013.

[1][ga) 'frequently traded shares' shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;]

h) 'insider' means an insider as defined in clause (g) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

i) 'merchant banker' means a merchant banker as defined in clause (cb) of regulation 2 of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and registered under section 12 of the Act;

j) [2][***]

k) 'promoter' means promoter as defined in clause (s) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

l) 'registrar' means a registrar to an issue and includes a share transfer agent, registered under section 12 of the Act;

[3][la) 'secretarial auditor' means an auditor as defined in the Secretarial Standards – I issued by the Institute of Company Secretaries of India;]

m) 'securities' mean securities as defined in clause (h) of section 2

[1] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[2] Omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its omission, the sub-clause read as under-

"'(j) odd lots' mean the lots of shares or other specified securities of a company, whose shares are listed on a recognised stock exchange, which are smaller than such marketable lots, as may be specified by the stock exchange;"

[3] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(n) 'small shareholder' means a shareholder of a company, who holds shares or other specified securities whose market value, on the basis of closing price of shares or other specified securities, on the recognised stock exchange in which highest trading volume in respect of such securities, as on record date is not more than two lakh rupee;

n) 'specified securities' includes employees' stock option or other securities as may be notified by the Central Government from time to time;

o) 'statutory auditor' means an auditor appointed by a company under section 139 of the Companies Act;

p) 'stock exchange' means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

q) 'tender offer' means an offer by a company to buy-back its own shares or other specified securities through a letter of offer from the holders of the shares or other specified securities of the company;

r) 'unpublished price sensitive information' has the same meaning as defined in clause (n) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

s) 'working day' means any working day of the Board.

(ii) All other expressions unless defined herein shall have the same meaning as has been assigned to them under the Act or the Securities Contracts (Regulation) Act, 1956, or Companies Act or any statutory modification or re-enactment thereof, as the case may be.

CHAPTER II
CONDITIONS OF BUY-BACK

Applicability:

3. These regulations shall be applicable to buy-back of shares or other specified securities of a company in accordance with the applicable provisions of the Companies Act.

[4][Explanation: For the purposes of these regulations, the term "shares" shall include equity shares having superior voting rights.]

Conditions and requirements for buy-back of shares and specified securities:

4. (i) The maximum limit of any buy-back shall be twenty-five per cent or less of the aggregate of paid-up capital and free reserves of the company [5][, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount]:

[6]***[Explanation:*** In respect of the number of equity shares bought back in any financial year, the maximum limit shall be twenty-five per cent and be construed with respect to the total paid-up equity share capital of the company in that financial year.**]**

[7][(ii) The ratio of the aggregate of secured and unsecured debts owed by the

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[4] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2019 w.e.f. 29.07.2019.

[5] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words and symbol ", based on both standalone and consolidated financial statements of the company".

[6] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the explanation read as under-

"'Explanation: In respect of the buy-back of equity shares in any financial year, the reference to twenty-five per cent in this regulation shall be construed with respect to its total paid-up equity capital in that financial year;"

[7] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2019 w.e.f. 19.10.2019 read with corrigendum thereto dated 27.09.2019. Prior to its substitution, sub-regulation (ii) read as follows,-

> "(ii) The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back shall not be more than twice the paid-up capital and free reserves.
>
> **Provided** that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail."

company to the paid-up capital and free reserves after buy-back shall,-

a) be less than or equal to 2:1, based on [8][the standalone or consolidated financial statements of the company, whichever [9][is lower]]:

Provided that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail; or

b) be less than or equal to 2:1, based on [10][the standalone or consolidated financial statements of the company, whichever [11][is lower]], after excluding financial statements of all subsidiaries that are non-banking financial companies and housing finance companies regulated by Reserve Bank of India or National Housing Bank, as the case may be:

Provided that buy-back of securities shall be permitted only if all such excluded subsidiaries have their ratio of aggregate of secured and unsecured debts to the paid-up capital and free reserves of not more than 6:1 on standalone basis.]

(iii) All shares or other specified securities for buy-back shall be fully paid-up.

(iv) A company may buy-back its shares or other specified securities by any one of the following methods:

a) from the existing share holders or other specified securities holders on a proportionate basis through the tender offer [12][:]

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[8] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "both standalone and consolidated financial statements of the company".

[9] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the words "sets out a lower amount".

[10] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "both standalone and consolidated financial statements of the company".

[11] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the words "sets out a lower amount".

[12] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the symbol ";".

[13][Provided that in case any member of the promoter / promoter group has declared its intention to not participate in the buy-back, the shares held by such member of the promoter / promoter group shall not be considered for computing the entitlement ratio.]

b) from the open market through—

i) book-building process,

ii) stock exchange;

c) [14][***]

[15][**Provided** that the buy-back from the open market through stock exchanges, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount, shall be less than:—

(i) fifteen per cent of the paid up capital and free reserves of the company till March 31, 2023;

(ii) ten per cent of the paid up capital and free reserves of the company till March 31, 2024;

(iii) five per cent of the paid up capital and free reserves of the company till March 31, 2025:

Provided further that buy-back from the open market through the stock exchange shall not be allowed with effect from April 1, 2025.]

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[13] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024.

[14] Omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its omission, the sub-clause read as "'c) from odd-lot holders:".

[15] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the proviso read as under-

"**Provided** that the buyback from open market shall be less than fifteen per cent of the paid up capital and free reserves of the company, based on both standalone and consolidated financial statements of the company.".

(v) A company shall not buy-back its shares or other specified securities so as to delist its shares or other specified securities from the stock exchange.

(vi) A company shall not buy-back its shares or other specified securities from any person through negotiated deals, whether on or off the stock exchange or through spot transactions or through any private arrangement.

(vii) A company shall not make any offer of buy-back within a period of one year reckoned from the date of expiry of buyback period of the preceding offer of buy-back, if any.

(viii) A company shall not allow buy-back of its shares unless the consequent reduction of its share capital is effected.

(ix) A company may undertake a buy-back of its own shares or other specified securities out of—

(*a*) its free reserves;

(*b*) the securities premium account; or

(*c*) the proceeds of the issue of any shares or other specified securities:

Provided that no such buy-back shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

(x) No company shall directly or indirectly purchase its own shares or other specified securities:

(a) through any subsidiary company including its own subsidiary companies;

(b) through any investment company or group of investment companies; or

(c) if a default is made by the company in the repayment of deposits accepted either before or after the commencement of the Companies Act, interest payment thereon, redemption of debentures or preference shares or payment of dividend to any shareholder, or repayment of any term loan or interest payable thereon to any financial institution or banking company:

Provided that the buy-back is not prohibited, if the default is remedied and a period of three years has lapsed after such default ceased to subsist.

General compliance and filing requirements for buy-back:

5. (i) The company shall not authorise any buy-back (whether by way of tender offer or from open market [16][***]) unless:

a) The buy-back is authorised by the company's articles;

b) A special resolution has been passed at a general meeting of the company authorising the buy-back:

Provided that nothing contained in this clause shall apply to a case where the buy-back is, ten per cent or less of the total paid-up equity capital and free reserves of the company[17][, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount]; and such buy-back has been authorised by the board of directors by means of a resolution passed at its meeting.

[18][c) It has obtained the prior consent of its lenders in case of a breach of any covenant with such lender(s).

Explanation: The letter of offer to be prepared by the company in

[16] The words "or odd lot" omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[17] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words and symbol ", based on both standalone and consolidated financial statements of the company".

[18] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

accordance with these regulations shall contain a specific disclosure of the consent obtained by the company from its lender(s).]

(ii) Every buy-back shall be completed within a period of one year from the date of passing of the special resolution at general meeting, or the resolution passed by the board of directors of the company, as the case may be.

(iii) The company shall, after expiry of the buy-back period, file with the Registrar of Companies and the Board, a return containing such particulars relating to the buy-back within thirty days of such expiry, in the format as specified in the Companies (Share Capital and Debentures) Rules, 2014.

(iv) Where a special resolution is required for authorizing a buy-back, the explanatory statement to be annexed with the notice for the general meeting pursuant to section 102 of the Companies Act shall contain mandatory disclosures mentioned therein and the following disclosures:

a) Disclosures under sub-section 3 of section 68 of the Companies Act—

i) a full and complete disclosure of all material facts;

ii) the necessity for the buy-back;

iii) the class of shares or securities intended to be purchased under the buy-back;

iv) the amount to be invested under the buy-back; and

v) the time-limit for completion of buy-back.

b) Additional disclosures under these regulations as provided in **Schedule I**,

c) Provided that where the buy-back is through tender offer from existing securities holders, the explanatory statement shall contain the following additional disclosures:

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

Consultation Paper for Public Comments: Review and rationalization of (Buy-Back of Securities) Regulations, 2018

1. **Objective**

1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on the further proposals to review and rationalize the SEBI (Buy-Back of Securities) Regulations, 2018 (hereinafter referred to as “Buy-Back Regulations”).

2. **Background**

2.1. SEBI had issued a consultation paper dated April 02, 2026, seeking public comments on the proposal for re-introduction of Open Market Buy-Back through Stock Exchange as an additional method under the Buy-Back Regulations. Simultaneously, the proposal was placed before the Primary Market Advisory Committee (PMAC) for deliberation and recommendations.

2.2. The PMAC, while agreeing with the proposal for re-introduction of Open Market Buy-Back through Stock Exchange, recommended certain additional measures with a view to further strengthen the buy-back framework. SEBI also undertook internal deliberations on additional proposals aimed at facilitating ease of doing business.

2.3. Accordingly, the recommendations of PMAC and proposals, are discussed in the following paragraphs.

3. **Recommendation of PMAC**

3.1. Intimation to Shareholders regarding buy-back offer:

3.1.1. **Existing Provisions:** In terms of Regulation 16(iv)(b) of Buy-back Regulations, the company is required to make a public announcement within two working days from the date of declaration of results of the postal ballot for special resolution / board of director’s resolution. The company is further required to file a copy of the same with the Board and the Stock Exchanges. Such public announcement is required to be placed on the respective websites of the Stock Exchanges, Merchant Bankers and the Company for dissemination to the public.

3.1.2. **Recommendations of PMAC:** The Committee recommended that the company may additionally inform its shareholders regarding the buy-back offer through electronic mode. Such intimation, along with a copy of public announcement, may be sent within one working day from the date of public announcement. For this purpose, the shareholders as on the date of public announcement may be considered. This would ensure that all the shareholders are duly informed in a timely manner and are made aware about the open market buy-back through stock exchange.

3.1.3. **Proposal:** It is proposed that the company may be mandated to send an intimation through electronic mode regarding the buy-back offer to those who are shareholders as on date of public announcement within one working day of such public announcement.

3.1.4. **Question for public comments:**

Do you agree with the proposal to mandate companies to send intimation regarding buy-back offer through electronic mode to shareholders?

3.2. Opening of the offer on Stock Exchange

3.2.1. **Existing Provisions:** In terms of Regulation 17(ii) of Buy-Back Regulations, the buy-back offer shall not open later than four working days from the date of public announcement. Further, it provides the timelines for closure of the buy-back offer undertaken through stock exchange. These timelines subsequent to the calibrated glide path towards discontinuation of the stock exchange method, were gradually reduced form six months to 66 working days to 22 working days, before the method was discontinued with effect from April 01, 2025.

3.2.2. **Recommendations of PMAC:** The Committee recommended that the maximum duration for which the buy-back may remain open may be prescribed as six months, in line with the earlier framework. The Committee further recommended that in view of the longer duration i.e. six months, the existing requirement under Regulation 15(ii) of Buy-Back Regulations relating to utilization of minimum ‘forty per cent’ of the amount earmarked for buy-back within the initial half of the specified duration may be increased to ‘fifty percent’.

3.2.3. **SEBI's View:**

i. While PMAC has recommended a maximum duration of six months for completion of buy-back offers, it is observed that such a timeline seems relatively long from the point of timely implementation of buy-back. Further, such long period may make buy-back irrelevant in the context of the developments that may happen during these six months and would also be cumbersome for shareholders to keep a track on the same as the corporate action will remain open for period of 6 months.

ii. It is also noted that the regulatory framework governing buy-back under the Companies Act is undergoing changes pursuant to amendments introduced under the Finance Act, 2026 with respect to the permissible gap between two buy-back offers. These changes necessitate a balanced approach to ensure timely execution of the buy-back offers.

iii. Accordingly, it is considered appropriate that the maximum duration for completion of open market buy-back through stock exchange may be prescribed as 66 working days, which would be more aligned with the objective of ensuring timely execution while providing adequate flexibility to issuers and in the interest of the shareholders.

iv. Further, in view of the proposed duration of '66 working days', it is considered appropriate to retain the existing requirement relating to utilization of minimum 'forty percent' of the amount earmarked for buy-back within the initial half of the specified duration.

3.2.4. **Proposal:** It is proposed that open market buy-backs through the stock exchange mechanism shall be completed within 66 working days from the date of opening of the offer, with consequential deletion of the glide path under Regulation 17(ii). Further, the existing requirement of utilizing at least 40% of the buy-back size during the first half of the offer period may be retained.

3.2.5. **Question for public comments:**

Do you agree with the proposal of prescribing a maximum timeline of 66 working days for completion of open market buy-backs through the stock exchange mechanism, while retaining the requirement to utilize at least 40% of the buy-back size in the first half of the offer period?

3.3. Requirement of Separate Trading Window

3.3.1. **Existing Provisions:** While approving the phased discontinuation of open market buy-back through stock exchange earlier, the Board had, in terms of Explanation to Regulation 16(i), mandated creation of a separate window by the stock exchanges for execution of buy-back.

3.3.2. **Recommendations of PMAC:** The Committee recommended that such a separate window by stock exchanges may no longer be necessary, and that buy-back transactions may instead be executed through the normal trading mechanism. The separate window was primarily introduced to identify investors eligible for beneficial tax treatment. Since such tax benefits are no longer available, investors participating in Buy-Backs and regular market investors are now subject to the same tax treatment. Further, the requirement under Regulation 17(i) relating to the display of the company's identity on the electronic screen as purchaser when order is placed may now not be required.

3.3.3. **Proposal:** It is proposed that while re-introducing the open market buy-back through the stock exchange, the requirement of separate window and display of the identity of the company on electronic screen as a purchaser may be dispensed with.

3.3.4. **Question for public comments:**

Do you agree with the proposal to dispense with the requirement of separate trading window and display of the identity of the company on electronic screen as a purchaser for open market buy-back through stock exchange?

3.4. Restrictions on Promoter/ Promoter Group participation

3.4.1. **Existing Provisions:** Regulation 24(i)(e) of the Buy-Back Regulations, provides that the promoter(s) or his/their associates shall not deal in the shares or other specified securities of the company in the stock exchange or off-market, including inter-se transfer of shares among the promoters during the period from the date of passing the resolution of the board of directors or the special resolution, as the case may be, till the closing of the offer. This applicable to all methods of buy-back.

3.4.2. **Recommendations of PMAC:**

The Committee recommended that all the securities of the company for which it is undertaking buy-back, held by the promoters and their associates be frozen at the ISIN level during the buy-back period as an additional safeguard.

3.4.3. **Proposal:** It is proposed that the shares or other specified securities of the company for which it is undertaking buy-back, held by the promoters and their associates shall remain frozen at the ISIN level during the buy-back period. The company shall provide necessary instructions to the depositories for such freezing. Since promoters are allowed to participate in buy-backs through 'Tender Offer' method, such freeze would not be applicable for limited purpose of tendering such shares in buy-back. Promoters can participate in Tender Offer subject to additional tax introduced in the Finance Act, 2026.

3.4.4. **Question for public comments:**

Do you agree with the proposal to mandate freezing, at the ISIN level, of shares or other specified securities of the company for which it is undertaking buy-back, held by the promoters and their associates during the buy-back period?

3.5. Minimum Public Shareholding Compliance

3.5.1. **Existing Provisions:** The requirement relating to Minimum Public Shareholding (MPS) is prescribed under the Securities Contracts (Regulation) Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Buy-Back Regulations does not contain any explicit provision aligning the buy-back transactions with compliance of MPS requirements.

3.5.2. **Recommendations of PMAC:** The Committee recommended to introduce an explicit provision for the requirement of Minimum Public Shareholding (MPS) in the context of buy-back under the Buy-Back Regulations. Accordingly, it may be specified in the Buy-Back Regulations that the company / issuer should not announce any buy-back, (through open market or tender method) that may result in breach of MPS requirements.

3.5.3. **Proposal**: It is proposed to insert a suitable provision in the SEBI (Buy-Back of Securities) Regulations, 2018 specifying that the company / issuer should not announce any buy-back, (through open market or tender method) which may result in breach of MPS requirements.

3.5.4. **Question for public comments:**

Do you agree with the proposal to introduce an explicit provision in Buy-Back Regulations to ensure that Buy-Back offer made is in compliance with MPS requirements?

3.6. Interval between two Buy-Back offers

3.6.1. **Existing Provisions:** In terms of Regulation 4(vii) of the Buy-Back Regulations, a company cannot make any offer of buy-back within a period of one year reckoned from the date of expiry of the buy-back period of the preceding offer of buy-back.

3.6.2. **Recommendations of PMAC:** The Committee recommended that the requirement relating to minimum gap between two buy-back offers under Buy-Back Regulations may be aligned with the provisions of the Companies Act. This would ensure that any amendments to the Companies Act would be accordingly applicable for listed entities, thereby maintaining consistency and avoiding the need of corresponding amendments under Buy-Back Regulations.

3.6.3. **Proposal**: It is proposed to amend the clause (vii) of Regulation 4 of the SEBI (Buy-Back of Securities) Regulations, 2018 and specify that the interval between two buy-backs by a company shall be in accordance with the interval as specified in Companies Act, 2013 for unlisted company.

3.6.4. **Question for public comments:**

Do you agree with the proposal to align the interval between two buy-back offers under Buy-Back Regulations with the provisions of Companies Act, 2013?

4. Appointment of Merchant Banker:

4.1. Pursuant to internal deliberations, the requirement relating to mandatory appointment of Merchant Banker for undertaking buy-back under Buy-Back Regulations has also been reviewed in line with making the appointment of Merchant Banker optional in the rights issue process at the discretion of the company. The existing provisions and proposals are discussed as under:

4.1.1. **Existing Provisions:** The Buy-Back Regulations presently require mandatory appointment of a Merchant Banker for undertaking a Buy-Back. In terms of the extant framework, the Merchant Banker is, inter-alia, responsible for activities relating to filing of letter of offer, dissemination related activities, escrow account related compliances, ensuring compliances with regulatory requirements etc.

4.1.2. **Internal deliberations:**

i. The securities market ecosystem has evolved significantly over the years through continuous disclosure mechanisms and enhanced governance framework. At present, listed companies undertaking buy-back are already subject to detailed disclosures and governance requirements under SEBI Regulations. It is also noted that several responsibilities presently undertaken by Merchant Bankers under the Buy-Back Regulations are procedural and operational in nature that may be performed by the Company itself.

ii. Further, the Board of Directors in respect of Buy-Back Regulations continues to remain responsible for correctness of disclosures, compliance with statutory requirements, solvency declaration, extinguishment of securities etc.

iii. In this regard, mandatory appointment of Merchant Banker in all buy-back offers, particularly small buy-back offers undertaken by listed entities, may result in increased compliance costs. Considering that several responsibilities presently undertaken by Merchant Bankers are procedural in nature and may be undertaken by the Company itself or by the stock exchanges as the case may be, flexibility with respect to appointment of Merchant Banker under the Buy-Back Regulations, may be considered. The same would be aligned with the broader objective of promoting ease of doing business and facilitating efficient capital management by listed companies while reducing the procedural and compliance costs associated with mandatory appointment of Merchant Banker.

4.1.3. **Proposal**:

i. It is proposed to dispense with the requirement of appointing a Merchant Banker by the company for undertaking buy-back of shares or other specified securities.

ii. Further, it is proposed to assign the activities which are presently carried out by the Merchant Banker to the Company, Stock Exchanges and Secretarial Auditor, as provided in **'Annexure-I'.**

4.1.4. **Question for public comments:**

Do you agree with the proposal to dispense the mandatory requirement of appointing Merchant Banker under Buy-Back Regulations, 2018?

5. You may submit your comments/suggestions on aforesaid proposal by May 29, 2026, by using the following link:
https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

In case of any technical issue in submitting your comments through the web based public comments form, you may send the public comments on the email consultationcfd@sebi.gov.in with subject: '***Review and rationalization of (Buy-Back of Securities) Regulations, 2018'***

Issued on: May 08, 2026

Annexure -I

Sr. No.	Responsibilities of MBs as per current regulatory framework	Relevant Regulation of Buy-Back Regulations	Proposal	Activities proposed to be assigned to
1.	Appointment of Merchant Banker	16(iv)(a) and 22A	It is proposed to dispense with the requirement.	NA
2.	Filing of letter of offer and Public Announcement along with Fees in accordance with the terms of the Regulations and ensuring that their contents are true, fair and adequate.	8(i)(a), 16(iv)(a), 22A, 25(iv), 25(v), 25(vii) and Schedule V	It is proposed to be carried out by Company itself	Company
3.	Certifying that the buy-back offer is complying with regulations and Due diligence certification	8(i)(aa) and 25(vi)	It is proposed to be carried out by Secretarial Auditor	Secretarial Auditor
4.	Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI.	9(xi)(c)(ii), 9(xi)(d), 9(xi)(e), 9(xi)(f), 9(xi)(g), 20(ii)(b), 20(ii)(c), 20(iii), 20(iv)(a), 20(iv)(b), 20(viii), 25(ii), 25(ix)	It is proposed to be carried out by Designated Stock Exchanges*	Designated Stock Exchanges
5.	Certification relating to adequacy of sell orders and VWAP of shares or other specified securities	20(viii)(a) and 20(viii)(b)	It is proposed to be carried out by Stock Exchanges	Stock Exchanges
6.	Presence during extinguishment/destruction of securities in case of Tender offer	11(i)	It is proposed to do away with	NA
7.	Presence during extinguishment/destruction of securities in case of buy-back through open market	21(iii)	It is proposed to be carried out by Compliance officer of the Company	Compliance officer
8.	Certification/verification of compliance with extinguishment of securities	11(iii)(a)	It is proposed to be carried out by Compliance officer of the Company	Compliance officer
9.	Submission of final report	25(x)	It is proposed to be carried out by Company	Company
10.	Ensuring availability of funds and firm financial arrangements for implementation	Explanation to Regulation	It is proposed to be carried out by	Company

Sr. No.	Responsibilities of MBs as per current regulatory framework	Relevant Regulation of Buy-Back Regulations	Proposal	Activities proposed to be assigned to
	of the buy-back	9(xi)(c)(ii), 25(i) and 25(iii)	Company	
11.	Compliance with relevant provisions of Companies Act, 2013	25(viii)	It is proposed to be carried out by Company	Company
12.	Disclosure of Public Announcement on website of Merchant Bankers	7(iv), 16(iv)(cb)	It is proposed to be dispensed with the requirement.	NA
**Designated Stock Exchange means a recognized stock exchange having nationwide trading terminals chosen by the Company for the purpose of Buy-Back.*				

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Consultation Paper for Public Comments: Re-introduction of Open Market Buy-Back of Shares or Other Specified Securities through Stock Exchange

1. Objective

1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on the proposal to re-introduce open market buy-back of shares or other specified securities through stock exchange as an additional method under SEBI (Buy-Back of Securities) Regulations, 2018.

2. Background

2.1. The provisions related to buy-back of shares or other specified securities by companies are primarily governed by section 68 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014. The said provisions, inter-alia, permit a company to purchase its own shares or other specified securities, subject to the prescribed conditions including limits on size, procedural requirements etc.

2.2. Further, sub-clause (f) of clause (2) of section 68 of the Companies Act, 2013 states that the buy-back of shares or other specified securities listed on any recognized stock exchange shall be in accordance with the regulations framed by the Securities and Exchange Board of India (SEBI) in this regard.

2.3. Accordingly, in addition to the provisions of the Companies Act, 2013, the buy-back of shares or other specified securities by listed companies are governed by the SEBI (Buy-Back of Securities) Regulations, 2018, ("Buy-Back Regulations") which inter-alia, prescribes the conditions and requirements for undertaking buy-back of shares or other specified securities.

3. Methods for Buy-Back of Shares or Other Specified Securities

3.1. In terms of Regulation 4(iv) of Buy-Back Regulations, a company may buy-back its shares or other specified securities by any one of the following methods (*extract of existing Regulation 4(iv) of Buy-Back Regulations is placed at **'Annexure-I'***):

3.1.1. From the existing shareholders or other specified securities holders on a proportionate basis through tender offer;

3.1.2. From the open market through-

a) Book-building process,

b) Stock Exchange.

4. Discontinuation of Buy-Back from Open Market through Stock Exchange-

4.1. The open market method for buy-back of shares or other specified securities through the stock exchange mechanism was discontinued with effect from April 01, 2025, pursuant to the amendments made to the Buy-Back Regulations. The said method had concerns with respect to equitable treatment of shareholders, implications arising from then prevailing taxation framework etc. The major concerns were as follows:

4.1.1. Under the method open market through stock exchange, there existed a possibility that the entire purchase order of the company could get matched with the sale order placed by one or very few shareholders. There is also a possibility that another shareholder who specifically wanted to participate in the buy-back could remain deprived of such opportunity. This was viewed as contrary to the principle of equitable treatment of shareholders, as acceptance was a matter of chance due to the price-time order matching mechanism rather than a deliberate and equitable process.

4.1.2. Another major concern relating to buy-back pertained to the treatment of taxation. At that time, taxation of buy-back was governed by section 115QA of the Income Tax Act, 1961 which required the company to pay buy-back tax, with no tax liabilities in the hands of shareholders on gains made by successful participants. While some shareholders could offload their entire shareholding through matching orders without paying tax, others who wanted to participate but whose offers did not match remained deprived of tax exemptions, rendering the buy-back from open market through stock exchange inequitable from a taxation perspective.

4.2. In view of the above concerns, the board had approved the amendments to Buy-Back Regulations and accordingly a glide path, as under, was introduced to phase out the method of buy-back of shares or other specified securities from open market through stock exchange:

Parameter	**Till March 31, 2023**	**w.e.f. April 01, 2023**	**w.e.f. April 01, 2024**	**w.e.f. April 01, 2025**
Maximum limit	15%	10%	5%	0
Time period for completion	6 months	66 working days	22 working days	NA

4.3. Accordingly, buy-back of shares or other specified securities from open market through stock exchange was completely discontinued with effect from April 1, 2025.

5. Separate Window for Buy-Back from Open Market through Stock Exchange

5.1. While approving the phased discontinuation of buy-back of shares or other specified securities from open market through stock exchange, the Board had, in terms of Regulation 16(i) of the Buy-Back Regulations, envisaged that the concerned stock exchange shall provide a separate window for execution of buy-back during the specified period till March 31, 2025. The said window was intended to facilitate implementation of buy-back from open market through stock exchange during the transitional phase.

5.2. Other requirements applicable to buy-back of shares or other specified securities from open market through stock exchange as per Buy-Back Regulations are as follows:

5.2.1. The buy-back of the shares or other specified securities through the stock exchange shall not be made from the promoters or persons in control of the company;

5.2.2. The buy-back of shares or other specified securities shall be made only through the order matching mechanism except ‘all or none’ order matching system;

5.2.3. The buy-back through stock exchanges shall be undertaken only in respect of frequently traded shares;

5.2.4. The buy-back through stock exchanges shall be subject to the restrictions on placement of bids, price and volume as specified by the Board. In this regard, the Board vide circular dated March 08, 2023, specified the following:

5.2.4.1. The company shall not purchase more than twenty-five percent of the average daily trading volume (in value terms) of its shares or other specified securities computed over the ten trading days preceding the day on which such purchases are to be made;

5.2.4.2. The Company shall not place bids in the pre-open market, first thirty minutes and the last thirty minutes of the regular trading session;

5.2.4.3. The company's purchase order price shall be within the range of plus or minus one percent from the last traded price.

5.2.5. Public announcement and disclosures: The company is required to make comprehensive disclosures, public announcement for the buy-back, filing of copy of the public announcement with SEBI and the stock exchange(s), and dissemination of public announcement, ensuring transparency and adequate notice to shareholders regarding the buy-back through the separate window.

5.2.6. Opening of Escrow Account: Regulation 20 of the Buy-Back Regulations provides for the requirements and conditions relating to the opening of Escrow Account in respect of the buy-back of shares or other specified securities undertaken from open market through stock exchange method.

6. Taxation Framework for Buy-Back of Shares or Other Specified Securities

6.1. Subsequent to the aforesaid regulatory changes to the Buy-Back Regulations, the taxation framework governing buy-back has undergone significant evolution. From October 01, 2024, the Finance Bill, 2024 shifted the buy-back taxation from company to the shareholders. The entire buy-back consideration received by the shareholders was treated as ‘deemed dividend’ and taxed in the hands of the shareholders as per the applicable tax rates. Further, the cost of acquisition of the shares bought back was treated as capital loss by the shareholders.

6.2. Subsequently, the Income Tax Act, 2025 as amended by the Finance Act, 2026 (hereinafter referred to as "Income Tax Act"), has rationalized the taxation of buy-back proceeds, effective from April 1, 2026. As per the change in taxation framework, buy-back consideration will now be taxable under the head "Capital Gains" in the hands of the shareholders.

6.3. The Finance Act, 2026 also introduces an additional tax component in respect of promoter shareholders, with a view to minimize any potential tax arbitrage between buy-back and dividend distribution. In case of listed Companies, the differential treatment for promoter shareholders provided in the Finance Act, 2026, is as follows:

Shareholder Category	Tax Treatment
Shareholders other than Promoters	Capital Gains Tax at rates as specified in the Income Tax Act
Promoter Shareholders Domestic Companies	Capital Gains Tax (LTCG -12.5% / STCG-20%) + Additional Tax (for LTCG - 9.5% / for STCG - 2%)
Promoter Shareholders - Other than Domestic Companies	Capital Gains Tax (LTCG - 12.5% / STCG - 20%) + Additional Tax (for LTCG - 17.5% / for STCG - 10%)

6.4. The promoter shareholders are also required to pay surcharge at the rate of 12% on additional tax in accordance with section 3(6) of the Finance Act, 2026.This surcharge is not applicable to non-promoter shareholders. This has been clarified by the Income Tax Department on their official 'X' handle on March 26, 2026.

7. <u>Representation Received from Stakeholders for Re-Introduction of Buy-Back from Open Market through Stock Exchange</u>

7.1. Industry associations, including the Federation of Indian Chambers of Commerce and Industry (FICCI), have made representations, requesting reinstatement of the method of buy-back of shares or other specified securities from open market through stock exchange. FICCI has highlighted that buy-back from open market through stock exchange is an efficient and internationally preferred mechanism for buy-back of shares or other specified securities and can be re-introduced to be implemented through a separate window at the stock exchanges.

7.2. The Association of Investment Bankers of India (AIBI) has also submitted that reinstatement of the method of buy-back from open market through stock exchange would allow companies to steadily absorb surplus selling pressure over a continuous period of time, prevent panic selling and restore confidence among retail shareholders. It has been stated that buying back from the market at current prices is an efficient option to deploy surplus cash and extinguishment of shares purchased at lower market valuations boosts earnings per share, delivering long term value creation. AIBI has further submitted that, concerns relating to tax deprivation are also no longer relevant under the current tax framework.

8. Re-Introduction of Buy-Back from Open Market through Stock Exchange

8.1. In light of the amendments in the taxation framework introduced by the Income Tax Act, the then concerns for the discontinuation of buy-back of shares or other specified securities from open market through stock exchange, i.e. tax-induced inequity among public shareholders, now stands addressed.

8.2. Under the new buy-back taxation framework (i.e. Capital Gain), public shareholders would be taxed on their actual capital gains when the shares are tendered in buy-back, which would be similar to selling the shares in the normal course on the stock exchange. Consequently, the differential tax advantage that existed earlier between shareholders who were able to participate in the buy-back and those who were not, would not exist any longer.

8.3. Further, buy-back from open market through stock exchange is undertaken within an order-driven market mechanism wherein the execution of orders is determined by price-time matching and all public shareholders have equal opportunity to participate in the buy-back under uniform conditions. Further, shifting of tax burden from the Company undertaking buy-back to the public shareholders participating in buy-back, has made selling in normal market equal to selling in buy-back through stock exchange. Further, the open market buy-back method through stock exchange is also a widely adopted method in international jurisdictions which facilitates continuous price discovery and enhances liquidity.

8.4. Accordingly, buy-back of shares or specified securities from open market through stock exchange may be re-introduced, subject to appropriate regulatory provisions and compliance mechanism. The re-introduction of this method of buy-back would provide companies with an additional mechanism for undertaking buy-back, while ensuring equitable opportunity and treatment of taxation for public shareholders.

8.5. The buy-back of shares or other specified securities from open market through stock exchange may, inter alia, be undertaken through a separate buy-back window on the stock exchanges, as is already provided in the Buy-Back Regulations. The relevant extract of existing Buy-Back Regulations w.r.t open market through stock exchange is placed at **‘*Annexure-II*’.**

9. Proposal

9.1. It is proposed that the buy-back of shares or other specified securities from open market through stock exchange may be re-introduced as an additional method in terms of Regulation 4(iv) of Buy-Back Regulations. The existing framework as provided in Regulations and Circulars issued thereunder with respect to buy-back from open market through stock exchange would be applicable.

10. Question for public comments

10.1. Do you agree with the proposal to re-introduce the buy-back of shares or other specified securities from open market through stock exchange in accordance with SEBI (Buy-Back of Securities) Regulations, 2018?

11. You may submit your comments/suggestions on aforesaid proposal by April 23, 2026, by using the following link:
https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

12. In case of any technical issue in submitting your comments through the web based public comments form, you may send the public comments on the email consultationcfd@sebi.gov.in with subject: ***'Re-introduction of Open Market Buy-Back of Shares or Other Specified Securities through Stock Exchange'***

Issued on: April 02, 2026

Annexure - I

Extract of Regulation 4(iv) of Buy-Back Regulations

Conditions and requirements for buy-back of shares and specified securities

4. (i) ...

(ii) …

(ii) …

(iv) A company may buy-back its shares or other specified securities by any one of the following methods:

a) from the existing shareholders or other specified securities holders on a proportionate basis through the tender offer

Provided that in case any member of the promoter / promoter group has declared its intention to not participate in the buy-back, the shares held by such member of the promoter / promoter group shall not be considered for computing the entitlement ratio.

b) from the open market through—

i) book-building process,

ii) stock exchange;

Provided that the buy-back from the open market through stock exchanges, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount, shall be less than: —

(i) fifteen per cent of the paid up capital and free reserves of the company till March 31, 2023;

(ii) ten per cent of the paid up capital and free reserves of the company till March 31, 2024;

(iii) five per cent of the paid up capital and free reserves of the company till March 31, 2025:

Provided further that buy-back from the open market through the stock exchange shall not be allowed with effect from April 1, 2025.

Annexure - II

Extract of Chapter IV: Buy-Back from the Open Market

13. A company intending to buy-back its shares or other specified securities from the open market shall do so in accordance with the provisions of this Chapter.

14.The buy-back of shares or other specified securities from the open market may be in anyone of the following methods:

(a)through stock exchange,

(b)book-building process.

15.(i) The company shall ensure that atleast seventy-five percent of the amount earmarked for buy-back, as specified in the resolution of the board of directors or the special resolution, as the case may be, is utilized for buying-back shares or other specified securities.

(ii) The company shall ensure that at a minimum of forty per cent of the amount earmarked for the buy-back, as specified in the resolution of the Board of Directors or the special resolution, as the case may be, is utilized within the initial half of the specified duration.

Buy-Back through Stock Exchange

16.(i) The buy-back shall be made only on stock exchanges having nationwide trading terminals;

Explanation: For the purpose of buy-back through stock exchange, a separate window shall be created by the concerned stock exchange and such window shall remain open for the period specified in these regulations.

(ii) The buy-back of the shares or other specified securities through the stock exchange shall not be made from the promoters or persons in control of the company;

(iii) The buy-back of shares or other specified securities shall be made only through the order matching mechanism except 'all or none' order matching system;

(iv) Disclosures, filing requirements and timelines of public announcement:

a) The company shall appoint a merchant banker and make a public announcement as referred to in regulation 7 pertaining to tender offer;

b) The public announcement shall be made within two working days from the date of passing the board of directors resolution or date of declaration of results of the postal ballot for special resolution, as relevant and shall contain disclosures as specified in Schedule IV;

c) The company shall, simultaneously with the public announcement made in terms of sub-clause (a), along with the fees specified in Schedule V, file a copy of the public announcement in electronic mode with the Board and the stock exchanges on which its shares or other specified securities are listed;

(ca)The stock exchanges shall forthwith disseminate the public announcement to the public;

(cb) A copy of the public announcement shall be placed on the respective websites of the stock exchange(s), merchant banker and the company;

d) The public announcement shall also contain disclosures regarding details of the brokers and stock exchanges through which the buy-back of shares or other specified securities would be made;

Explanation: In case of the buy-back from open market, no draft letter of offer/ letter of offer is required to be filed with the Board.

(v) The buy-back through stock exchanges shall be undertaken only in respect of frequently traded shares;

(vi) The buy-back through stock exchanges shall be subject to the restrictions on placement of bids, price and volume as specified by the Board.

Opening of the offer on stock exchange:

17.(i) The identity of the company as a purchaser shall appear on the electronic screen when the order is placed;

(ii) The buy-back offer shall open not later than four working days from the date of public announcement and shall close: -

a) within six months, if the buy-back offer is opened on or before March 31, 2023;

b) within 66 working days, if the buy-back offer is opened on or after April 1, 2023 and till March 31, 2024; and

c) within 22 working days, if the buy-back offer is opened on or after April 1, 2024 and till March 31, 2025:

Provided that with effect from April 1, 2025, the option of open market buy-back through the stock exchange shall not be available to any company except in cases where the buy-back offer has opened on or before Mach 31, 2025.

<u>Subsequent compliances for open market buy-back through stock exchange</u>:

18.(i)The company shall submit the information regarding the shares or other specified securities bought-back, to the stock exchange on a daily basis in such form as may be specified by the Board and the stock exchange shall upload the same on its official website immediately;

(ii)The company shall upload the information regarding the shares or other specified securities bought-back on its website on a daily basis.

19. A company may buy-back its shares or other specified securities in physical form in the open market through stock exchange by following the procedure as provided hereunder:

(i) A separate window shall be created by the stock exchange, which shall remain open during the period of buy-back, for buy-back of shares or other specified securities in physical form.

(ii) The company shall buy-back shares or other specified securities from eligible shareholders holding physical shares through the separate window specified in sub-regulation(i), only after verification of the identity proof and address proof by the broker.

(iii)The price at which the shares or other specified securities are bought back shall be the volume weighted average price of the shares or other specified securities bought-back, other than in the physical form, during the calendar week in which such shares or other specified securities were received by the broker:

Provided that the price of shares or other specified securities tendered during the first calendar week of the buy-back shall be the volume weighted average market price of the shares or other specified securities of the company during the preceding calendar week.

Provided further that the effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for determination of the volume weighted average market price.

Explanation: In case no shares or other specified securities were bought back in the normal market during calendar week, the preceding week when the company has last bought back the shares or other specified securities may be considered.

Escrow account for open market buy-back through stock exchange:

20.(i)The company shall, within two working days of the public announcement, create an escrow account towards security for performance of its obligations under these regulations, and deposit in escrow account 25 per cent of the amount earmarked for the buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be.

(ii) The escrow account referred to in sub-regulation (i) may be subject to appropriate margin as specified by the Board, in the form of, -

a) cash deposited with any scheduled commercial bank; or

b) bank guarantee issued in favour of the merchant banker by any scheduled commercial bank.

c) deposit of frequently traded and freely transferable equity shares or other freely transferable securities with appropriate margin with the merchant banker; or

d) government securities; or

e) units of mutual funds invested in gilt funds and overnight schemes; or

f) a combination of the above.

Explanation: The cash component of the escrow account may be maintained in terms of Explanation to clause (c) of sub-regulation (xi) of regulation 9.

(iii) For such part of the escrow account as is in the form of a cash deposit with a scheduled commercial bank, the company shall while opening the account, empower the merchant banker to instruct the bank to make payment of the amounts lying to the credit of the escrow account, to meet the obligations arising out of the buy-back.

(iv) For such part of the escrow account as is in the form of a bank guarantee:

a) the same shall be in favour of the merchant banker and shall be kept valid for a period of thirty working days after the expiry of buy-back period of the offer or till the completion of all obligations under these regulations, whichever is later.

b) the same shall not be returned by the merchant banker till completion of all obligations under the regulations.

(v) Where part of the escrow account is in the form other than cash, the company shall deposit with a scheduled commercial bank, in cash, a sum of at least 2.5 per cent of the total amount earmarked for buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be, as and by way of security for fulfillment of the obligations under the regulations by the company.

(vi)The escrow amount may be released for making payment to the shareholder's subject to atleast 2.5 percent of the amount earmarked for buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be, remaining in the escrow account at all points of time.

(vii) On fulfilling the obligation specified in regulation15, the amount and the guarantee remaining in the escrow account, if any, shall be released to the company.

(viii)In the event of non-compliance with regulation 15, the Board may direct the merchant banker to forfeit the escrow account, subject to a maximum of 2.5 per cent of the amount earmarked for buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be, except in cases where, -

a) volume weighted average market price (VWAMP) of the shares or other specified securities of the company during the buy-back period was higher than the buy-back *price as certified by the Merchant banker based on the inputs provided by the stock exchanges.*

b) sell orders were inadequate despite the buy orders placed by the company as certified by the Merchant banker based on the inputs provided by the stock exchanges.

c) such circumstances existed which were beyond the control of the company and in the opinion of the Board merit consideration.

(ix)In the event of forfeiture for non-fulfillment of obligations specified in sub-regulation (viii) of this regulation, the amount forfeited shall be deposited in the Investor Protection and Education Fund of Securities and Exchange Board of India.

<u>Extinguishment of certificates for open market buy-back through stock exchange</u>:

21.(i) Subject to the provisions of sub-regulation (ii) and (iii), the provisions of regulation 11 pertaining to the extinguishment of certificates for tender offers shall apply for extinguishment of certificates under this Chapter.

(ii)The company shall complete the verification of acceptances within fifteen working days of the payout.

(iii) The company shall extinguish and physically destroy the securities certificates so bought back during the month in the presence of a Merchant Banker and the secretarial auditor, on or before the fifteenth day of the succeeding month:

Provided that the company shall ensure that all the securities bought-back are extinguished within seven working days of expiry of buy-back period.

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THE GAZETTE OF INDIA

EXTRAORDINARY

PART –III – SECTION 4

PUBLISHED BY AUTHORITY

NEW DELHI, September, 11 2018

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, September 11, 2018

SECURITIES AND EXCHANGE BOARD OF INDIA (BUY-BACK OF SECURITIES) REGULATIONS, 2018

No. SEBI/LAD-NRO/GN/2018/32. - In exercise of the powers conferred by sub-sections (1) and (2) of section 11 and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with clause (f) of sub-section (2) of section 68 of the Companies Act, 2013, the Board hereby makes the following regulations, namely:-

CHAPTER I
PRELIMINARY

Short title and commencement

1. (i) These regulations may be called the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

(ii) These regulations shall come into force on the date of their publication in the Official Gazette.

Definitions

2. (i) In these regulations, unless the context otherwise requires:—

a) ‘Act’ means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

b) ‘associate’ includes a person,—

   i) who directly or indirectly by himself or in combination with relatives, exercise control over the company or,
   ii) whose employee, officer or director is also a director, officer or employee of company;

c) “Board” means the Securities and Exchange Board of India established under section 3 of the Act;

d) ‘Buyback period’ means the period between the date of board of directors resolution or date of declaration of results of the postal ballot for special resolution, as the case may be, to authorize buyback of shares of the company and the date on which the payment of consideration to shareholders who have accepted the buyback offer is made;

e) ‘control’ has the same meaning as defined in clause (e) of sub-regulation (1) of regulation (2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

f) ‘company’ means a company as defined under the Companies Act, whose shares or other specified securities are listed on a Stock Exchange and which buys or intends to buy such shares or other specified securities in accordance with these regulations;

g) ‘Companies Act’ means the Companies Act, 2013.

[1][ga) ‘frequently traded shares‘ shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;]

h) ‘insider’ means an insider as defined in clause (g) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

i) ‘merchant banker’ means a merchant banker as defined in clause (cb) of regulation 2 of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and registered under section 12 of the Act;

j) [2][***]

k) ‘promoter’ means promoter as defined in clause (s) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

l) ‘registrar’ means a registrar to an issue and includes a share transfer agent, registered under section 12 of the Act;

[3][la) ‘secretarial auditor‘ means an auditor as defined in the Secretarial Standards – I issued by the Institute of Company Secretaries of India;]

m) ‘securities’ mean securities as defined in clause (h) of section 2

[1] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[2] Omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its omission, the sub-clause read as under-

> “‘(j) odd lots’ mean the lots of shares or other specified securities of a company, whose shares are listed on a recognised stock exchange, which are smaller than such marketable lots, as may be specified by the stock exchange;”

[3] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(n) 'small shareholder' means a shareholder of a company, who holds shares or other specified securities whose market value, on the basis of closing price of shares or other specified securities, on the recognised stock exchange in which highest trading volume in respect of such securities, as on record date is not more than two lakh rupee;

n) 'specified securities' includes employees' stock option or other securities as may be notified by the Central Government from time to time;

o) 'statutory auditor' means an auditor appointed by a company under section 139 of the Companies Act;

p) 'stock exchange' means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

q) 'tender offer' means an offer by a company to buy-back its own shares or other specified securities through a letter of offer from the holders of the shares or other specified securities of the company;

r) 'unpublished price sensitive information' has the same meaning as defined in clause (n) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

s) 'working day' means any working day of the Board.

(ii) All other expressions unless defined herein shall have the same meaning as has been assigned to them under the Act or the Securities Contracts (Regulation) Act, 1956, or Companies Act or any statutory modification or re-enactment thereof, as the case may be.

CHAPTER II
CONDITIONS OF BUY-BACK

Applicability:

3. These regulations shall be applicable to buy-back of shares or other specified securities of a company in accordance with the applicable provisions of the Companies Act.

[4][Explanation: For the purposes of these regulations, the term "shares" shall include equity shares having superior voting rights.]

Conditions and requirements for buy-back of shares and specified securities:

4. (i) The maximum limit of any buy-back shall be twenty-five per cent or less of the aggregate of paid-up capital and free reserves of the company [5][, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount]:

[6]***[Explanation:*** In respect of the number of equity shares bought back in any financial year, the maximum limit shall be twenty-five per cent and be construed with respect to the total paid-up equity share capital of the company in that financial year**.]**

[7][(ii) The ratio of the aggregate of secured and unsecured debts owed by the

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[4] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2019 w.e.f. 29.07.2019.

[5] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words and symbol ", based on both standalone and consolidated financial statements of the company".

[6] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the explanation read as under-

"'Explanation: In respect of the buy-back of equity shares in any financial year, the reference to twenty-five per cent in this regulation shall be construed with respect to its total paid-up equity capital in that financial year;"

[7] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2019 w.e.f. 19.10.2019 read with corrigendum thereto dated 27.09.2019. Prior to its substitution, sub-regulation (ii) read as follows,-

"(ii) The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back shall not be more than twice the paid-up capital and free reserves.

Provided that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail."

company to the paid-up capital and free reserves after buy-back shall,-

a) be less than or equal to 2:1, based on [8][the standalone or consolidated financial statements of the company, whichever [9][is lower]]:

Provided that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail; or

b) be less than or equal to 2:1, based on [10][the standalone or consolidated financial statements of the company, whichever [11][is lower]], after excluding financial statements of all subsidiaries that are non-banking financial companies and housing finance companies regulated by Reserve Bank of India or National Housing Bank, as the case may be:

Provided that buy-back of securities shall be permitted only if all such excluded subsidiaries have their ratio of aggregate of secured and unsecured debts to the paid-up capital and free reserves of not more than 6:1 on standalone basis.]

(iii) All shares or other specified securities for buy-back shall be fully paid-up.

(iv) A company may buy-back its shares or other specified securities by any one of the following methods:

a) from the existing share holders or other specified securities holders on a proportionate basis through the tender offer [12][:]

[8] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "both standalone and consolidated financial statements of the company".

[9] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the words "sets out a lower amount".

[10] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "both standalone and consolidated financial statements of the company".

[11] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the words "sets out a lower amount".

[12] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the symbol ";".

[13][Provided that in case any member of the promoter / promoter group has declared its intention to not participate in the buy-back, the shares held by such member of the promoter / promoter group shall not be considered for computing the entitlement ratio.]

b) from the open market through—
   i) book-building process,
   ii) stock exchange;

c) [14][***]

[15][**Provided** that the buy-back from the open market through stock exchanges, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount, shall be less than:—

(i) fifteen per cent of the paid up capital and free reserves of the company till March 31, 2023;

(ii) ten per cent of the paid up capital and free reserves of the company till March 31, 2024;

(iii) five per cent of the paid up capital and free reserves of the company till March 31, 2025:

Provided further that buy-back from the open market through the stock exchange shall not be allowed with effect from April 1, 2025.]

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[13] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024.

[14] Omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its omission, the sub-clause read as "'c) from odd-lot holders:".

[15] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the proviso read as under-
"**Provided** that the buyback from open market shall be less than fifteen per cent of the paid up capital and free reserves of the company, based on both standalone and consolidated financial statements of the company.".

(v) A company shall not buy-back its shares or other specified securities so as to delist its shares or other specified securities from the stock exchange.

(vi) A company shall not buy-back its shares or other specified securities from any person through negotiated deals, whether on or off the stock exchange or through spot transactions or through any private arrangement.

(vii) A company shall not make any offer of buy-back within a period of one year reckoned from the date of expiry of buyback period of the preceding offer of buy-back, if any.

(viii) A company shall not allow buy-back of its shares unless the consequent reduction of its share capital is effected.

(ix) A company may undertake a buy-back of its own shares or other specified securities out of—

(*a*) its free reserves;

(*b*) the securities premium account; or

(*c*) the proceeds of the issue of any shares or other specified securities:

Provided that no such buy-back shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

(x) No company shall directly or indirectly purchase its own shares or other specified securities:

(a) through any subsidiary company including its own subsidiary companies;

(b) through any investment company or group of investment companies; or

(c) if a default is made by the company in the repayment of deposits accepted either before or after the commencement of the Companies Act, interest payment thereon, redemption of debentures or preference shares or payment of dividend to any shareholder, or repayment of any term loan or interest payable thereon to any financial institution or banking company:

Provided that the buy-back is not prohibited, if the default is remedied and a period of three years has lapsed after such default ceased to subsist.

General compliance and filing requirements for buy-back:

5. (i) The company shall not authorise any buy-back (whether by way of tender offer or from open market [16][***]) unless:

a) The buy-back is authorised by the company's articles;

b) A special resolution has been passed at a general meeting of the company authorising the buy-back:

Provided that nothing contained in this clause shall apply to a case where the buy-back is, ten per cent or less of the total paid-up equity capital and free reserves of the company[17][, based on the standalone or consolidated financial statements of the company, whichever sets out a lower amount]; and such buy-back has been authorised by the board of directors by means of a resolution passed at its meeting.

[18][c) It has obtained the prior consent of its lenders in case of a breach of any covenant with such lender(s).

Explanation: The letter of offer to be prepared by the company in

[16] The words "or odd lot" omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[17] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words and symbol ", based on both standalone and consolidated financial statements of the company".

[18] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

accordance with these regulations shall contain a specific disclosure of the consent obtained by the company from its lender(s).]

(ii) Every buy-back shall be completed within a period of one year from the date of passing of the special resolution at general meeting, or the resolution passed by the board of directors of the company, as the case may be.

(iii) The company shall, after expiry of the buy-back period, file with the Registrar of Companies and the Board, a return containing such particulars relating to the buy-back within thirty days of such expiry, in the format as specified in the Companies (Share Capital and Debentures) Rules, 2014.

(iv) Where a special resolution is required for authorizing a buy-back, the explanatory statement to be annexed with the notice for the general meeting pursuant to section 102 of the Companies Act shall contain mandatory disclosures mentioned therein and the following disclosures:

a) Disclosures under sub-section 3 of section 68 of the Companies Act—
    i) a full and complete disclosure of all material facts;
    ii) the necessity for the buy-back;
    iii) the class of shares or securities intended to be purchased under the buy-back;
    iv) the amount to be invested under the buy-back; and
    v) the time-limit for completion of buy-back.

b) Additional disclosures under these regulations as provided in **Schedule I**,

c) Provided that where the buy-back is through tender offer from existing securities holders, the explanatory statement shall contain the following additional disclosures:

i) the maximum price at which the buy-back of shares or other specified securities shall be made and whether the board of directors of the company is being authorised at the general meeting to determine subsequently the specific price at which the buy-back may be made at the appropriate time;

ii) if the promoter intends to offer his shares or other specified securities, the quantum of shares or other specified securities proposed to be tendered and the details of their transactions and their holdings for the last six months prior to the passing of the special resolution for buy-back including information of number of shares or other specified securities acquired, the price and the date of acquisition.

(v) A copy of the resolution passed at the general meeting under sub-section (2) of section 68 of the Companies Act shall be filed with the Board and the stock exchanges where the shares or other specified securities of the company are listed, within [19][seven working days] from the date of passing of the resolution.

(vi) Where the buy-back is from open market either through the stock exchange or through book building, the resolution of board of directors shall specify the maximum price at which the buy-back shall be made:

Provided that where there is a requirement for the Special Resolution as specified in clause (b) of sub-regulation 1 of regulation 5 of these Regulations, the special resolution shall also specify the maximum price at which the buy-back shall be made.

[20][(via) In case of a buy-back through tender offer, the Board of Directors of the

[19] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "seven days".
[20] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

company may, till one working day prior to the record date, increase the maximum buy-back price and decrease the number of securities proposed to be bought back, such that there is no change in the aggregate size of the buy-back.]

(vii) A company, authorized by a resolution passed by the board of directors at its meeting to buy-back its shares or other specified securities under the proviso to clause (b) of sub-section (2) of section 68 of the Companies Act, shall file a copy of the resolution, with the Board and the stock exchanges, where the shares or other specified securities of the company are listed, within two working days of the date of the passing of the resolution.

(viii) No insider shall deal in shares or other specified securities of the company on the basis of unpublished price sensitive information relating to buy-back of shares or other specified securities of the company.

[21][(ix) For the purpose of these regulations, all the filings to the Board shall be made only in electronic mode after being digitally signed by the company secretary or the person authorized by the board of the company.]

[21] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

CHAPTER III
BUY-BACK THROUGH TENDER OFFER

6. A company may buy-back its shares or other specified securities from its existing securities holders on a proportionate basis in accordance with the provisions of this Chapter:

Provided that fifteen per cent 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.

Disclosures, filing requirements and timelines for public announcement:

7. (i) The company which has been authorised by a special resolution or a resolution passed by the board of directors, as the case may be, shall make a public announcement within two working days from the date of declaration of results of the postal ballot for special resolution/board of directors resolution in at least one English National Daily, one Hindi National Daily and one Regional language daily, all with wide circulation at the place where the Registered Office of the company is situated and the said public announcement shall contain all the material information as specified in **Schedule II**.

(ii) [22][The company shall, simultaneously with the public announcement made in terms of clause (i), along with the fees specified in Schedule V, file a copy of the public announcement in electronic mode, with the Board and the stock exchanges on which its shares or other specified securities are listed.]

[23][(iii) The stock exchanges shall forthwith disseminate the public announcement to the public.

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[22] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the clause read as under-
"'(ii) A copy of the public announcement along with the soft copy, shall also be submitted to the Board, simultaneously, through a merchant banker.".
[23] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

(iv) A copy of the public announcement shall be placed on the respective websites of the stock exchange(s), merchant banker and the company.]

Disclosures, filing requirements and timelines for [24][***] letter of offer

8. (i) The company shall within [25][two working days from the record date, file the following in electronic mode] with the Board:

a) [26][a letter of offer, containing disclosures as specified in **Schedule III**, through a merchant banker who is not an associate of the company.]

[27][aa) a certificate in the form specified by the Board, issued by the merchant banker, who is not an associate of the company, certifying that the buy-back offer is in compliance of these regulations and that the letter of offer contains the information required under these regulations.

Explanation: The term "associate" shall have the meaning assigned to it in regulation 21A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended from time to time.]

b) a declaration of solvency in specified form and in a manner provided in sub-section (6) of section 68 of the Companies Act.

c) [28][***]

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24 The word "draft" omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

25 Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "five working days of the public announcement file the following".

26 Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the sub-clause read as under-

"'a draft letter of offer, along with a soft copy, containing disclosures as specified in Schedule III through a merchant banker who is not associated with the company."

27 Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

28 Omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations,

[29][***Explanation:*** In case of buy-back through tender offer, no draft letter of offer is required to be filed with the Board.]

(ii) [30][***]

Offer procedure

9. (i) A company making a buy-back offer shall announce a record date in the public announcement for the purpose of determining the entitlement and the names of the security holders, who are eligible to participate in the proposed buy-back offer.

(ii) The letter of offer along with the tender form shall be dispatched to the securities holders who are eligible to participate in the buy-back offer [31][***].

[32]***[Explanation*****:** The public announcement shall disclose that the dispatch of the letter of offer, shall be through electronic mode in accordance with the provisions of the Companies Act, within two working days from the record date and that in the case of receipt of a request from any shareholder to receive a copy of the letter of offer in physical form, the same shall be provided.]

2023 w.e.f. 09.03.2023. Prior to its omission, the sub-clause read as "'fees specified in Schedule V.."

[29] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[30] Omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its omission, the clause read as under-

"'The Board may provide its comments on the draft letter of offer not later than seven working days of the receipt of the draft letter of offer:

Provided that in the event the Board has sought clarifications or additional information from the merchant banker to the buy-back offer, the period of issuance of comments shall be extended to the seventh working day from the date of receipt of satisfactory reply to the clarification or additional information sought:

Provided further that in the event the Board specifies any changes, the merchant banker to the buy-back offer and the company shall carryout such changes in the letter of offer before it is dispatched to the shareholders."

[31] The words and symbols "as per sub regulation (i), not later than five working days from the receipt of communication of comments from the Board" omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[32] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the explanation read as under-

"Explanation: (a) Letter of Offer may also be dispatched through electronic mode in accordance with the provisions of the Companies Act.

(b) On receipt of a request from any shareholder to receive a copy of the letter of offer in physical form, the same shall be provided.

(c) The aforesaid shall be disclosed in the letter of offer."

(iii) Even if an eligible public shareholder does not receive the tender offer/offer form, he may participate in the buy-back offer and tender shares in the manner as provided by the Board.

(iv) An unregistered shareholder may also tender his shares for buy-back by submitting the duly executed transfer deed for transfer of shares in his name, along with the offer form and other relevant documents as required for transfer, if any.

(v) The date of the opening of the offer shall be not later than [33][four working days from the record date].

(vi) The offer for buy-back shall remain open for a period of [34][five] working days.

(vii) The company shall facilitate tendering of shares by the shareholders and settlement of the same, through the stock exchange mechanism in the manner as provided by the Board.

(viii) The company shall accept shares or other specified securities from the securities holders on the basis of their entitlement as on record date.

(ix) The shares proposed to be bought back shall be divided into two categories; (a) reserved category for small shareholders and (b) the general category for other shareholders, and the entitlement of a shareholder in each category shall be calculated accordingly.

> '***Explanation***: Holdings of multiple demat accounts would be clubbed together for identification of small shareholder if sequence of Permanent Account Number for all holders is matching. Similarly, in case of physical shareholders, if the sequence of names of joint

[33] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "five working days from the date of dispatch of the letter of offer".
[34] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "ten".

holders is matching, holding under such folios should be clubbed together for identification of small shareholder.'

(x) After accepting the shares or other specified securities tendered on the basis of entitlement, shares or other specified securities left to be bought back, if any in one category shall first be accepted, in proportion to the shares or other specified securities tendered over and above their entitlement in the offer by securities holders in that category and thereafter from securities holders who have tendered over and above their entitlement in other category.

(xi) Escrow account

(a) The company shall, [35][within two working days of the public announcement,] as and by way of security for performance of its obligations under the regulations, [36][***] deposit in an escrow account such sum as specified in clause (b);

(b) The escrow amount shall be payable in the following manner:

(i) if the consideration payable does not exceed Rupees 100 crores; 25 per cent of the consideration payable;

(ii) if the consideration payable exceeds Rupees 100 crores; 25 per cent upto Rupees 100 crores and 10 per cent thereafter.

(c) The escrow account referred to in this regulation shall [37][, subject to appropriate margin as specified by the Board,] consist of,

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[35] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.
[36] The words and symbols "on or before the opening of the offer," omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.
[37] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

(i) [38][cash including bank deposits deposited with any scheduled commercial bank], or

(ii) bank guarantee [39][issued in favour of the merchant banker by any scheduled commercial bank], or

(iii) deposit of [40][frequently traded and freely transferable equity shares or other freely transferable securities], or

[41][(iiia) government securities, or

(iiib) units of mutual funds invested in gilt funds and overnight schemes, or]

(iv) a combination of [42][above].

Explanation: The cash component of the escrow account may be maintained in an interest bearing account, provided that the merchant banker ensures that the funds are available at the time of making payment to shareholders.

(d) Where the escrow account consists of deposit with a scheduled commercial bank, the company shall, while opening the account, empower the merchant banker to instruct the bank to make payment the amount lying to the credit of the escrow account, as provided in the regulations.

(e) Where the escrow account consists of a bank guarantee, such

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[38] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "cash deposited with a scheduled commercial bank".
[39] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "in favour of the merchant banker".
[40] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words and symbol "acceptable securities with appropriate margin, with the merchant banker".
[41] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.
[42] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "(i), (ii) and (iii)".

bank guarantee shall be in favour of the merchant banker and shall be valid until [43][thirty working days after the expiry of buy-back period or until the completion of all obligations under these regulations, whichever is later].

[44][***Explanation***: The bank guarantee shall not be returned by the merchant banker until the completion of all obligations under these regulations.]

(f) The company shall, in case the escrow account consists of securities, empower the merchant banker to realise the value of such escrow account by sale or otherwise and if there is any deficit on realisation of the value of the securities, the merchant banker shall be liable to make good any such deficit.

(g) In case the escrow account consists of [45][***} approved securities, these shall not be returned by the merchant banker till completion of all obligations under the regulations.

(h) [46][Where part of the escrow account is in a form other than cash, the company shall deposit with a scheduled commercial bank, in cash, a sum of not less than two and half per cent of the total amount earmarked for buyback as specified in the resolution of the Board of Directors or the special resolution, as the case may be, as security for the fulfilment of its obligations under the regulations.]

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[43] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "thirty days after the expiry of buyback period".

[44] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[45] The words "bank guarantee or" omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[46] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the sub-clause read as under-

"Where the escrow account consists of bank guarantee or deposit of approved securities, the company shall also deposit with the bank in cash a sum of at least one per cent of the total consideration payable, as and by way of security for fulfillment of the obligations under the regulations by the company."

(i) On payment of consideration to all the securities holders who have accepted the offer and after completion of all formalities of buy-back, the amount, guarantee and securities in the escrow, if any, shall be released to the company.

(j) The Board in the interest of the securities holders may in case of nonfulfillment of obligations under the regulations by the company forfeit the escrow account either in full or in part.

(xii) The amount forfeited under clause (j) may be distributed pro rata amongst the securities holders who accepted the offer and balance, if any, shall be utilised for investor protection.

Closure and payment to securities holders:

10. (i) The company shall immediately after the date of closure of the offer, open a special account with a banker to an issue, registered with the Board and deposit therein, such sum as would, together with ninety per cent of the amount lying in the escrow account, make-up the entire sum due and payable as consideration for buy-back in terms of these regulations and for this purpose, may transfer the funds from the escrow account.

(ii) The company shall complete the verification of offers received and make payment of consideration to those holders of securities whose offer has been accepted and return the remaining shares or other specified securities to the securities holders within [47][five] working days of the closure of the offer.

Extinguishment of certificate and other closure compliances:

11. (i) The company shall extinguish and physically destroy the securities certificates so bought back in the presence of a [48][registrar to an issue] or

[47] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "seven".
[48] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "registrar to issue".

the Merchant Banker and the [49][secretarial auditor] within fifteen days of the date of acceptance of the shares or other specified securities.

Provided that the company shall ensure that all the securities bought-back are extinguished within [50][seven working days] of expiry of buy-back period.

Explanation**:** The aforesaid period of [51][fifteen working days] shall in no case extend beyond [52][seven working days] of expiry of buy-back period.

(ii) The shares or other specified securities offered for buy-back if already dematerialised shall be extinguished and destroyed in the manner specified under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, and the bye-laws, the circulars and guidelines framed thereunder.

(iii) The company shall, furnish a certificate to the Board certifying compliance as specified in sub-regulation (i) above, and duly certified and verified by:

a) the registrar and whenever there is no registrar, by the merchant banker;

b) two directors of the company, one of whom shall be a managing director, where there is one; and

c) the [53][secretarial auditor] of the company,

[54][***Explanation***: This certificate shall be furnished to the Board within seven working days of the extinguishment and destruction of the certificates.]

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[49] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "Statutory Auditor".

[50] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "seven days".

[51] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "fifteen days".

[52] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "seven days".

[53] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "Statutory Auditor".

[54] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words and symbol "This certificate shall be furnished to the Board within seven days of extinguishment and destruction of the certificates."

(iv) The company shall furnish the particulars of the securities certificates extinguished and destroyed under sub-regulation (i), to the stock exchanges where the shares of the company are listed within seven days of extinguishment and destruction of the certificates.

(v) Where a company buys back its shares or other specified securities under these regulations, it shall maintain a register of the shares or securities so bought, the consideration paid for the shares or securities bought back, the date of cancellation of shares or securities, the date of extinguishing and physically destroying the shares or securities and such other particulars as may be prescribed in sub-section (9) of section 68 of the Companies Act.

12. [55][***]

CHAPTER IV

BUY-BACK FROM THE OPEN MARKET

13. A company intending to buy-back its shares or other specified securities from the open market shall do so in accordance with the provisions of this Chapter.

14. The buy-back of shares or other specified securities from the open market may be in any one of the following methods:

(a) through stock exchange,

(b) book-building process.

[55] Omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its omission, the Regulation read as under-

"**Odd-lot buy-back**

12. The provisions pertaining to buy-back through tender offer as specified in this Chapter shall be applicable mutatis mutandis to odd-lot shares or other specified securities."

15. [56][(i)] The company shall ensure that at least **[57]**[seventy-five percent] of the amount earmarked for buy-back, as specified in the resolution of the board of directors or the special resolution, as the case may be, is utilized for buying-back shares or other specified securities.

[58][(ii) The company shall ensure that at a minimum of forty per cent of the amount earmarked for the buy-back, as specified in the resolution of the Board of Directors or the special resolution, as the case may be, is utilized within the initial half of the specified duration.]

Buy-back through stock exchange

16. (i) The buy-back shall be made only on stock exchanges having nationwide trading terminals;

[59][***Explanation***: For the purpose of buy-back through stock exchange, a separate window shall be created by the concerned stock exchange and such window shall remain open for the period specified in these regulations.]

(ii) The buy-back of the shares or other specified securities through the stock exchange shall not be made from the promoters or persons in control of the company;

(iii) The buy-back of shares or other specified securities shall be made only through the order matching mechanism except 'all or none' order matching system;

(iv) Disclosures, filing requirements and timelines of public announcement:

a) The company shall appoint a merchant banker and make a

[56] Existing provision rearranged as clause (i) by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.
[57] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "fifty per cent".
[58] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.
[59] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

public announcement as referred to in regulation 7 pertaining to tender offer;

b) The public announcement shall be made within two working days from the date of passing the board of directors resolution or date of declaration of results of the postal ballot for special resolution, as relevant and shall contain disclosures as specified in **Schedule IV**;

c) [60][The company shall, simultaneously with the public announcement made in terms of sub-clause (a), along with the fees specified in Schedule V, file a copy of the public announcement in electronic mode with the Board and the stock exchanges on which its shares or other specified securities are listed;]

[61][(ca) The stock exchanges shall forthwith disseminate the public announcement to the public;

(cb) A copy of the public announcement shall be placed on the respective websites of the stock exchange(s), merchant banker and the company;]

d) The public announcement shall also contain disclosures regarding details of the brokers and stock exchanges through which the buy-back of shares or other specified securities would be made;

Explanation: In case of the buy-back from open market, no draft letter

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[60] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the sub-clause read as under-
"Simultaneously with the issue of such public announcement, the company shall file a copy of the public announcement with the Board along with the fees specified in Schedule V;."
[61] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

of offer/ letter of offer is required to be filed with the Board.

[62][(v) The buy-back through stock exchanges shall be undertaken only in respect of frequently traded shares;

(vi) The buy-back through stock exchanges shall be subject to the restrictions on placement of bids, price and volume as specified by the Board.]

Opening of the offer on stock exchange:

17. (i) The identity of the company as a purchaser shall appear on the electronic screen when the order is placed;

[63][(ii) The buy-back offer shall open not later than four working days from the [64][date of public announcement] and shall close:-

a) within six months, if the buy-back offer is opened on or before March 31, 2023;

b) within 66 working days, if the buy-back offer is opened on or after April 1, 2023 and till March 31, 2024; and

c) within 22 working days, if the buy-back offer is opened on or after April 1, 2024 and till March 31, 2025:

Provided that with effect from April 1, 2025, the option of open market buy-back through the stock exchange shall not be available to any company except in cases where the buyback offer has opened on or before Mach 31, 2025.]

Subsequent compliances for open market buy-back through stock exchange:

18. (i) The company shall submit the information regarding the shares or other

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[62] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[63] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the clause read as under-
"(ii) The buy-back offer shall open not later than seven working days from the date of public announcement and shall close within six months from the date of opening of the offer."

[64] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the words "record date".

specified securities bought-back, to the stock exchange on a daily basis in such form as may be specified by the Board and the stock exchange shall upload the same on its official website immediately;

(ii) The company shall upload the information regarding the shares or other specified securities bought-back on its website on a daily basis.

19. A company may buy-back its shares or other specified securities in physical form in the open market through stock exchange by following the procedure as provided hereunder:

(i) A separate window shall be created by the stock exchange, which shall remain open during the period of buy-back, for buy-back of shares or other specified securities in physical form.

(ii) The company shall buy-back shares or other specified securities from eligible shareholders holding physical shares through the separate window specified in sub-regulation (i), only after verification of the identity proof and address proof by the broker.

(iii) The price at which the shares or other specified securities are bought back shall be the volume weighted average price of the shares or other specified securities bought-back, other than in the physical form, during the calendar week in which such shares or other specified securities were received by the broker:

Provided that the price of shares or other specified securities tendered during the first calendar week of the buy-back shall be the volume weighted average market price of the shares or other specified securities of the company during the preceding calendar week.

[65][Provided further that the effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for determination of the volume weighted average market price.]

Explanation: In case no shares or other specified securities were bought back in the normal market during calendar week, the preceding week when the company has last bought back the shares or other specified securities may be considered.

Escrow account for open market buy-back through stock exchange:

20. (i) The company shall, [66][within two working days of the public announcement], create an escrow account towards security for performance of its obligations under these regulations, and deposit in escrow account 25 per cent of the amount earmarked for the buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be.

(ii) The escrow account referred to in sub-regulation (i) may be [67][subject to appropriate margin as specified by the Board,] in the form of,—

a) cash deposited with any scheduled commercial bank; or

b) bank guarantee issued in favour of the merchant banker by any scheduled commercial bank.

[68][c) deposit of frequently traded and freely transferable equity shares or other freely transferable securities with appropriate margin with the merchant banker; or

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[65] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2024 w.e.f 18.05.2024.

[66] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "before opening of the offer".

[67] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[68] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

(d) government securities; or

(e) units of mutual funds invested in gilt funds and overnight schemes; or

(f) a combination of the above.]

***Explanation*:** The cash component of the escrow account may be maintained in terms of Explanation to clause (c) of sub-regulation (xi) of regulation 9.

(iii) For such part of the escrow account as is in the form of a cash deposit with a scheduled commercial bank, the company shall while opening the account, empower the merchant banker to instruct the bank to make payment of the amounts lying to the credit of the escrow account, to meet the obligations arising out of the buy-back.

(iv) For such part of the escrow account as is in the form of a bank guarantee:

a) the same shall be in favour of the merchant banker and shall be kept valid for a period of [69][thirty working days] after the expiry of buyback period of the offer or till the completion of all obligations under these regulations, whichever is later.

b) the same shall not be returned by the merchant banker till completion of all obligations under the regulations.

(v) Where part of the escrow account is in the form [70][other than cash], the company shall deposit with a scheduled commercial bank, in cash, a sum of at least 2.5 per cent of the total amount earmarked for buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be, as and by way of security for fulfillment

[69] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "thirty days".
[70] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "of a bank guarantee".

of the obligations under the regulations by the company.

(vi) The escrow amount may be released for making payment to the shareholders subject to at least 2.5 per cent of the amount earmarked for buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be, remaining in the escrow account at all points of time.

(vii) On fulfilling the obligation specified in regulation 15, the amount and the guarantee remaining in the escrow account, if any, shall be released to the company.

(viii) In the event of non-compliance with regulation 15, the Board may direct the merchant banker to forfeit the escrow account, subject to a maximum of 2.5 per cent of the amount earmarked for buy-back as specified in the resolution of the board of directors or the special resolution, as the case may be, except in cases where,-

a) volume weighted average market price (VWAMP) of the shares or other specified securities of the company during the buy-back period was higher than the buy-back price as certified by the Merchant banker based on the inputs provided by the Stock Exchanges.

b) sell orders were inadequate despite the buy orders placed by the company as certified by the Merchant banker based on the inputs provided by the Stock Exchanges.

c) such circumstances existed which were beyond the control of the company and in the opinion of the Board merit consideration.

(ix) In the event of forfeiture for non-fulfillment of obligations specified in sub-regulation (viii) of this regulation, the amount forfeited shall be deposited in the Investor Protection and Education Fund of Securities and Exchange Board of India.

Extinguishment of certificates for open market buy-back through stock exchange:

21. (i) Subject to the provisions of sub-regulation (ii) and (iii), the provisions of regulation 11 pertaining to the extinguishment of certificates for tender offers shall apply for extinguishment of certificates under this Chapter.

(ii) The company shall complete the verification of acceptances within [71][fifteen working days] of the payout.

(iii) The company shall extinguish and physically destroy the securities certificates so bought back during the month in the presence of a Merchant Banker and the [72][secretarial auditor], on or before the fifteenth day of the succeeding month:

Provided that the company shall ensure that all the securities bought-back are extinguished within [73][seven working days] of expiry of buy-back period.

Buy-back through book building

22. [74][A company may buy-back its shares or other specified securities from

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[71] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "fifteen days".

[72] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "Statutory Auditor".

[73] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "seven days".

[74] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the clause read as under-

22. "A company may buy-back its shares or other specified securities through the book-building process as provided hereunder:

(i) The Special resolution or the board of directors resolution, as the case may be, shall be passed in accordance with regulation 5.

(ii) Disclosures, filing requirements and timelines for public announcement:

(a) The company shall appoint a merchant banker and make a public announcement as referred to in regulation 7.

(b) The disclosures in the public announcement shall also be in accordance with **Schedule II**.

(c) The public announcement shall be made at least seven days prior to the commencement of buy-back.

(iii) Subject to the provisions of clause (a) and clause (b) of this sub-regulation, the provisions of sub-regulation (xi) of regulation 9 shall apply:

(a) The deposit in the escrow account shall be made before the date of the public announcement.

its existing securities holders through the book building process.]

[75][**Disclosures, filing requirements and timelines for public announcement:**

22A. (i) The company, which has been authorised by a special resolution or a resolution passed by its Board of Directors, as the case may be, shall appoint a merchant banker and make a public announcement within two working days from the date of the approval of Board of Directors or of the shareholders, as the case may be.

(ii) The disclosures in the public announcement shall be made in accordance with **Schedule II.**

(iii) The book building process shall commence within seven working days from the date of the public announcement.

(iv) The public announcement shall contain the detailed methodology pertaining to intimation required to be made prior to the opening of the buy-back offer as specified in **Schedule- VI.**

Offer procedure:

22B. (i) The company making the buy-back offer shall disclose the maximum buy-back price, being the upper end of the price range, as approved by the Board of Directors of the company or its shareholders, as the case

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(b) The amount to be deposited in the escrow account shall be determined with reference to the maximum price as specified in the public announcement.
Explanation: The cash component of the escrow account may be maintained in terms of the Explanation to clause (c) of sub-regulation (xi) of regulation 9.

(iv) A copy of the public announcement shall be filed with the Board within two days of such announcement along with the fees as specified in **Schedule V**.

(v) The public announcement shall also contain the detailed methodology of the book-building process, the manner of acceptance, the format of acceptance to be sent by the securities holders pursuant to the public announcement and the details of bidding centres.

(vi) The book-building process shall be made through an electronically linked transparent facility.

(vii) The number of bidding centers shall not be less than thirty and there shall be at least one electronically linked computer terminal at all the bidding centers.

(viii) The offer for buy-back shall remain open to the securities holders for a period not less than fifteen days and not exceeding thirty days.

(ix) The merchant banker and the company shall determine the buy-back price based on the acceptances received.

(x) The final buy-back price, which shall be the highest price accepted shall be paid to all holders whose shares or other specified securities have been accepted for buy-back.

(xi) The provisions of sub-regulation (ii) of regulation 10 pertaining to verification of acceptances and the provisions of regulation 10 pertaining to opening of special account and payment of consideration shall be applicable mutatis mutandis."

[75] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

may be and the book value of the shares or other specified securities of the company.

(ii) The company shall publish the offer opening announcement on the date of commencement of the buy-back.

(iii) In case of frequently traded securities, the lower end of the price range shall not be less than the higher of:

a) the closing price of the securities of the company on the date of the Notice as specified in **Schedule- VI**; and

b) the volume weighted average market price of the shares or other specified securities of the company in the fifteen trading days prior to the date of the intimation of the meeting of the Board of Directors approving the buy-back.

(iv) In case of infrequently traded securities, the lower end of the price range shall not be less than the price of the securities of the company determined on the basis of the report of a registered valuer.

(v) The buy-back price shall depend upon the price discovered through the bids received from the shareholders within the price range.

[76][(vi) The effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under sub-regulation (11) of regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for calculation of the lower end of the price range under this regulation.]

Payment to holders of shares or other specified securities:

22C. (i) The payment of consideration to holders of shares or other specified

[76] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2024 w.e.f 18.05.2024.

securities shall be completed within a period of five working days from the date of closure of the buy-back offer.

Retail and Promoter participation:

22D. (i) Retail investors shall have the option to bid at the buy-back price.

***Explanation*:** For the purpose of this Chapter, 'retail investors' means securities holders who hold shares or other specified securities of the company up to two lakh rupees in value calculated on the basis of the closing price as on the identified date as specified in **Schedule- VI**.

(ii) Promoters along with their associates shall not be permitted to participate in buy-back through book building.

Methodology of acceptance of bids:

22E. (i) The buy-back offer shall be kept open for a minimum of two trading days.

(ii) Securities holders can submit bids for any number of shares or other specified securities of the company, not exceeding the total number of securities in the relevant category, at a price within the price range.

(iii) In the event that, the bids are more than the buy-back size:

a) The price at which hundred per cent of the buy-back size is reached shall be the buy-back price; and
b) shares or other specified securities tendered at or below the buy-back price shall be accepted at the buy-back price and in proportion to the size of the bids received.

(iv) In the event that the bids are less than the buy-back size; all the shares or other specified securities tendered shall be accepted at the highest bid price.

(v) Once the public announcement is made, the buy-back shall not be withdrawn or terminated and bids once placed shall not be withdrawn.]

Extinguishment of certificates

23. The provisions pertaining to extinguishment of certificates for tender offer shall be applicable mutatis mutandis to the buy-back through book building.

CHAPTER V
GENERAL OBLIGATIONS

Obligations of the company for all buy-back procedure:

24. (i) The company shall ensure that,—

a) the letter of offer, the public announcement of the offer or any other advertisement, circular, brochure, publicity material shall contain true, factual and material information and shall not contain any misleading information and must state that the directors of the company accept the responsibility for the information contained in such documents;

b) the company shall not issue any shares or other specified securities including by way of bonus till the date of expiry of buyback period for the offer made under these regulations [77][, except in discharge of subsisting obligations through conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares] [78][:]

[79][Provided that the relevant details and the potential impact of such subsisting obligations, if any, shall be disclosed in the public announcement.]

c) the company shall pay the consideration only by way of cash;

d) the company 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;

77 Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024.
78 Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the symbol ";".
79 Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024.

e) the promoter(s) or his/their associates shall not deal in the shares or other specified securities of the company in the stock exchange or off-market, including inter- se transfer of shares among the promoters during the period from the date of passing the resolution of the board of directors or the special resolution, as the case may be, till the closing of the offer.

f) the company shall not raise further capital for a period of one year from the expiry of buyback period, except in discharge of its subsisting obligations.

(ii) No public announcement of buy-back shall be made during the pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Companies Act.

(iii) The company shall nominate a compliance officer and investors service centre for compliance with the buy-back regulations and to redress the grievances of the investors.

(iv) The particulars of the security certificates extinguished and destroyed shall be furnished by the company to the stock exchanges where the shares or other specified securities of the company are listed within [80][seven working days] of extinguishment and destruction of the certificates.

(v) The company shall not buy-back the locked-in shares or other specified securities and non-transferable shares or other specified securities till the pendency of the lock-in or till the shares or other specified securities become transferable.

(vi) The company shall within [81][two working days] of expiry of buy-back

[80] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "seven days".

[81] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023 for the words "two days".

period issue a public advertisement in a national daily, inter alia, disclosing:

a) number of shares or other specified securities bought;

b) price at which the shares or other specified securities bought;

c) total amount invested in the buy-back;

d) details of the securities holders from whom shares or other specified securities exceeding one per cent of total shares or other specified securities were bought back; and

e) the consequent changes in the capital structure and the shareholding pattern after and before the buy-back.

(vii) The company in addition to these regulations shall comply with the provisions of buy-back as contained in the Companies Act and other applicable laws.

Obligations of the merchant banker:

25. The merchant banker shall ensure that—

(i) the company is able to implement the offer;

(ii) the provision relating to escrow account has been complied with;

(iii) firm arrangements for monies for payment to fulfill the obligations under the offer are in place;

(iv) the public announcement of buy-back is made in terms of the regulations;

(v) the letter of offer has been filed in terms of the regulations;

(vi) a due diligence certificate along with the draft letter of offer has been furnished to the Board;

(vii) the contents of the public announcement of offer as well as the letter of offer are true, fair and adequate and quoting the source wherever necessary;

(viii) due compliance of sections 68, 69 and 70 of the Companies Act and any other laws or rules as may be applicable in this regard has been made;

(ix) the bank with whom the escrow or special amount has been deposited releases the balance amount to the company only upon fulfillment of all obligations by the company under the regulations;

(x) [82][a final report in the electronic mode shall be submitted to the Board within fifteen working days from the date of expiry of the buy-back period.]

[83][CHAPTER V-A
POWER TO RELAX STRICT ENFORCEMENT OF THE REGULATIONS

Exemption from enforcement of the regulations in special cases.

25A. (1) The Board may, exempt any person or class of persons from the operation of all or any of the provisions of these regulations for a period as may be specified but not exceeding twelve months, for furthering innovation [84][***] relating to testing new products, processes, services, business models, etc. in live environment of regulatory sandbox in the securities markets.

(2) Any exemption granted by the Board under sub-regulation (1) shall be subject to the applicant satisfying such conditions as may be specified by the Board including conditions to be complied with on a continuous basis.

Explanation. — For the purposes of these regulations, "regulatory sandbox" means a live testing environment where new products, processes, services, business models, etc. may be deployed on a limited set of eligible customers for a specified period of time, for furthering innovation in the securities market, subject to such conditions as may be specified by the Board.]

CHAPTER VI
MISCELLANEOUS

Powers of the Board to issue directions

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[82] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023. Prior to its substitution, the clause read as under-
"(x) a final report is submitted to the Board in the form specified within fifteen days from the date of expiry of buyback period.".

[83] Inserted by the SEBI (Regulatory Sandbox) (Amendment) Regulation, w.e.f. 17-04-2020.

[84] The words "in technological aspects" omitted by the Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2021, w.e.f. 03-08-2021.

26. (i) The Board may, without prejudice to its right to initiate any other enforcement action, including prosecution under section 24 of the Act, give such directions in the interest of investors in securities and the securities market, as it deems fit, including:

(a) prohibiting the person concerned from cancelling any of the securities bought back in violation of the provisions of these regulations or the Companies Act;

(b) directing the person concerned to sell or divest the shares or other specified securities acquired in violation of the provisions of these regulations or any other law or regulations;

(c) restraining the company from making a further offer for buy-back;

(ii) A copy of such direction issued by the Board shall also be forwarded to Registrar of Companies.

Power of the Board to remove difficulties

27. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board may issue clarifications or guidelines from time to time.

Power to relax strict enforcement of the regulations.

28. (i) The Board may, in the interest of investors and the securities market, relax the strict enforcement of any requirement of these regulations except the provisions incorporated from the Companies Act, if the Board is satisfied that:

(a) the requirement is procedural in nature; or

(b) the requirement may cause undue hardship to investors;

(ii) For seeking relaxation under sub-regulation (i), the company shall file [85][a] [86][self-attested] application with the Board, [87][***] giving

[85] Substituted for the word "an" by the Securities and Exchange Board of India (Attestation of Documents) (Amendment) Regulations, 2024 w.e.f. 28-11-2024.

[86] Inserted by the Securities and Exchange Board of India (Attestation of Documents) (Amendment) Regulations, 2024 w.e.f. 28-11-2024.

[87] The words "supported by a duly sworn affidavit," deleted by the Securities and Exchange Board of India

details and the grounds on which such relaxation has been sought.

[(iii) [88]The company shall along with the application referred to under sub-regulation (ii) pay a non-refundable fee of rupees fifty thousand, by way of direct credit into the bank account through NEFT/RTGS/IMPS or online payment using the SEBI Payment Gateway or any other mode as may be specified by the Board from time to time.]

(iv) The Board may after affording reasonable opportunity of being heard to the applicant and after considering all the relevant facts and circumstances, pass a reasoned order either granting or rejecting the relaxation sought as expeditiously as possible.

Repeal and savings

29. (i) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, shall stand repealed from the date on which these regulations come into force.

(ii) Notwithstanding such repeal,—

(a) anything done or any action taken or purported to have been done or taken including comments on any letter of offer, exemption granted by the Board, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or

(Attestation of Documents) (Amendment) Regulations, 2024 w.e.f. 28-11-2024.

[88]Substituted by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2023 w.e.f 01.04.2023. Prior to its substitution, clause (iii) read as under-

"(iii)The company shall along with the application referred to under sub-regulation (ii), pay a non-refundable fee of rupees fifty thousand, by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or by way of a banker's cheque or demand draft payable in Mumbai in favour of the Board."

liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any violation committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed;

(c) any buy-back offer for which a public announcement has been made under the repealed regulations shall be required to be continued and completed under the repealed regulations.

(v) After the repeal of Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference made to the corresponding provisions of these regulations.

SCHEDULE - I

[Regulation 5(iv)(b)]

Contents of the Explanatory Statement

i) Date of the Board meeting at which the proposal for buy-back was approved by the Board of Directors of the company;

ii) Necessity for the buy-back;

iii) Maximum amount required under the buy-back and its percentage of the total paid up capital and free reserves;

iv) Maximum price at which the shares or other specified securities are proposed be bought back and the basis of arriving at the buy-back price;

v) Maximum number of securities that the company proposes to buy- back;

vi) Method to be adopted for buy-back as referred to in sub-regulation (iv) of regulation 4,

vii) (a) the aggregate shareholding of the promoter and of the directors of the promoters, where the promoter is a company and of persons who are in control of the company as on the date of the notice convening the General Meeting or the Meeting of the Board of Directors;

(b) aggregate number of shares or other specified securities purchased or sold by persons including persons mentioned in (a) above from a period of six months preceding the date of the Board Meeting at which the buy-back was approved till the date of notice convening the general meeting;

(c) the maximum and minimum price at which purchases and sales referred to in (b) above were made along with the relevant dates;

viii) Intention of the promoters and persons in control of the company to tender shares or other specified securities for buy-back indicating the number of shares or other specified securities, details of acquisition with dates and price;

ix) A confirmation that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks;

x) A confirmation that the Board of Directors has made a full enquiry into the affairs and prospects of the company and that they have formed the opinion-

a) that immediately following the date on which the General Meeting or the meeting of the Board of Directors is convened there will be no grounds on which the company could be found unable to pay its debts;

b) as regards its prospects for the year immediately following that date that, having regard to their intentions with respect to the management of the company's business during that year and to the amount and character of the financial resources which will in their view be available to the company during that year, the company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

c) in forming their opinion for the above purposes, the directors shall take into account the liabilities as if the company were being wound up under the provisions of the Companies Act, 1956 or Companies Act or the Insolvency and Bankruptcy Code 2016 (including prospective and contingent liabilities);

xi) A report addressed to the Board of Directors by the company's auditors stating that-

a) they have inquired into the company's state of affairs;

b) the amount of the permissible capital payment for the securities in question is in their view properly determined; and

c) the Board of Directors have formed the opinion as specified in clause (x) on reasonable grounds and that the company will not, having regard to its state of affairs, will not be rendered insolvent within a period of one year from that date.

xii) [89][Prior approval obtained from the lenders of the company in case of a breach of any covenant with such lender(s).]

[89] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

SCHEDULE - II

[Regulation 7(i) and Regulation 22(ii)(b)]

Disclosures in the Public Announcement for buy-back through tender offer [90][***] and from the open market through book building process

Particulars	Content
Public Announcement	i) The Public announcement shall be dated and signed on behalf of the Board of Directors of the company by its manager or secretary, if any, and by not less than two directors of the company one of whom shall be a managing director where there is one. ii) A full and complete disclosure of all material facts including the disclosures mentioned in **Schedule I** shall be made. iii) [91][Disclosures of the relevant details and the potential impact of subsisting obligations, if any, shall be made.]

[90] The words "and from odd lot holders" omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[91] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024.

SCHEDULE - III

[Regulation 8(i)(a)]

Disclosures in the Letter of Offer for buy-back through tender offer [92][***]

Particulars	Content
Letter of Offer	The letter of offer shall be dated and signed on behalf of the Board of Directors of the company by its manager or secretary, if any, and by not less than two directors of the company one of whom shall be a managing director where there is one. The letter of offer shall, inter-alia, contain the following; i) Disclosures as mentioned in **Schedule - IV**; ii) Disclaimer Clause as may be specified by the Board; iii) Record date and ratio of buy-back as per the entitlement in each category. [93][Further, the cover page of the Letter of Offer should explicitly cover following details- i. the entitlement ratio for small and general shareholders; ii. web-link to website of the Registrar and Share Transfer Agent for shareholders to check their entitlement under the buyback.]

[92] The words "and from odd lot holders" omitted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[93] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024.

SCHEDULE - IV

[Regulation 16(iv)(b)]

Public Announcement for Open Market Buy-Back through Stock Exchange

Particulars	Content
Public Announcement	i) The Public announcement shall be dated and signed on behalf of the Board of Directors of the company by its manager or secretary, if any, and by not less than two directors of the company one of whom shall be a managing director where there is one. ii) A full and complete disclosure of all material facts including the disclosures mentioned in **Schedule I**. iii) In addition to the disclosures in Schedule A, the following disclosures shall be made: i) Date of shareholders' approval for buy-back, if applicable; ii) Minimum and maximum number of securities that the company proposes to buy-back, sources of funds from which the buy-back would be made and the cost of financing the buy-back; iii) Proposed time table from opening of offer till the extinguishment of the certificates; iv) Process and methodology to be adopted for the buy-back; v) Brief information about the company;

Particulars	Content
	vi) Audited Financial information for the last 3 years and the lead manager shall ensure that the particulars (audited statement and un-audited statement) contained therein shall not be more than more than 6 months old from the date of the public announcement together with financial ratios as may be specified by the Board; *Explanation:* Ensure that the un-audited financial results, if any disclosed, should be certified / limited review by statutory auditors. vii) Details of escrow account opened and the amount deposited therein; viii) Listing details and stock market data: a) high, low and average market prices of the securities of the company proposed to be bought back, during the preceding three years; b) monthly high and low prices for the six months preceding the date of the public announcement; c) the number of securities traded on the days when the high and low prices were recorded on the relevant stock exchanges during the period stated at (a) and (b) above; d) the stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognises the change in the capital structure.(e.g. when the securities have become ex-rights or ex-bonus) ; e) the market price immediately after the date of

Particulars	Content
	the resolution of the Board of directors approving the buy-back; and f) the volume of securities traded in each month during the six months preceding the date of the public announcement along with high, low and average prices of securities of the company, details relating to volume of business transacted should also be stated for respective periods. ix) Present capital structure (including the number of fully paid and partly paid securities) and shareholding pattern; x) The capital structure including details of outstanding convertible instruments, if any post buy-back; xi) Aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a company and of persons who are in control of the company; xii) Aggregate number of shares or other specified securities purchased or sold by persons mentioned in clause xi above during a period of twelve months preceding the date of the public announcement; the maximum and minimum price at which purchases and sales referred to above were made along with the relevant dates; xiii) Management discussion and analysis on the likely impact of buy-back on the company's earnings, public holdings, holdings of NRIs/FIIs etc., promoters holdings and any change in management structure;

Particulars	Content
	xiv) Details of statutory approvals obtained; xv) Collection and bidding centres; xvi) Name of compliance officer and details of investors service centres; xvii) Such other disclosures as may be specified by the Board from time to time [94][;] xviii) [95][The relevant details and the potential impact of subsisting obligations, if any.]

[94] Substituted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024 for the symbol “.”.

[95] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024 w.e.f. 20.11.2024.

SCHEDULE - V

FEES

[Regulation 8(i)(c), 16(iv)(c) and 22(iv)]

Every merchant banker shall while submitting the offer document or a copy of the public announcement [96][in electronic mode] to the Board, pay fees as set out below:

Offer Size	Fee (Rupees)
Less than or equal to rupees ten crore	5,00,000/-
More than rupees ten crore but less than or equal to rupees one thousand crore	0.5 per cent of the offer size
More than rupees one thousand crore	5,00,00,000/- plus 0.125 per cent of the portion of offer size in excess of rupees one thousand crore

[97][The fees shall be payable by way of direct credit into the bank account through NEFT/RTGS/IMPS or online payment using the SEBI Payment Gateway or any other mode as may be specified by the Board from time to time.]

[96]Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.

[97] Substituted by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2023 w.e.f 01.04.2023. Prior to its substitution, it read as under-
"The fees shall be payable by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or by a demand draft in favour of Securities and Exchange Board of India at Mumbai."

[98][**SCHEDULE – VI**

METHODOLOGY TO BE ADOPTED PRIOR TO THE OPENING OF AN OFFER

[Regulation 22A]

I. An intimation ("Notice") shall be sent to the stock exchanges before 5 pm on the day immediately preceding the date of the commencement of the buy-back.

II. An intimation shall be sent to the shareholders two working days preceding the date of the Notice ("identified date") through email and SMS as per the records of the depositories.]

sd/-

AJAY TYAGI
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA

[98] Inserted by the Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 w.e.f. 09.03.2023.