

# SEBI amends ICDR Regulations and Takeover Code

18 June 2020

**This update covers:**

1	Introduction	1
2	Amendments introduced	1
3	Conclusion	2

## 1 Introduction

Securities and Exchange Board of India (SEBI) has introduced certain amendments to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Code) on 16 June 2020 to enable the corporates to raise more capital and be able to do so more frequently.

SEBI has introduced certain amendments relating to qualified institutions placement and voluntary open offers to ease fundraising

## 2 Amendments introduced

SEBI has introduced the following amendments relating to (i) qualified institutions placement (QIPs) under the ICDR Regulations, and (ii) additional acquisitions and voluntary open offers under the Takeover Code:

S. No.	Particulars	Previous Requirement	Amendment Introduced
<b>ICDR Regulations</b>			
(i)	Subsequent QIPs	An entity may undertake a subsequent QIP only <u>after the expiry of 6 months from the date of the prior QIP.</u>	The time period required between subsequent QIPs has been reduced to <u>2 weeks from the date of prior QIP.</u>
<b>Takeover Code</b>			
(ii)	Substantial acquisition of shares or voting rights	Any acquirer, together with persons acting in concert who already holds 25% or more of voting rights in a target company will not acquire additional <u>5% or more of the voting</u>	A new proviso has been introduced as an exception to the Open Offer Rule and now additional acquisition <u>by a promoter beyond 5% but no more than 10% of the voting</u>

## UPDATES

S. No.	Particulars	Previous Requirement	Amendment Introduced
		<u>rights without making a public announcement of an open offer (Open Offer Rule).</u>	<u>rights in financial year 2020-2021 is permitted but only pursuant to preferential issue of equity shares of the target company.</u>
(iii)	Voluntary open offer	An acquirer would <u>not be eligible to make a voluntary open offer if the acquirer has acquired shares of the target company in the preceding 52 weeks</u> without attracting obligation to make a public announcement of an open offer.	This requirement has been <u>relaxed till 31 March 2021.</u>

### 3 Conclusion

The relaxations introduced by SEBI enhance the fundraising activities by listed entities by enabling entities who have recently undertaken a QIP prior to the novel coronavirus pandemic to consider a QIP as a source of raising capital instead of alternate routes such as debt. The relaxations to the Takeover Code will permit promoters to participate in preferential issues without having to worry about the onerous obligations of making an open offer.

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