



PR No.51/2020

Rationalization of Eligibility criteria and Disclosure requirements for Rights Issues

SEBI has decided to amend SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 to rationalise eligibility criteria and disclosure requirements for Rights Issues' with an objective to make the fund raising through this route, easier, faster and cost effective.

The key amendments include:

1. Issuer shall be eligible to make truncated disclosures in terms of Part B :
 - i. where it has been filing periodic reports/ statements/ information in compliance with Listing Regulations as applicable, for last one year instead of last three years as required earlier.
 - ii. where three years have passed after change in management pursuant to acquisition of control or Listing consequent to a scheme of arrangement.
2. All other issuers not satisfying Part B eligibility conditions shall make disclosures in terms of new set of proposed disclosures i.e. Part B-1. Part B-1 disclosures would be more detailed than Part B, but truncated compared to Part A, which is meant for IPO/FPO offer document.
3. Disclosure requirements under Part B have been rationalized to avoid duplication of information in letter of offer, especially the information which is already available in public domain and is disclosed by the companies in compliance with the disclosure requirements under SEBI Listing regulations.
4. Threshold increased from Rs. 10 crores to Rs 50 crores, for filing requirement of Rights issue draft letter of offer with the Board for its observations.
5. Mandatory 90% minimum subscription criteria for Rights Issue shall not be applicable to those issuers where object of the issue involves financing other than financing of capital expenditure for a project, provided that the promoters and

promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement.

6. Issuer shall be eligible to make Fast Track Rights Issue, in case of pending show-cause notices in respect to adjudication, prosecution proceedings and audit qualification, provided that necessary disclosures along with potential adverse impact on the issuer are made in the letter of offer.

The amendments will be effective from the date it is notified in the Gazette.

Mumbai
September 23, 2020