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Recent Amendments in LODR and ICDR Regulations



Amendments in LODR Regulations

Applicable from 17th May, 2024





Amendments relating to Verification on Market Rumour

● Timelines: Law on Verification of Market Rumour

14th June, 2023

Inserted proviso to sub-regulation (11) of regulation 30 by SEBI (LODR) (Second Amendment) Regulations, 2023 w.e.f. 15/07/2023.

15th July, 2023

- Applicability for top 100 listed Entities: October 01, 2023; and Top 250 listed Entities: April 01, 2024

30th September, 2023

Extended the effective date for top 100 listed entities to February 01, 2024 and top 250 listed entities to August 01, 2024.



● Timelines: Law on Verification of Market Rumour

28th December,
2023

SEBI issued a consultation paper seeking public comments on the two mechanisms in connection with price protection along with other consequential changes.

25th January,
2024

Extended the effective date for top 100 listed entities to June 01, 2024 and top 250 listed entities to December 01, 2024.

17th May, 2024

SEBI amended the provisions relating to market rumour

21st May, 2024

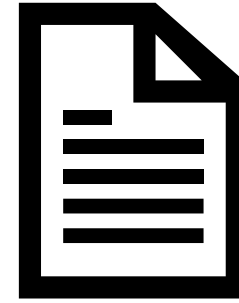
Industry Standards Note on the verification of market rumors published by Stock Exchanges



● Law relating to Verification of Market Rumour



**SEBI (LODR)
Regulations, 2015**



**Industry Standard
Note made by ISF**

● Market Rumour Verification

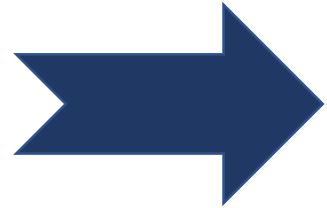
Information/ Event has
been reported in
mainstream media

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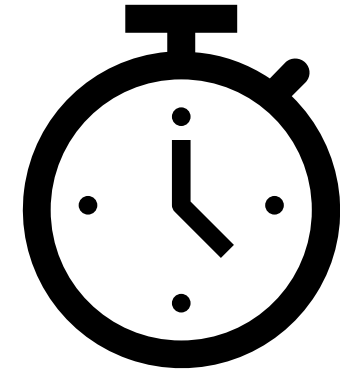
It resulted in **material
price movement** as
specified by the stock
exchanges

+

Rumour is of an
**impending specific event
or information**, which is
not general in nature is
circulating amongst the
investing public



Verification Required



Timeline for verifying market
rumour shall be **within 24 hours**
from the trigger of material price
movement instead of within 24
hours of reporting in mainstream
media.



● Key Concepts



**Material Price
Movement**



**Price Protection/
Unaffected Price**



● Material Price Movement

First scenario



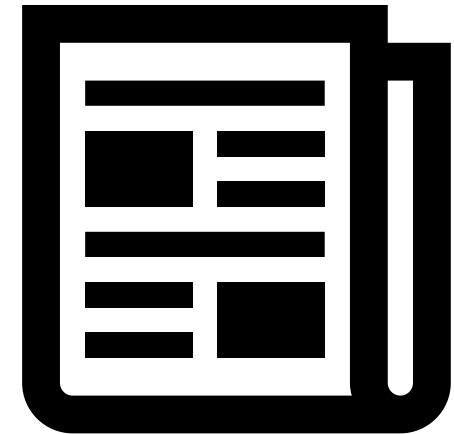
● Material Price Movement

Second scenario



● Price Protection Measures

- If a listed entity confirms a rumor due to material price movements within 24 Hours, the price used for calculations as per SEBI regulations should be the **unaffected price**, not the price influenced by the rumor.
- Chapter V or Chapter VI of **SEBI (ICDR) Regulations, 2018** or
- Regulations 8 or 9 of **SEBI (SAST) Regulations, 2011** or
- Regulations 19 or 22B of **SEBI (Buy-back of Securities) Regulations, 2018** or
- Other pricing norms as may be specified by SEBI.



● Material Price Movement: Parameters

1.1. Price range-based price variation cut off

The cut off percentage for price variation be based on the price range subject to the price band applicability.

1.2. Indexing Price variation to Nifty 50 / Sensex movement

With the aim of factoring in the market dynamics in the parameters for rumour verification, the price variation criteria be indexed to benchmark index viz., Nifty 50/ Sensex movement. Price benchmarking for NSE prices shall be NIFTY 50 Index and for BSE prices shall be Sensex Index. Price benchmarking shall be done at the start of day (i.e., at 9.30 am).



● Material Price Movement: Parameters

1.3. Price variation in the direction of the news

Rumours shall be verified only if the security has moved in the direction of the news i.e., if the security has witnessed positive movement for a positive news and vice-versa.

1.4. Intraday price movement

In case of intraday price movement (i.e. after 9:30 am), only the price range-based price variation shall be considered, irrespective of the Index movement.

1.5. Calculation of percentage variation in share price and benchmark index movement

The percentage variation in share price and the benchmark index movement shall be calculated from the closing price of the immediate preceding trading day.



● Material Price Movement

A. In case of '**Positive**' news/ rumour:

Price range of the listed equity shares	Percentage variation in share price which shall be treated as material price movement		
	Benchmark index movement is less than 1% at 9.30 am	Benchmark index movement is greater than or equal to 1% at 9.30 am	Intraday price movement (i.e. after 9.30 am)
Rs. 0 to 99.99	Greater than or equal to 5%	Greater than or equal to (5% + % change in Benchmark index at 9:30 am) or Band hit	Greater than or equal to 5%
Rs. 100 to 199.99	Greater than or equal to 4%	Greater than or equal to (4% + % change in Benchmark index at 9:30 am) or Band hit	Greater than or equal to 4%
Rs. 200 and above	Greater than or equal to 3%	Greater than or equal to (3% + % change in Benchmark index at 9:30 am) or Band hit	Greater than or equal to 3%



● Material Price Movement

Illustrations:

A. Illustrations of percentage variation in the scrip which shall be treated as material price movement in case '**Positive**' news/ rumour:

Price range of the listed equity shares	Index movement = 0.5% at 9.30 am	Index movement = 2% at 9.30 am	Index movement = -2% at 9.30 am
Rs. 0 to 99.99	Greater than or equal to 5%	Greater than or equal to 7% or price band limit	Greater than or equal to 5%
Rs. 100 to 199.99	Greater than or equal to 4%	Greater than or equal to 6% or price band limit	Greater than or equal to 4%
Rs. 200 and above	Greater than or equal to 3%	Greater than or equal to 5% or price band limit	Greater than or equal to 3%

Note: In case of intraday price movement (i.e. after 9:30 am), only the price range-based price variation in the scrip to be considered, irrespective of the Index movement.



● Material Price Movement

B. In case of '**Negative**' news/ rumour:

Price range of the listed equity shares	Percentage variation in share price which shall be treated as material price movement		
	Benchmark index movement is less than or equal to -1% at 9.30 am	Benchmark index movement is greater than -1% at 9.30 am	Intraday price movement (i.e. after 9.30 am)
Rs. 0 to 99.99	Less than or equal to (-5% - % change in Benchmark index at 9:30 am) or Band hit	Less than or equal to -5%	Less than or equal to -5%
Rs. 100 to 199.99	Less than or equal to (-4% - % change in Benchmark index at 9:30 am) or Band hit	Less than or equal to -4%	Less than or equal to -4%
Rs. 200 and above	Less than or equal to (-3% - % change in Benchmark index at 9:30 am) or Band hit	Less than or equal to -3%	Less than or equal to -3%



● Material Price Movement

B. Illustrations of percentage variation in the scrip which shall be treated as material price movement in case '**Negative**' news/ rumour:

Price range of the listed equity shares	Index movement = 0.5% at 9.30 am	Index movement = 2% at 9.30 am	Index movement = -2% at 9.30 am
Rs. 0 to 99.99	Less than or equal to -5%	Less than or equal to -5%	Less than or equal to -7% or price band limit
Rs. 100 to 199.99	Less than or equal to -4%	Less than or equal to -4%	Less than or equal to -6% or price band limit
Rs. 200 and above	Less than or equal to -3%	Less than or equal to -3%	Less than or equal to -5% or price band limit



Mechanism as provided in SEBI Circular



● Time period for Price Protection

60 days

- Situations where a binding term sheet has been signed or key material terms have been agreed upon and rumour have been specifically confirmed

180 days

Participation in a competitive bidding



Mainstream Media for Market Rumour



● Mainstream Media: Indian English National Dailies

- Top 20 English national dailies covering general news/ current affairs and business/ financial news in India, having a circulation of **1,00,000 or more copies, per publishing day.**
- A list of such newspaper is provided as part of the ISF standards.



● Mainstream Media: Indian Business /Financial New Dailies

- Economic Times;
- Business Standard;
- Livemint;
- Financial Express; and
- Hindu Business Line



● Mainstream Media: Indian Regional dailies

- Top 2 (two) regional dailies having the **highest circulation for each of the 22 (twenty-two) official languages of India**. In respect of the regional languages, there are 11 regional languages that have newspaper publications that exceed the RNI Circulation Threshold.
- A list of such newspaper is provided as part of the ISF standards.



● Mainstream Media: Digital/ Online News Sources

- Bloomberg;
- BQ Prime;
- Money Control;
- Business Today;
- Business World;
- Reuters;
- Reuters India; and
- Press Trust of India.

Bloomberg

BW BUSINESSWORLD



● Mainstream Media: International Media

For the top 100 listed companies by market capitalisation, based on foreign portfolio investments from the USA, Singapore, Mauritius, Luxembourg, and the UK, the top English business/financial news dailies by circulation are:

- **USA:** Wall Street Journal, Financial Times.
- **Singapore:** Business Times, Financial Times.
- **UK:** Financial Times.



● Mainstream Media: Indian News Channels

- CNBC TV-18;
- ET Now;
- NDTV Profit;
- CNBC Awaaz;
- ET Swadesh;
- Zee Business; and
- CNBC Bazaar



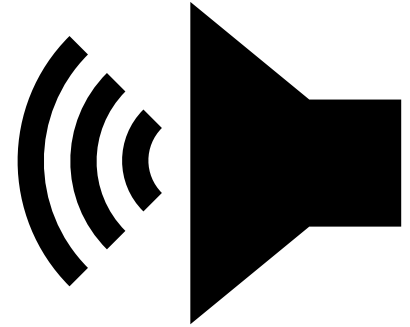
● Mainstream Media: Social Media Platforms

Social media platforms (including but not limited to Whatsapp, X (Twitter), Instagram, Facebook, Telegram etc.) will be excluded from the ambit of mainstream media.



● Rumour 'Not to be general in Nature'

- The ISF Standards state that companies must confirm or deny market rumours that provide specific details or are attributed to **knowledgeable sources**.
- If a specific rumour is false, **a denial statement** is required.
- No clarification is needed for **vague rumours** lacking details, such as general plans to divest business or raise funds.



● Examples of ‘Not be general in Nature’

S. No.	Nature of Event involving the Listed Entity	Example of Market Rumour that provides ‘ <i>specifically identifiable details</i> ’	Example of Market Rumour that does not provide ‘ <i>specifically identifiable details</i> ’
1	Divestment of an undertaking	Company X is proposing to sell its fertiliser business.	Company X is proposing to divest one of its business divisions.
2	Acquisition of an asset	Company X is evaluating a potential acquisition of ABC manufacturing facility.	Company X is proposing to acquire an asset (<i>without identifying the relevant asset</i>).
3	Merger	Company X is in talks for a potential merger with another FMCG company.	Company X is in talks for a potential restructuring.
4	Demerger	Company X is proposing to demerge its consumer healthcare business.	Company X is proposing to demerge one of its businesses.



● Rumour verification during various stages of M&A

During the preparatory stage

- Signing of an NDA/ Term-sheet/ letter of intent;
- Commencement of a due diligence process;
- Registered valuer for valuation exercise, as may be required

Illustrative language for disclosure

“The company evaluates various strategic opportunities in the ordinary course, for growth and expansion of its business. At this stage, there is no material event/ information that requires disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company will make appropriate disclosures in compliance with applicable laws, as and when required”.



● Rumour verification during various stages of M&A

Advanced stage

- In a multi-party bid process involving a listed company, if market rumours arise about the potential M&A deal or the bidder's name
- Binding term-sheet is signed in respect of an M&A transaction with a listed company

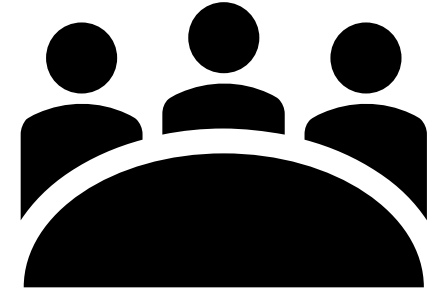
Illustrative language for disclosure

“This is to confirm that the company is part of a bid process for a potential deal with [●] [insert name of the counter-party]. Please note that the bid process is still ongoing and no binding agreement has been entered into. The execution and ultimate consummation of the deal is subject to various factors including selection of the final bidder, receipt of approval by the Board of Directors of the company and execution of binding agreements between the parties, and there can be no guarantee or assurance of the execution/ consummation of any such potential deal”.



● Rumour related to potential change in KMP

As per the ISF Standards, a market rumour regarding a potential change in KMP (including their removal or resignation) **shall require a specific confirmation/denial/clarification** only after there is an acceptance by the company of the change or if the process (whether formally or otherwise) for finding the candidate/finding the replacement, has been initiated.



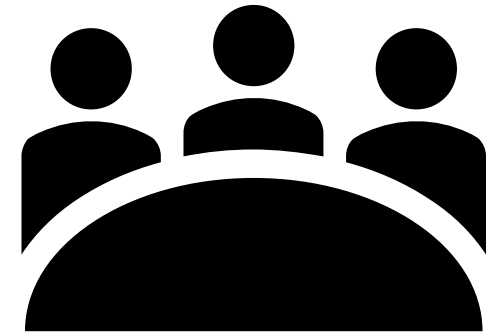
● Rumour regarding health of the MD/CEO

According to ISF Standards, a disclosure about the MD/CEO's health **is required only if the MD/CEO receives medical advice** indicating they will be unavailable for over 45 days within a 90-day period due to ill health. If no such advice is received, the company must deny the market rumour.



● Obligations on Key Senior Personnel's

An obligation on promoters, directors, Key Managerial Personnel (KMP), and senior management to provide accurate and timely information in response to queries related to market rumors by the listed entity, has been inserted.

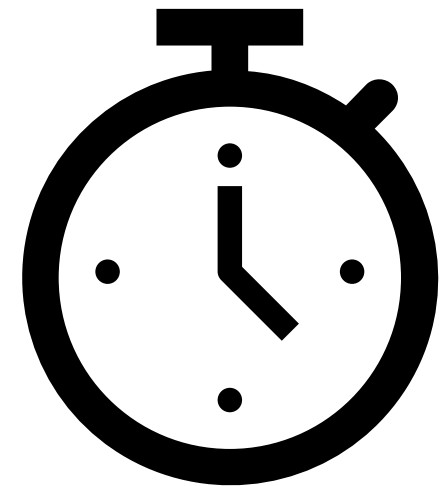


Amendments relating to Prior Intimation of Board Meeting



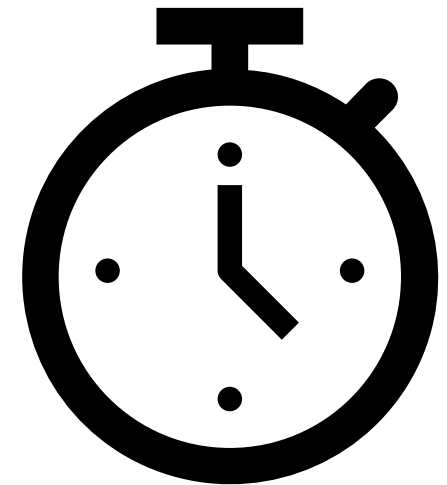
● Amendments relating to Prior Intimation of Board Meeting

- Harmonized the prior intimation timeline to **2 working days** for all types of events specified in regulation 29.
- Exclusion of prior intimation for determining the issue price in **qualified institutions placement (QIP)**.



● Amendments relating to Prior Intimation of Board Meeting

- Clarification that prior intimation is only required for **fund-raising proposals** involving the issuance of securities. The following fund-raising proposals regulated by RBI have been excluded:
 - security receipts;
 - securitized debt instruments or
 - money market instruments.



Other Amendments



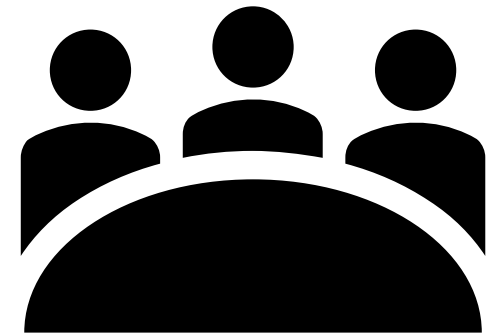
● Filling of Vacancies of KMP

The time limit for filling up key managerial personnel vacancies involving regulatory or government approvals has been extended from **3 to 6 months**.



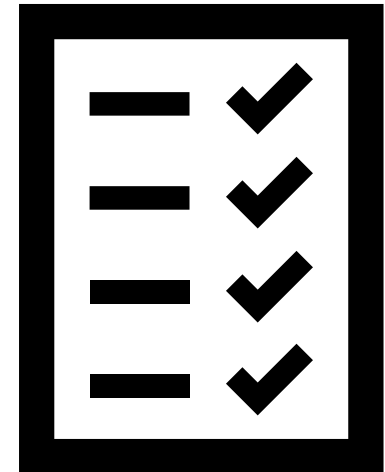
Gap between Meetings of the Risk Management Committee

The maximum gap between Risk Management Committee meetings has been extended from **180 days** to **210 days**.



Extension of Compliance Deadline for High Value Debt Listed

The timeline for High Value Debt Listed Entities to comply with SEBI's listing norms (Regulations 16 to 27 of SEBI (LODR) Regulations, 2015) has been extended till **March 31, 2025**. Previously it was **March 31, 2024**.





Amendments in LODR Regulations

Applicable from 31st December, 2024



Amendments relating to Market Capitalization

1 June 2024



Amendments relating to Market Capitalization



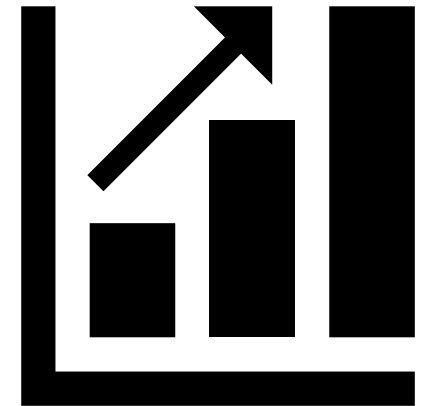
MARKET CAPITALIZATION BASED COMPLIANCES

Sl. No.	Regulation	Requirement	Applicability by market capitalization
1.	Reg. 17(1)(a)	At least one Independent woman director in the Board of Directors	Top 1000
2.	Reg. 17(1)(c)	Not less than six directors in the Board of Directors	Top 2000
3.	Reg. 17(2A)	Quorum for board meeting – 1/3 rd of its total strength or 3 directors, whichever is higher	Top 2000
4.	Reg. 21(5)	Risk Management Committee	Top 1000
5.	Reg. 25(10)	Directors and Officers insurance for all the independent directors	Top 1000
6.	Proviso to Reg. 30(11)	Rumour verification	Top 250
7.	Reg. 34(2)(f) *	Business Responsibility and Sustainability Report	Top 1000
8.	Reg. 43A	Dividend Distribution Policy	Top 1000
9.	Reg. 44(5)	AGM within 5 months from date of closing of financial year	Top 100
10.	Reg. 44(6)	One-way live webcast of proceedings of AGM	Top 100



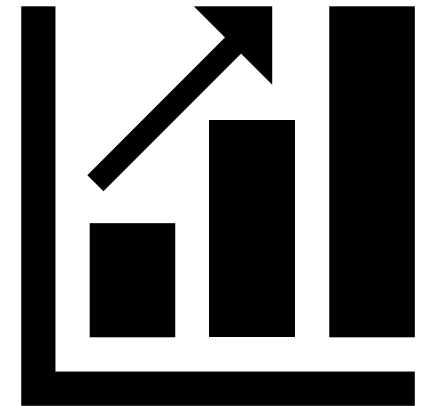
● Amendments relating to Market Capitalization

- Introduced average market capitalization calculation using data from **July 1 to December 31**.
- Implementation of a **three-month grace period** or the beginning of the immediate next financial year before regulations become applicable.



● Amendments relating to Market Capitalization

- **Highest ranking across** stock exchanges considered for entities listed on multiple exchanges.
- ***Inclusion of a sunset clause:*** If market capitalization remains below the threshold for **three consecutive years**, compliance with certain provisions may not be mandatory.



Recommendations in the Consultation Paper

Illustration

Determination of ranking	Company X			Company Y		
	Rank	Applicability* (Yes / No)	For Financial Year	Rank	Applicability* (Yes / No)	For Financial Year
31/12/2023	995	Yes	2024-25	990	Yes	2024-25
31/12/2024	1020	Yes	2025-26	1002	Yes	2025-26
31/12/2025	1100	Yes	2026-27	1050	Yes	2026-27
31/12/2026	1150	No	2027-28	999	Yes	2027-28
31/12/2027	1090	No	2028-29	1040	Yes	2028-29
31/12/2028	980	Yes	2029-30	1100	Yes	2029-30
31/12/2029	960	Yes	2030-31	1060	No	2030-31

** Applicability is from 1st April (i.e., beginning of the next financial year) and cessation is on 31st March (i.e., close of the financial year) assuming that the companies follow April – March financial year.*



Amendments in ICDR Regulations

1 June 2024



Amendments in ICDR Regulations



MINIMUM PROMOTERS' CONTRIBUTION

Previous Provision:

Require promoters to contribute 20% of post-offer paid-up equity share capital.

Amendment:

Equity shares from the conversion of convertible securities held for **at least one year prior to the filing of the DRHP** should be eligible for minimum promoters' contribution.



Amendments in ICDR Regulations



NON-INDIVIDUAL SHAREHOLDERS

Previous Provision:

Allow specific categories of QIB shareholders to contribute equity shares to meet the shortfall in minimum promoters' contribution.

Amendment:

Any non-individual shareholder holding 5% or more of the post-offer equity share capital is now permitted to **contribute towards the shortfall** without being identified as a promoter.



Amendments in ICDR Regulations



THRESHOLDS FOR CHANGES IN ISSUE SIZE

Previous Provision:

Previous provisions set limits for changes in the estimated issue size for a fresh issue or offer for sale that trigger the re-filing of draft offer documents.

Amendment:

The term “**estimated issue size**” has been clarified and considering changes in the offer for sale size based on either the estimated issue size or the number of shares, but not both.



Amendments in ICDR Regulations



THRESHOLDS FOR CHANGES IN ISSUE SIZE

Amendment:

It clarified that the measurement of the estimated size of the issue, providing **flexibility in determining offer for sale size**, and not considering changes in offer size beyond 50%.



Amendments in ICDR Regulations



FLEXIBILITY IN EXTENDING BID/OFFER CLOSING DATE

Previous Provision:

It was allowed a minimum 3 days extension of the bidding period in case of force majeure events.

Amendment:

Reduced the **minimum extension period to 1 working day** in such circumstances.





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