



CIRCULAR

SEBI/HO/CFD/DIL2/CIR/P/2020/78

May 06, 2020

To

All Registered Merchant Bankers

All Recognized Stock Exchanges

All Registered Registrars to an Issue

All Self Certified Syndicate Banks

All listed entities

All entities who propose to list specified securities

Dear Sir/Madam,

Sub: Relaxations relating to procedural matters – Issues and Listing

1. In view of the impact of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, based on representations, SEBI has decided to grant the following one time relaxations from strict enforcement of certain regulations of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereafter "*ICDR Regulations*") , pertaining to Rights Issue opening upto July 31, 2020:

- (i) Service of the abridged letter of offer, application form and other issue material to shareholders may be undertaken by electronic transmission as already provided under Regulation 77(2) of the ICDR Regulation. Failure to adhere to modes of dispatch through registered post or speed post or courier services due to prevailing Covid-19 related conditions will not be treated as non-compliance during the said period.

However, the issuers shall publish the letter of offer, abridged letter of offer and application forms on the websites of the company, registrar, stock exchanges and the lead manager(s) to the rights issue. Further, the issuer company along with lead manager(s) shall undertake all

adequate steps to reach out its shareholders through other means such as ordinary post or SMS or audio-visual advertisement on television or digital advertisement, etc.

- (ii) The issue related advertisement as mandated by Regulation 84(1), shall contain additional details as regards the manner in which the shareholders who have not been served notice electronically may apply. The issuer may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required in Regulation 84. The advertisement should also be made available on the website of the Issuer, Registrar, Lead Managers, and Stock Exchanges. The Issuer shall make use of advertisements in television channels, radio, internet etc. to disseminate information relating to the application process. Such advertisements can be in the form of crawlers/ tickers as well.
- (iii) In terms of SEBI circular dated January 22, 2020, SEBI introduced dematerialized rights entitlements (REs). Further, physical shareholders are required to provide their demat account details to Issuer/ Registrar to the Issue for credit of REs. In view of COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, in case the physical shareholders who have not been able to open a demat account or are unable to communicate their demat details, in terms of clause 1.3.4 of SEBI circular dated January 22, 2020, to the issuer/ registrar for credit of REs within specified time, such physical shareholders may be allowed to submit their application subject to following conditions:
 - (a) Issuer along with lead manager(s) and other recognized intermediary shall institute a mechanism to allow physical shareholders to apply in the rights issue. Issuer along with lead manager(s) shall ensure to take adequate steps to communicate such a mechanism to physical shareholders before the opening of the issue.
 - (b) Such shareholder shall not be eligible to renounce their rights entitlements.

- (c) Such physical shareholders shall receive shares, in respect of their application, only in demat mode. The lead managers may also be guided by Para 10 of the Form A Schedule V of the ICDR Regulations.
- (iv) In terms of Regulation 76 of the ICDR Regulations, an application for a rights issue shall be made only through ASBA facility. In view of the difficulties faced due to COVID-19 pandemic and the lockdown measures, and in order to ensure that all eligible shareholders are able to apply to rights issue during such times, the issuer shall along with lead manager(s) to the issue, the registrar, and other recognized intermediaries [as deemed fit by issuer and lead manager(s)] institute an optional mechanism (non- cash mode only) to accept the applications of the shareholders subject to ensuring that no third party payments shall be allowed in respect of any application.
- (v) In respect of mechanisms at point (iii) and (iv) above, the issuer along with Lead Manager(s) shall ensure the following:
- (a) The mechanism(s) shall only be an additional option and not a replacement of the existing process. As far as possible, attempts will be made to adhere to the existing prescribed framework.
 - (b) The mechanism(s) shall be transparent, robust and have adequate checks and balances. It should aim at facilitating subscription in an efficient manner without imposing any additional costs on investors. The issuer along with lead manager(s), and registrar shall satisfy themselves about the transparency, fairness and integrity of such mechanism.
 - (c) An FAQ, online dedicated investor helpdesk, and helpline shall be created by the issuer company along with lead manager(s) to guide investors in gaining familiarity with the application process and resolve difficulties faced by investors on priority basis.
 - (d) The issuer along with lead manager(s), registrar, and other recognized intermediaries (as incorporated in the mechanism) shall be responsible for all investor complaints.

2. In respect of all offer documents filed until July 31, 2020, it has been decided to grant the following relaxations:
 - (i) Authentication/ certification/ Undertaking(s) in respect of offer documents, may be done using digital signature certifications.
 - (ii) The issuer along with lead manager(s) shall provide procedure for inspection of material documents electronically.
3. This circular shall come into force with immediate effect.
4. This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992.
5. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework/Circulars".

Yours faithfully,

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