

SEBI BOARD AMENDS DE-LISTING NORMS FOR HASSLE-FREE M&AS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

Market regulator Securities and Exchange Board of India (Sebi), in its action-packed board meeting held today, took some crucial decisions related to the ownership rules of mutual funds, delisting norms and others.

The Sebi board has approved proposal to amend de-listing framework after open offer.

The revised framework aims to make M&A transactions for listed companies a more rational and convenient exercise, balancing the interest of all investors in the process.

Until now, if an open offer is triggered, compliance with takeover regulations could take the incoming acquirer's holding to above 75% or perhaps even 90%, however, the acquirer would be forced to first bring his stake down to 75% as the regulator would not let the acquirer even to attempt at delisting unless the holding is first brought down to 75%.

Under the new framework, if the acquirer is desirous of delisting the target company, the acquirer must propose a higher price for delisting with suitable premium over open offer price.

And also if a company does not get delisted pursuant to the open offer under this framework, and the acquirer crosses 75% due to the open offer, a period of 12 months from the date of completion of the open offer will be provided to the acquirer to make further attempts to delist the company under the delisting regulations using the reverse book building mechanism.

"If delisting during this extended 12-month period is not successful, the acquirer then must comply with the minimum public shareholding norm within a period of 12 months from the end of such period," Sebi said.

The market regulator has also decided to relax eligibility requirements related to superior voting rights shares.

Further, in its board meeting, the market regulator has also approved Investors Charter for securities market.

In a major move, the board has also approved the framework for the gold exchange and creation of the social stock exchange.

Sebi Chairman Ajay Tyagi said that he can't specify a timeline for social stock exchange, will coordinate with government to take it ahead.

Tyagi further said the regulator will look into if there is any violation of regulations in Zee-Sony merger case.

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