

Financial Services & Capital markets

Significant Amendments Applicable For Nov 2020 Exams

SEBI (BUY BACK OF SECURITIES) REGULATIONS, 2018

Reference	Old Regulation	New Regulation
Para 3	-	Explanation: For the purposes of these regulations, the term “shares” shall include equity shares having superior voting rights
Para 4 (i)	The maximum limit of any buy-back shall be twenty-five per cent or less of the aggregate of paid-up capital and free reserves of the company	The maximum limit of any buy-back shall be twenty-five per cent or less of the aggregate of paid-up capital and free reserves of the company [,based on both standalone and consolidated financial statements of the company
Para 4 (ii)	<p>The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back shall not be more than twice the paid-up capital and free reserves.</p> <p>Provided that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail</p>	<p>The ratio of the aggregate of secured and unsecured debts owed by the company to the paid-up capital and free reserves after buy-back shall,-</p> <p>(i) be less than or equal to 2:1, based on both standalone and consolidated financial statements of the company:</p> <p>Provided that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail; or</p> <p>(ii) be less than or equal to 2:1, based on both standalone and consolidated financial statements of the company, after excluding financial statements of all subsidiaries that are non-banking financial companies and housing finance companies regulated by Reserve Bank of India or National Housing Bank, as the case may be:</p> <p>Provided that buy-back of securities shall be permitted only if all such excluded subsidiaries have their ratio of aggregate of secured and unsecured debts to the paid-up capital and free reserves of not more than 6:1 on standalone basis.]</p>

Chapter V-A Power to Relax Strict Enforcement of the Regulations has been included in the amended SEBI (Buy Back of Securities) Regulations, 2018.

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CHAPTER V-A

POWER TO RELAX STRICT ENFORCEMENT OF THE REGULATIONS

Exemption from enforcement of the regulations in special cases.

25A. (1) The Board may, exempt any person or class of persons from the operation of all or any of the provisions of these regulations for a period as may be specified but not exceeding twelve months, for furthering innovation in technological aspects relating to testing new products, processes, services, business models, etc. in live environment of regulatory sandbox in the securities markets.

(2) Any exemption granted by the Board under sub-regulation (1) shall be subject to the applicant satisfying such conditions as may be specified by the Board including conditions to be complied with on a continuous basis.

Explanation. — For the purposes of these regulations, "regulatory sandbox" means a live testing environment where new products, processes, services, business models etc. may be deployed on a limited set of eligible customers for a specified period of time, for furthering innovation in the securities market, subject to such conditions as may be specified by the Board.]