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SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, 26th August, 2009**

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND
DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

No. LAD-NRO/GN/2009-10/15/174471. In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations, namely:-

**CHAPTER I
PRELIMINARY**

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (2) They shall come into force on the date of their publication in the Official Gazette.

Definitions.

2. (1) In these regulations, unless the context otherwise requires:
 - (a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
 - (b) “advertisement” includes notices, brochures, pamphlets, show cards, catalogues, hoardings, placards, posters, insertions in newspaper, cover pages of offer documents, pictures and films in any print media or electronic media, radio, television programme;
 - (c) “anchor investor” means a qualified institutional buyer ¹[who makes] an application for a value of ten crore rupees or more in a public issue made through the book building process in accordance with these regulations;
 - (d) “Application Supported by Blocked Amount (ASBA)” means an application for subscribing to a public issue or rights issue, along with an authorisation to Self Certified Syndicate Bank to block the application money in a bank account;
 - (e) “Board” means the Securities and Exchange Board of India established under section 3 of the Act;
 - (f) “book building” means a process undertaken to elicit demand and to assess the price for determination of the quantum or value of specified securities or Indian Depository Receipts, as the case may be, in accordance with these regulations;
 - (g) “book runner” means a merchant banker appointed by the issuer to undertake the book building process;

¹ Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

- (h) “composite issue” means an issue of specified securities by a listed issuer on public-cum-rights basis, wherein the allotment in both public issue and rights issue is proposed to be made simultaneously;
- (i) “control” shall have the same meaning as assigned to it under clause (c) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997;
- (j) “convertible debt instrument” means an instrument which creates or acknowledges indebtedness and is convertible into equity shares of the issuer at a later date at or without the option of the holder of the instrument, whether constituting a charge on the assets of the issuer or not;
- (k) ²[“convertible security” means a security which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of the security and includes convertible debt instrument and convertible preference shares;]
- (l) “designated stock exchange” means a recognised stock exchange in which securities of an issuer are listed or proposed to be listed and which is chosen by the issuer as a designated stock exchange for the purpose of a particular issue of specified securities under these regulations:
 Provided that where one or more of such stock exchanges have nationwide trading terminals, the issuer shall choose one of them as the designated stock exchange:
 Provided further that subject to the provisions of this clause, the issuer may choose a different recognised stock exchange as a designated stock exchange for any subsequent issue of specified securities under these regulations;
- (m) ³[(m) “employee” means a permanent and full-time employee, working in India or abroad, of the issuer or of the holding company or subsidiary company or of that material associate(s) of the issuer whose financial statements are consolidated with the issuer’s financial statements as per Accounting Standard 21, or a director of the issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of that person or of the spouse);]
- (n) “further public offer” means an offer of specified securities by a listed issuer to the public for subscription and includes an offer for sale of specified securities to the public by any existing holders of such securities in a listed issuer;
- (o) “green shoe option” means an option of allotting equity shares in excess of the equity shares offered in the public issue as a post-listing price stabilizing mechanism;
- (p) “initial public offer” means an offer of specified securities by an unlisted issuer to the public for subscription and includes an offer for sale of specified securities to the public by any existing holders of such securities in an unlisted issuer;
- (q) “issue size” includes offer through offer document and promoters’ contribution;
- (r) “issuer” means any person making an offer of specified securities;

² Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009. Prior to its substitution, clause (k) read as under :
 ‘(k) “convertible security” means a security which is convertible into or exchangeable with equity shares of the issuer at a later date with or without the option of the holder of the security and includes convertible debt instrument;’

³ Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to its substitution, clause (m) read as under:
 “(m) “employee” means a permanent and full-time employee of the issuer, working in India or abroad or a director of the issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse);”

- (s) “key management personnel” means the officers vested with executive powers and the officers at the level immediately below the board of directors of the issuer and includes any other person whom the issuer may declare as a key management personnel;
- (t) “listed issuer” means an issuer whose equity shares are listed in a recognised stock exchange;
- (u) “net offer to public” means an offer of specified securities to the public but does not include reservations;
- (v) “net worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account;
- (w) “non institutional investor” means an investor other than a retail individual investor and qualified institutional buyer;
- (x) “offer document” means a red herring prospectus, prospectus or shelf prospectus and information memorandum in terms of section 60A of the Companies Act, 1956 in case of a public issue and letter of offer in case of a rights issue;
- (y) “offer through offer document” means net offer to public and reservations;
- (z) “preferential issue” means an issue of specified securities by a listed issuer to any select person or group of persons on a private placement basis and does not include an offer of specified securities made through a public issue, rights issue, bonus issue, employee stock option scheme, employee stock purchase scheme or qualified institutions placement or an issue of sweat equity shares or depository receipts issued in a country outside India or foreign securities;
- (za) “promoter” includes:
 - (i) the person or persons who are in control of the issuer;
 - (ii) the person or persons who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public;
 - (iii) the person or persons named in the offer document as promoters:
 Provided that a director or officer of the issuer or a person, if acting as such merely in his professional capacity, shall not be deemed as a promoter:
 Provided further that a financial institution, scheduled bank, foreign institutional investor and mutual fund shall not be deemed to be a promoter merely by virtue of the fact that ten per cent. or more of the equity share capital of the issuer is held by such person;
 Provided further that such financial institution, scheduled bank and foreign institutional investor shall be treated as promoter for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;
- (zb) “promoter group” includes:
 - (i) the promoter;
 - (ii) an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and
 - (iii) in case promoter is a body corporate:
 - (A) a subsidiary or holding company of such body corporate;
 - (B) any body corporate in which the promoter holds ten per cent. or more of the equity share capital or which holds ten per cent. or more of the equity share capital of the promoter;
 - (C) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent. or more of the equity share

- capital in that body corporate also holds twenty per cent. or more of the equity share capital of the issuer; and
- (iv) in case the promoter is an individual:
- (A) any body corporate in which ten per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;
- (B) any body corporate in which a body corporate as provided in (A) above holds ten per cent. or more, of the equity share capital;
- (C) any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent. of the total; and
- (v) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group":
 Provided that a financial institution, scheduled bank, foreign institutional investor and mutual fund shall not be deemed to be promoter group merely by virtue of the fact that ten per cent. or more of the equity share capital of the issuer is held by such person:
 Provided further that such financial institution, scheduled bank and foreign institutional investor shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;
- (zc) "public issue" means an initial public offer or further public offer;
- (zd) "qualified institutional buyer" means:
- (i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board;
- (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board;
- (iii) a public financial institution as defined in section 4A of the Companies Act, 1956;
- (iv) a scheduled commercial bank;
- (v) a multilateral and bilateral development financial institution;
- (vi) a state industrial development corporation;
- (vii) an insurance company registered with the Insurance Regulatory and Development Authority;
- (viii) a provident fund with minimum corpus of twenty five crore rupees;
- (ix) a pension fund with minimum corpus of twenty five crore rupees;
- (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- ⁴[(xi) insurance funds set up and managed by army, navy or air force of the Union of India;]
- ⁵[(xii) insurance funds set up and managed by the Department of Posts, India;]
- (ze) "retail individual investor" means an investor who applies or bids for specified securities for a value of not more than ⁶[two lakhs] rupees;
- (zf) "retail individual shareholder" means a shareholder of a listed issuer, who:

⁴ Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

⁵ Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

⁶ Substituted for "one lakh", *ibid.*

- (i) ⁷[***]
 - (ii) applies or bids for specified securities for a value of not more than ⁸[two lakhs] rupees;
 - (zg) “rights issue” means an offer of specified securities by a listed issuer to the shareholders of the issuer as on the record date fixed for the said purpose;
 - (zh) “Schedule” means schedule annexed to these regulations;
 - (zi) “Self Certified Syndicate Bank” means a banker to an issue registered with the Board, which offers the facility of Application Supported by Blocked Amount;
 - (zj) “specified securities” means equity shares and convertible securities;
 - (zk) “stabilising agent” means a merchant banker who is responsible for stabilising the price of equity shares under a green shoe option, in terms of these regulations;
 - (zl) “syndicate member” means an intermediary registered with the Board and who is permitted to carry on the activity as an underwriter;
 - (zm) “unlisted issuer” means an issuer which is not a listed issuer.
- (2) All other words and expressions used but not defined in these regulations, but defined in the Act or the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Applicability of the regulations.

3. Unless otherwise provided, these regulations shall apply to the following:

- (a) a public issue;
- (b) a rights issue, where the aggregate value of specified securities offered is fifty lakh rupees or more;
- (c) a preferential issue;
- (d) an issue of bonus shares by a listed issuer;
- (e) a qualified institutions placement by a listed issuer;
- (f) an issue of Indian Depository Receipts.

⁷ Omitted, by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010. Prior to its omission, sub-clause (i) as amended by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010, read as under :
“(i) as on the date fixed for the purpose of determining shareholders eligible for reservation in terms of regulation 42 of these regulations, is holding equity shares which, on the basis of the closing price of the equity shares on the recognized stock exchange in which highest trading volume in respect of the equity shares of the issuer was recorded as on the previous day, are worth up to one lakh rupees; and”

⁸ Substituted for “one lakh”, *ibid*.