

FREQUENTLY ASKED QUESTIONS

SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2013 dated August 26, 2013

Q.1. What is the applicability of SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2013 notified on August 26, 2013?

Ans.1. The said amendments are applicable for the preferential issuances where notice for the general meeting for passing of special resolution by the shareholders is issued on or after the date of amendment i.e. on or after August 26, 2013.

Q.2. Who is the ultimate beneficial owner in case of Institutions, Foreign Investors, etc. for the purpose of regulation 73(1)(e)?

Ans.2. SEBI vide circulars dated January 24, 2013 read with circulars dated September 05, 2012 and September 12, 2013 has prescribed guidelines for identification of beneficial ownership of clients by the SEBI registered intermediaries. The same guidelines shall also be applicable for identification of beneficial ownership in the allottees in preferential issuances in pursuance of regulation 73(1)(e).

Q.3. When is the allotment deemed complete for the purpose of regulation 74(1)?

Ans.3. The allotment is deemed complete on the credit of securities in dematerialized form in demat account of the allottee.

Q.4. Is the requirement of allotment in dematerialized form applicable to allottees who are overseas investors and allotment of all kinds of specified securities under the preferential issue route?

Ans.4. Yes.

Q.5. Is the practice of consideration not being directly received from bank account of the allottee investing under the Foreign Direct Investment/Portfolio Investment Scheme route, however, the payment being remitted as per the RBI regulations/FEMA guidelines, in compliance with regulation 77(5)?

Ans.5. Yes, provided that the payment is remitted in accordance with the RBI regulations/FEMA guidelines.

Q.6. Is regulation 77(5) also applicable to instances of conversion of loan?

Ans.6. Yes, the said regulation would also be applicable to the instances of conversion of loan i.e. the allotment can be made only if the loan has been received from the bank account of the allottee.

Q.7. Would trading approval by the *regional stock exchanges* also be considered for the purpose of determining the 'date of trading approval' which is the date till when securities are not transferable as per regulation 79 and also the date in reference to which the lock-in provisions under regulation 78 are applicable?

Ans.7. If a company is listed on any stock exchange which is having nationwide trading terminals, the date of trading approval shall be reckoned as the latest date when trading approval has been granted by such stock exchange(s). Where the company is not listed on any stock exchange having nationwide trading terminals, the date of trading approval shall mean the latest date when trading approval has been granted by all the exchanges where it is listed.

Q.8. In case of allotment of convertible securities, can the period of six months for lock-in of pre-preferential allotment shareholding under regulation 78(6) be calculated from the date of trading approval granted for last conversion into equity shares by the stock exchange?

Ans.8. Yes. The period of six months may be counted from the date of trading approval granted for last conversion of convertible securities by the respective allottee.
