SEBI eases norms on IPO, rights issues

What’s in News?

The Securities and Exchange Board of India (SEBI) has relaxed certain regulatory requirements related to rights issues and initial public offers (IPOs) to make it easier for companies to raise funds at a time when the COVID-19 pandemic has made the secondary markets increasingly volatile.

Details:

- SEBI has said that any listed entity with a market capitalisation of at least ₹100 crore can use the fast track route for rights issue.
  - Earlier, the base limit was set at ₹250 crore for such offerings.
- Any company that has been listed for 18 months can raise funds through fast track rights issue.
  - The earlier eligibility was set at three years.
- The minimum subscription requirement to make the issue successful has been lowered from the earlier 90% of the offer size to 75% of the issuance.
- Issuers have been allowed to amend the issue size by up to 50%, up from the current 20% — without the requirement of filing a fresh draft offer document.
- SEBI has also extended the validity of its observations issued on draft documents by six months for issuers whose observations have expired or will expire between March 1 and September 30.
  - SEBI issues final observations on IPO draft documents after which the company has one year to launch the public issue.