

***THE MADRAS CHAMBER OF COMMERCE
AND
INDUSTRY***

***COMPANY LAW
AND
CORPORATE MATTERS COMMITTEE***

MONTHLY NEWSLETTER MARCH 2026

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FLASH NEWS

Lok Sabha passes Insolvency and Bankruptcy Code (Amendment) Bill (March 30, 2026)

The Lok Sabha has passed the Insolvency and Bankruptcy Code (Amendment) Bill during the Parliament Budget Session. The Bill replaces the under utilised fast-track process, which was essentially a Corporate Insolvency Resolution Process (CIRP) with a reduced timeline for small companies. It provides for mandatory admission of an insolvency application within 14 days once the company's default is established. For details:

On August 12, 2025, the government introduced the Bill in the Lok Sabha to amend the Insolvency and Bankruptcy Code (IBC), proposing a series of changes, including provisions to reduce the time taken for admission of insolvency resolution applications. The Bill was then referred to a select committee of the Lok Sabha, which submitted its report in December 2025. IBC has been amended seven times so far.

Courtesy: Info Capsule of ICSI dated 30.03.2026

After moving the Corporate Laws (Amendment) Bill, 2026 in the Lok Sabha on Monday (March 23), Corporate and Finance Minister Nirmala Sitharaman proposed to send the Bill to a 31-member Joint Parliamentary Committee (JPC) to enable further scrutiny.

The JPC will include 21 Lok Sabha MPs and 10 Rajya Sabha MPs nominated by their respective chairpersons and make its report on the Bill on the last day of the first week of the Monsoon Session later this year.

The Corporate Laws (Amendment) Bill, 2026, seeks to amend the Limited Liability Partnership Act, 2008 and the Companies Act, 2013.

Courtesy: The Indian Express,

The Foreign Contribution (Regulation) Amendment Bill, 2026 was introduced in Lok Sabha on March 25, 2026. The Bill seeks to amend the Foreign Contribution (Regulation) Act, 2010. The Act regulates the acceptance and utilisation of foreign contribution by individuals, associations, and companies. Foreign contribution is the donation or transfer of any currency, security, or article (beyond a specified value) by a foreign source. Foreign sources include governments of foreign countries or their agencies, foreign companies, trusts, or societies, and citizens of foreign countries.

Courtesy: PRS Legislative Research

CIRCULARS, MASTER CIRCULARS AND NOTIFICATION ISSUED BY SEBI IN THE MONTH OF MARCH 2026

CIRCULARS

Date	Title
Mar 25, 2026	Clarification regarding eligibility of members of the Institute of Cost Accountants of India to conduct annual audit of Research Analysts
Mar 25, 2026	Clarification regarding eligibility of members of the Institute of Cost Accountants of India to conduct annual audit of Investment Advisers
Mar 25, 2026	Addendum to SEBI Circular on Borrowing by Mutual Funds
Mar 23, 2026	Ease of doing business measures - Relaxations in certain reporting requirements for certain Stock Brokers and doing away with the requirement of reporting of demat account
Mar 16, 2026	Review of Coverage of Settlement Guarantee Fund for Commodity Derivatives Segment
Mar 13, 2026	Borrowing by Mutual Funds
Mar 11, 2026	Ease of Doing Business – Relaxation in certification requirement for Persons Associated with Research Services (PARS) – Sales and other non-core services
Mar 06, 2026	Introduction of Voluntary Lock-in / Debit freeze facility to Mutual Fund folios
Mar 04, 2026	Regulatory Reporting by AIFs
Mar 04, 2026	Guidelines for Custodians

MASTER CIRCULARS ISSUED BY SEBI IN THE MONTH OF MARCH 2026

Mar 20, 2026 **Master Circular for Mutual Funds**

REPORTS ISSUED BY SEBI DURING THE MONTH OF MARCH 2026 FOR PUBLIC COMMENTS

Mar 25, 2026	Consultation Paper on Framework of IT Resilience Index for Market Infrastructure Institutions (MIIs).
Mar 24, 2026	Consultation Paper on introduction of Gift Card/ Gift PPI (Prepaid Payment Instrument) for Mutual Funds.
Mar 17, 2026	Consultation Paper on Modified norms for Nomination in Demat accounts and Mutual Fund Folios.
Mar 12, 2026	Consultation Paper on Ease of investing - Simplification of documentation requirement for transmission of securities and revision in threshold limits for simplified documentation.

PRESS RELEASES BY SEBI IN MARCH 2026

Date	PR No.	Title
Mar 27, 2026	21/2026	Commodity Derivatives Segment
Mar 25, 2026	20/2026	Chairman, SEBI today launched an important investor protection measure in the form of Verified Label for stock trading apps of brokers registered with SEBI, on Google Play Store
Mar 25, 2026	19/2026	Niveshak Shivir to be held on March 27, 2026 in the city of Bhubaneswar, Odisha
Mar 23, 2026	18/2026	Key decisions taken in the SEBI Board Meeting dated 23rd March, 2026
Mar 13, 2026	17/2026	Dr. Sadanand S. Date takes charge as Executive Director, SEBI
Mar 11, 2026	16/2026	Ease of doing business - Roll out of NISM certification module for Persons Associated with Research Services – Sales and other non-core services

FOR YOUR KIND INFORMATION PLEASE: STATISTICS AS ON 28.02.2026

Active Companies	2061877
Active LLPs	468768
Approved DINs	60301- (February 2026)
Company Incorporation	24136- (February 2026)
LLP Incorporation	9780 - (February 2026)
Companies Strike-off	696 - (February 2026)

NOTIFICAITONS ISSUED BY RESERVE BANK OF INDIA IN THEMONTH OF MARCH 2026

Mar 27, 2026

NOP-INR position of Authorised Dealers PDF - NOP-INR position of Authorised Dealers

Master Direction - Reserve Bank of India (Unique Identifiers in Financial Markets) Directions, 2026

Master Direction - Reserve Bank of India (Unique Identifiers in Financial Markets) Directions, 2026

Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Listing of 02 Entries PDF - Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Daesh) & Al-Qaida Sanctions List: Listing of 02 Entries

Mar 16, 2026

Currency Chest operations on March 31, 2026 PDF - Currency Chest operations on March 31, 2026

Reserve Bank of India (Rural Co-operative Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026 PDF - Reserve Bank of India (Rural Co-operative Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026

Reserve Bank of India (Urban Co-operative Banks – Financial Statements: Presentation and Disclosures) – Third Amendment Directions, 2026 PDF - Reserve Bank of India (Urban Co-operative Banks – Financial Statements: Presentation and Disclosures) – Third Amendment Directions, 2026

Reserve Bank of India (Regional Rural Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026 PDF - Reserve Bank of India (Regional Rural Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026

Reserve Bank of India (Local Area Banks – Financial Statements: Presentation and Disclosures) Second Amendment Directions, 2026 PDF - Reserve Bank of India (Local Area Banks – Financial Statements: Presentation and Disclosures) Second Amendment Directions, 2026

Reserve Bank of India (Payments Banks – Financial Statements: Presentation and Disclosures) Amendment Directions, 2026 PDF - Reserve Bank of India (Payments Banks – Financial Statements: Presentation and Disclosures) Amendment Directions, 2026

Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) – Third Amendment Directions, 2026 PDF - Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) – Third Amendment Directions, 2026

Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) – Fifth Amendment Directions, 2026 PDF - Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) – Fifth Amendment Directions, 2026

*Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2026
Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2026*

Mar 11, 2026

Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1988 (2011) Taliban Sanctions List: Amendment of 22 Entries: UAPA Update 02 of 2026 PDF - Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1988 (2011) Taliban Sanctions List: Amendment of 22 Entries: UAPA Update 02 of 2026

Mar 10, 2026

Reserve Bank of India (All India Financial Institutions (AIFIs) - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 PDF - Reserve Bank of India (All India Financial Institutions (AIFIs) - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026 PDF - Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026

Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026PDF - Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividend) Directions, 2026 PDF - Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividend) Directions, 2026 410 kb

Reserve Bank of India (Regional Rural Banks – Prudential Norms on Declaration of Dividend) Directions, 2026 Reserve Bank of India (Regional Rural Banks – Prudential Norms on Declaration of Dividend) Directions, 2026

Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026PDF - Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Reserve Bank of India (Local Area Banks – Prudential Norms on Declaration of Dividends) Repeal Directions, 2026 PDF - Reserve Bank of India (Local Area Banks – Prudential Norms on Declaration of Dividends) Repeal Directions, 2026

Reserve Bank of India (Local Area Banks – Prudential Norms on Declaration of Dividend) Directions, 2026 Reserve Bank of India (Local Area Banks – Prudential Norms on Declaration of Dividend) Directions, 2026

Reserve Bank of India (Payment Banks – Prudential Norms on Declaration of Dividends) Repeal Directions, 2026

Reserve Bank of India (Payment Banks – Prudential Norms on Declaration of Dividends) Repeal Directions, 2026

Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividends) Repeal Directions, 2026PDF - Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividends) Repeal Directions, 2026

Reserve Bank of India (Payments Banks – Prudential Norms on Declaration of Dividend) Directions, 2026

Reserve Bank of India (Payments Banks – Prudential Norms on Declaration of Dividend) Directions, 2026

Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittance of Profit) Repeal Directions, 2026

Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittance of Profit) Repeal Directions, 2026 148 kb

Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2026 PDF - Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2026

Reserve Bank of India (Setting Up of Wholly Owned Subsidiaries by Foreign Banks) Amendment Guidelines, 2026

Reserve Bank of India (Setting Up of Wholly Owned Subsidiaries by Foreign Banks) Amendment Guidelines, 2026

Reserve Bank of India (Standalone Primary Dealers) Amendment Directions, 2026 PDF - Reserve Bank of India (Standalone Primary Dealers) Amendment Directions, 2026

Reserve Bank of India (Asset Reconstruction Companies) Amendment Directions, 2026 PDF - Reserve Bank of India (Asset Reconstruction Companies) Amendment Directions, 2026

Reserve Bank of India (Mortgage Guarantee Companies) Amendment Directions, 2026 PDF - Reserve Bank of India (Mortgage Guarantee Companies) Amendment Directions, 2026

Reserve Bank of India (Core Investment Companies) Amendment Directions, 2026 PDF - Reserve Bank of India (Core Investment Companies) Amendment Directions, 2026

Reserve Bank of India (Housing Finance Companies) Amendment Directions, 2026 PDF - Reserve Bank of India (Housing Finance Companies) Amendment Directions, 2026

Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Second Amendment Directions, 2026 PDF - Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Second Amendment Directions, 2026

Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 PDF - Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

Mar 02, 2026

Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Delisting of 01 entry

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION New Delhi, the 10th March, 2026

G.S.R. 169 (E).— In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government, in consultation with the National Financial Reporting Authority constituted under section 132 of the said Act, hereby makes the following rules to amend the Companies (Accounting Standards) Rules,2021, namely:—

1. Short title and commencement. - (1) These rules may be called the Companies (Accounting Standards) Amendment Rules, 2026.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Accounting Standards) Rules, 2021, in the Annexure, under the heading B. Accounting Standards, under the sub-heading Accounting Standard (AS) 22, –

(a) after paragraph 2, the following paragraph shall be inserted, namely: -

“2A. This Standard applies to taxes on income arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the taxes on income arising from it, are hereafter referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’. As an exception to the requirements in this Standard, an enterprise should neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.”;

(b) after paragraph 32, the following paragraphs shall be inserted, namely: -

“International tax reform—Pillar Two model rules 32A. An enterprise should disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes (see paragraph 2A).

32B. An enterprise should disclose separately its current tax expense (income) related to Pillar Two income taxes.

32C. In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an enterprise should disclose known or reasonably estimable information that helps users of financial statements understand the enterprise’s exposure to Pillar Two income taxes arising from that legislation.

32D. To meet the disclosure objective in paragraph 32C, an enterprise should disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

This information does not have to reflect all the specific requirements of the Pillar Two legislation and can be provided in the form of an indicative range.

To the extent information is not known or reasonably estimable, an enterprise should instead disclose a statement to that effect and disclose information about the enterprise’s progress in assessing its exposure.

3(i)] Examples illustrating paragraphs 32C–32D

Examples of information an enterprise could disclose to meet the objective and requirements in paragraphs 32C– 32D include:

(a) qualitative information such as information about how an enterprise is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist; and (b) quantitative information such as:

(i) an indication of the proportion of an enterprise’s profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or

(ii) an indication of how an enterprise’s average effective tax rate would have changed if Pillar Two legislation had been in effect. Provided that a Small and Medium-sized Company may not apply the disclosure requirements laid down in paragraphs 32C and 32D.”;

(c) after paragraph 34 and before Illustration I, the following paragraph shall be inserted, namely: —

“Effective date 35. International Tax Reform— Pillar Two Model Rules, added paragraphs 2A and 32A–32D.

An enterprise should: (a) apply paragraphs 2A and 32A immediately upon the issue of these amendments and retrospectively; and (b) apply paragraphs 32B–32D for annual reporting periods beginning on or after 1 April 2025.

An enterprise is not required to disclose the information required by these paragraphs for any interim period ending on or before 31 March 2026.”

ARTICLES:

ARTICLE 1

WRITE UP ON REGULATIONS 7,8,9,10,11 AND 12 OF SEBI LODR

Share Transfer Agent.

Regulation 7 deals with appointment of a Share Transfer Agent:

Regulation 7 comprises of 6 sub-regulations. In Sub regulation 2, the words “both physical and electronic” were omitted with effect from 08.06.2018 and Sub Regulation 3 was omitted with effect from 13.12.2024.

7. (1) The listed entity shall appoint a share transfer agent or manage the share transfer facility in-house:

Provided that, in the case of in-house share transfer facility, as and when the total number of holders of securities of the listed entity exceeds one lakh, the listed entity shall either register with the Board as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent registered with the Board.

a. The listed entity shall appoint a share transfer agent or in-house management of share transfer facility.

b. In the case of in-house share transfer facility, as and when the total number of security holders exceed one lakh, the listed entity shall either register with the Board as a Category II share transfer agent or appoint a Registrar to an issue and share transfer agent registered with the Board.

(2) The listed entity shall ensure that all activities in relation to share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.

a. The listed entity shall ensure that maintenance of share transfer activities either in-house or by a Registered Registrar.

(3) Omitted

(4) In case of any change or appointment of a new share transfer agent, the listed entity shall enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity, in the manner as specified by the Board from time to time:

Provided that in case the existing share transfer facility is managed in-house, the agreement referred above shall be entered into between the listed entity and the new share transfer agent.

- a. Tripartite agreement for change or appointment of a new transfer agent.
- b. Agreement with the new share transfer agent if the facility was managed in-house.

(5) The listed entity shall intimate such appointment, referred to in sub-regulation (4), to the stock exchange(s) within seven days of entering into the agreement.

- a. Intimation to stock exchange(s) within 7 days of entering into the agreement.

(6) The agreement referred to in sub-regulation (4) shall be placed in the subsequent meeting of the board of directors:

Provided that the requirements of this regulation shall not be applicable to the units issued by mutual funds that are listed on recognised stock exchange(s).

- a. Placement of the agreement in the subsequent meeting of the board of directors.
- b. This Regulation is not applicable to mutual funds' units listed on stock exchanges.

Co-operation with intermediaries registered with the Board.

Regulation 8 deals with Co-operation with intermediaries registered with the Board:

8. The listed entity, wherever applicable, shall co-operate with and submit correct and adequate information to the intermediaries registered with the Board such as credit rating agencies, registrar to an issue and share transfer agents, debenture trustees etc, within timelines and procedures specified under the Act, regulations and circulars issued there under:

Provided that requirements of this regulation shall not be applicable to the units issued by mutual funds listed on a recognised stock exchange(s) for which the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 shall be applicable.

- a. Obligation to Cooperate with Intermediaries.
- b. Exemption for Mutual Funds.
- c. Importance of Cooperation for Good Corporate Governance.

Preservation of documents.

Regulation 9 deals with Preservation of Documents:

9. The listed entity shall have a policy for preservation of documents, approved by its board of directors, classifying them in at least two categories as follows-

(a) documents whose preservation shall be permanent in nature ;

(b) documents with preservation period of not less than eight years after completion of the relevant transactions:

Provided that the listed entity may keep documents specified in clauses (a) and (b) in electronic mode.

- a. Existence of a board-approved policy for the preservation of documents.
- b. Classification of documents into permanent preservation and preservation for not less than 8 years.
- c. Identification and listing of documents for permanent preservation.
- d. Identification and listing of documents with 8 year preservation period.
- e. Preservation of documents in electronic mode, if applicable.

Filing of information.

Regulation 10 deals with filing of information with Stock Exchanges:

Regulation 10 comprises of 2 sub-regulations. Sub regulation 1A with the words “The Board may enable integrated filing of periodic reports, statements, documents and any other information required to be filed by a listed entity under the Act or the regulations made thereunder in the format and within the timelines as may be specified” were inserted with effect from 13.12.2024.

10. (1) The listed entity shall file the reports, statements, documents, filings and any other information with the recognised stock exchange(s) on the electronic platform as specified by the Board or the recognised stock exchange(s).

- a. Filing of reports , statements, documents, filings and any other information with the stock exchange(s) on the specified electronic platform.
- b. SEBI shall enable integrated filing system for filing of periodic reports, statements, documents and any other information as required under SEBI Act or any regulations made under SEBI Act in the prescribed format and timeline as may be specified.

(2) The listed entity shall put in place infrastructure as required for compliance with sub-regulation (1).

- a. Implementation of required infrastructure for compliance with electronic filing requirements.

Scheme of Arrangement.

Regulation 11 deals with the Scheme of Arrangement:

11. The listed entity shall ensure that any scheme of arrangement/amalgamation/merger/reconstruction/reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate, override or limit the provisions of securities laws or requirements of the stock exchange(s):

Provided that this regulation shall not be applicable for the units issued by Mutual Fund which are listed on a recognised stock exchange(s).

- a. The listed entity shall ensure that the Scheme does not violate, override, or limit provisions of securities laws or stock exchange requirements.
- b. This regulation shall not be applicable to units issued by Mutual Funds listed on recognised stock exchange(s).

Payment of dividend or interest or redemption or repayment.

Regulation 12 deals with the Payment of dividend or interest or redemption or repayment:

12. The listed entity shall use any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I, for the payment of the following:

- (a) dividends;
(b) interest;
(c) redemption or repayment amounts:

Provided that where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued:

Provided further that where the amount payable as dividend exceeds one thousand and five hundred rupees, the 'payable-at-par' warrants or cheques shall be sent by speed post.

- a. Use of electronic modes of payment approved by the RBI for payment of dividends, interest, and redemption amounts.
- b. Issuance of "payable-at-par" warrants or cheques when electronic mode of payment is not possible.
- c. Dispatch of "payable-at-par" warrants or cheques by speed post for dividend exceeding Rs.1500.

article II

By

CS Naresh. V.V
Practicing Company Secretary
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ARTICLE 2

Overview of the Securities Contracts (Regulation) Amendment Rules, 2026

(Minimum Public Shareholding Reform in India's IPO Framework)

On March 13, 2026, the Government of India amended stock market listing rules, introducing a tiered system for minimum public shareholding in IPOs. Previously, most companies had to ensure 25% public ownership at listing, which was difficult for larger firms. The new rules allow bigger companies to list with a lower initial public float, as long as they increase it to 25% over time. This change aims to ease public listings for large companies while maintaining long-term market liquidity.

1. What the 2026 Amendment Changes (New Public Shareholding Thresholds)

The 2026 amendment updates Rule 19(2)(b) to set new minimum public offer (MPO) requirements for IPOs. Companies must now offer a specific portion of equity to public (non promoter) investors, with the minimum public shareholding (MPS) of 25% required after listing. The revised rule sets different MPO thresholds based on a company's post issue capital at the offer price.

- **Post-issue Capital \leq ₹1,600 crore (Small Companies):**
Minimum 25% of each equity class or convertible debentures must be publicly offered. This requirement is unchanged for small listings.
- **₹1,600 crore < Post-issue Capital \leq ₹4,000 crore (Mid-size Companies):** *Must offer a public issue of at least ₹400 crore in value. This is a shift to a fixed value threshold (₹400 Cr) instead of a percentage in this range. In practice, a company with ₹4,000 crore post-IPO value would offer ₹400 crore (which is 10%), whereas one with ₹2,000 crore value would also offer ₹400 crore (which is 20%). This provides more flexibility for mid-sized firms by capping the required float at ₹400 crore.*
- **₹4,000 crore < Post-issue Capital \leq ₹50,000 crore (Large Companies Tier I):** *Must offer at least 10% of each class of equity to the public at listing. This is a percentage based requirement (e.g., a ₹10,000 crore company would float at least ₹1,000 crore). Although the initial float can be 10%, the company is required to increase its public shareholding to 25% within 3 years of listing (a condition carried over from the previous framework for this size range).*

- **₹50,000 crore < Post-issue Capital ≤ ₹1,00,000 crore (Large Companies - Tier II):** Must offer a minimum public issue equivalent to ₹1,000 crore in value, and at least 8% of each class of equity shares. In other words, the IPO should be at least ₹1,000 crore, and also at least 8% of the company's capital. (For example, a ₹60,000 crore company would need to float 8% i.e. ~₹4,800 crore since that exceeds ₹1,000 crore.) These companies now have up to 5 years from listing to reach the full 25% public shareholding, giving them a longer runway than smaller firms.
- **₹1,00,000 crore < Post-issue Capital ≤ ₹5,00,000 crore (Mega-Cap Companies Tier III):** Must offer at IPO shares worth at least ₹6,250 crore and this offering must constitute at least 2.75% of the company's post issue capital. Both a value floor and a percentage floor apply. These very large companies are allowed special extended timelines: if their initial public float is below 15%, they have 5 years to reach 15% public shareholding and 10 years to reach 25%; if they start with at least 15% public holding, they must reach 25% within 5 years.
- **Post-issue Capital > ₹5,00,000 crore (Ultra Mega Companies Tier IV):** Must offer shares worth at least ₹15,000 crore and at least 1% of each class of equity at the time of listing. This dramatically low percentage (1%) is aimed at India's largest corporations. However, a further safeguard requires that at minimum 2.5% of each class of shares be offered in the IPO, regardless of how large the company is. (This "2.5% floor" ensures even the very largest IPOs have a basic level of public float for trading liquidity.) Companies in this highest tier follow the same extended timeline rule: if they list with < 15% public holding, they must hit 15% within 5 years and 25% within 10 years; if they list with ≥ 15%, they have 5 years to reach 25%.
- **Special Case: Listings in IFSC (International Financial Services Centre):** The amendment also provides a relaxation for companies listing on IFSC stock exchanges (e.g. in GIFT City). Any company seeking to list in an IFSC only needs a minimum 10% public shareholding at IPO, irrespective of its size the tiered requirements (and increased value thresholds) do not apply in the IFSC context. This is intended to encourage listings in international financial centers by lowering the entry barrier for public float.

The table below summarizes the new minimum public offer requirements at a glance, by company post-issue capitalization:

Post-Issue Capital (₹)	Minimum Public Offer at IPO	Post-IPO Compliance Timeline
Up to 1,600 crore	25% of total equity (no change from prior rule)	Already 25% at listing; no further timeline.
1,600cr - 4,000cr	₹400 crore in public shares (fixed value; ≈10-25% depending on size)	Must reach 25% public holding within 3 years.
4,000cr - 50,000cr	10% of total equity in public issue	Must reach 25% public holding within 3 years
50,000cr - 1,00,000cr	₹1,000 cr and ≥8% of equity (both conditions)	Must reach 25% public holding within 5 years
1,00,000cr - 5,00,000cr	₹6,250 cr and ≥2.75% of equity	If initial public holding <15% : 5 years to reach 15%; 10 years to reach 25%. If initial holding ≥15%: 5 years to reach 25%.
Above 5,00,000cr	₹15,000 cr and ≥1% of equity (Subject to an absolute minimum float of 2.5% at listing)	Same timeline as 1-5 lakh cr category (5 or 10 years depending on initial float)
IFSC Listing (any size)	10% of equity (special lower requirement for IFSC listings)	Same gradual MPS timelines apply as above.

“Minimum Public Offer” is the required public float at the time of listing (IPO). “Post-issue capital” is the company’s market capitalization at the IPO price. All companies must eventually achieve **25% minimum public shareholding (MPS)** after listing; the allowed timeline varies by size and initial float as shown.

2. Changes from the Previous Framework (Comparison with Earlier Practice)

The 2026 Rules update the old MPO/MPS framework by addressing previous limitations, especially for larger companies. Here's a summary of the main differences:

- **Requirements for Small-to-Mid Caps (Up to ₹50,000 cr):** No changes—companies continue with a 25% IPO float or 10% for larger firms, maintaining the 3 year compliance timeline.
- **Changes for Larger Companies:**
 - **New ₹50,000 crore threshold:** Companies between ₹50,000 -1,00,000 crore now have a minimum float of 8% (down from 10%) and 5 years to reach 25% public shareholding rather than 3.
 - **Mega-IPOs (>₹1 lakh crore):** The upper tier is split into ₹1L -5L cr and >₹5L cr. Initial dilution requirements are lower: 2.75% for ₹1L-5L cr (with a raised floor of ₹6,250 cr) and as little as 1% for >₹5L cr (floor: ₹15,000 cr), with up to 10 years to meet 25% MPS if initial public holding is under 15%.

- **MPO vs MPS:** The distinction remains, but timelines for the largest issuers are extended. The interim 10% in 2 years requirement has been dropped in favor of longer-term milestones (15% in 5 years, 25% in 10 years).

Overall, the amendments mostly benefit large issuers, giving them lower initial float percentages and more time to comply with shareholding mandates, while small companies see no change.

3. How the Amendment Will Help (Expected Benefits)

The revised public shareholding rules aim to enhance market efficiency and stakeholder value. The 2026 amendment is expected to:

- Attract large IPOs by lowering immediate dilution requirements, making Indian exchanges appealing for high value companies and enabling them to raise capital without selling 25% of shares upfront.
- Improve liquidity and trading depth through eventual 25% public shareholding and a minimum float requirement, supporting active trading and price discovery.
- Strengthen transparency and corporate governance by increasing public ownership and requiring all share classes to be listed, promoting accountability and disclosure.
- Offer flexibility for issuers with gradual dilution, balancing business ease with investor protection and avoiding disruptive selloffs.
- Align India's regulations with global standards, encouraging staggered floats for large companies and boosting the country's competitiveness in international markets.

4. Why Now? (Rationale for Introducing the Amendment in 2026)

The amendment was prompted by several factors:

- **Growth of Large Private Companies:** India's IPO rules required significant ownership dilution, which discouraged large companies from listing domestically. Regulators realized that these requirements were outdated and hindered high-profile IPOs.
- **Empirical Evidence & Market Feedback:** Recent data showed most companies failed to meet public shareholding targets soon after listing, forcing additional offerings not always in line with their needs. SEBI's consultation paper and market consensus highlighted the need for rule changes.
- **Policy Objectives:** The government aims to facilitate business and strengthen financial markets. Reforming IPO norms will encourage major firms to list in India, boost liquidity, and align local practices with international standards.
- **Regulatory Progress:** Earlier reforms set the stage for this comprehensive overhaul. By 2026, regulators were prepared to finalize updates based on industry input and policy goals.

5. Practical Example: Applying the New Rules

Here's an example of how the Securities Contracts (Regulation) Amendment Rules, 2026 apply to a hypothetical company planning an IPO under the new regime:

Example Scenario: "ABC Technologies Ltd." is planning an IPO. After the IPO, the post-issue market capitalization (value of all its shares at the offer price) is expected to be ₹60,000 crore. How would Rule 19(2)(b) apply to ABC Technologies under the 2026 amendment?

- **IPO Requirement:** With a ₹60,000 crore post-issue capitalization, ABC falls in the ₹50,000 - 1,00,000 crore tier. Under Rule 19(2)(b), it must offer at least ₹1,000 crore or 8% of its shares to the public. Here, 8% equals ₹4,800 crore, so ABC needs to offer about 8% equity in its IPO. The remaining 92% stays with promoters and pre IPO shareholders.
- **Public Shareholding Timeline:** Starting at 8% public ownership (below both 15% and 25% thresholds), ABC must increase this to at least 15% within 5 years and 25% within 10 years after listing, via follow-on offerings or other SEBI approved methods.

What does this mean for ABC in practical terms? ABC can go public with just an 8% equity float instead of 25%, making the IPO easier and reducing supply risks. Over five years, public shareholders must own at least 15%, and by ten years, 25%. This gradual process lets promoters plan stake sales or share issues to match funding needs and market trends. Investors gain more liquidity and stability as public ownership grows.

Under old rules, a ₹60,000 crore company needed a 10% float at IPO and 25% public shareholding in 3 years. The new amendment cuts immediate dilution by ₹1,200 crore and gives an extra time to reach 25%.

6. Conclusion

The Securities Contracts (Regulation) Amendment Rules, 2026 introduce major changes to India's capital market regulations for large IPO bound firms. By amending Rule 19(2)(b) of the SCRR, 1957, the government has created more flexible public float requirements based on company size and longer compliance timelines. Smaller companies are unaffected, while larger firms above ₹50,000 crore benefit from reduced initial public share mandates and added time to meet ownership norms.

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