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REGULATORY UPDATES

SEBI REVIVES OPEN MARKET BUY-BACK OF SHARES THROUGH STOCK EXCHANGE

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BACKGROUND:

SEBI via its Notification dated 1 July 2026 notified SEBI (Buy-back of Securities) (Amendment) Regulations, 2026, marking a significant shift in India's buyback framework. Effective 1 August 2026, the amendment brings back the open market buyback route through stock exchanges aimed at balancing corporate flexibility with investor protection.

SEBI has reintroduced the open market buy-back route through stock exchanges with enhanced safeguards, including stricter disclosure, timeline and accountability requirements. Earlier, while the route was available under the SEBI Buy-back Regulations, it was subsequently restricted and phased out.

KEY HIGHLIGHTS:

- **Open market buy-back through stock exchange is reintroduced:** The stock exchange route, which was available only up to 31 July 2026 under the earlier framework, has now been reintroduced effective 1 August 2026, without any sunset clause.
- **15% Buyback Cap:** Buyback size through the stock exchange route must be less than 15% of the aggregate paid-up equity capital and free reserves, based on both standalone and consolidated financial statements of the Company.
- **MPS:** The buyback must not breach the minimum public shareholding norms.
- **Timelines:** The buyback must be opened within 4 working days from the date of the public announcement and completed within 66 working days from the date of opening of offer.
- **Shareholder Intimation:** Companies are required to send electronic intimation to shareholders about open market buyback offer to its shareholders within 1 working day from the date of public announcement.

- **Discretionary engagement of Merchant Banker:** Appointment of a Merchant Banker is now discretionary. Where a Merchant Banker is not appointed, the responsibilities associated with the buy-back process shall be discharged by the company, secretarial auditor, statutory auditor, compliance officer, and the stock exchanges, as applicable.
- **Freezing of Promoter Holdings:** Securities held by the promoter and promoter group, for which buyback is undertaken, shall generally remain frozen at the ISIN level during the period from the date of passing the specified resolution till the closing of the offer.

CONCLUSION:

The revised framework represents more than a procedural change. It signals SEBI's continued effort to modernize India's corporate regulatory framework while maintaining strong safeguards for market integrity and investor protection.

For more details, please refer to the SEBI notification dated 1 July 2026:

https://www.sebi.gov.in/legal/regulations/jul-2026/securities-and-exchange-board-of-india-buy-back-of-securities-amendment-regulations-2026_102624.html

***DISCLAIMER**: - The summary information provided herein is based on the Notification issued by SEBI dated 1st July 2026. While this information is believed to be accurate, we make no representations or warranties, express or implied, regarding its accuracy or completeness. Readers should conduct and rely upon their own independent examination and analysis and are advised to seek their own professional advice. This note does not constitute an offer, legal or financial advice, or a solicitation. We accept no responsibility or liability for any errors or omissions whether caused by negligence or otherwise, or for any loss, howsoever caused or sustained, by any person who relying upon this information.*

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