

# SEBI'S MONEY ORDER

Regulator Extends Validity of Observation Letters to Ease Fundraising Pressure

# Cos Tripped by War Get Time to Complete IPOs

Our Bureau



**Mumbai:** The Securities and Exchange Board of India (Sebi) on Tuesday provided a one-time relaxation to companies planning public issues, extending the validity of its observation letters in a bid to ease fundraising pressures in a volatile market.

“Sebi has received representation from the industry body on difficulties faced by the issuers in mobilising resources and accessing the capital market in the backdrop of ongoing geopolitical tensions in West Asia. This has led to several issuers to defer, recalibrate or withdraw issuance plans leading to potential lapses in observation letter validity and duplication of regulatory processes,” Sebi said in a circular.

The regulator said observation letters expiring between April 1, 2026, and September 30, 2026, will now remain valid until September 30, 2026. The relief is conditional upon the lead manager submitting an undertaking confirming compliance with updated disclosure requirements with filing revised offer documents.

“This is a pragmatic move by Sebi acknowledging the impact of global macro-economic conditions on IPO market activity,” said Dharmesh Mehta, MD &

CEO, DAM Capital Advisors.

Out of 141 valid approvals that were to collectively raise about ₹1.73 lakh crore through IPOs, regulatory nods for 15 mainboard companies were about to expire in 1-3 months with issuance worth ₹26,000 crore, according to data from Prime Database.

Under existing norms, Sebi's observation letters — a key clearance for launching public issues — are valid for 12 months, or up to 18 months in certain cases. The regulator said the new rule takes immediate effect.

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## Public Holding Norms: Listed Cos Get One-time Breather

**MUMBAI** Market regulator Sebi on Tuesday granted a one-time breather to listed companies struggling to meet the minimum public shareholding (MPS) norms, citing market volatility triggered by geopolitical tensions in West Asia, reports **Our Bureau**.

“Sebi has received representation from an industry body highlighting the difficulties faced by listed entities in achieving compliance with MPS requirements, inter alia, on account of capital market volatility arising from ongoing geopolitical tensions in West Asia,” Sebi said in a circular.

The regulator said it will not initiate penal action against companies whose deadlines to comply with MPS requirements fall between April 1 and September 30, 2026.

The move effectively suspends

enforcement measures prescribed under its July 2023, master circular, which include fines, freezing of promoter holdings and other restrictions for non-compliance.

Sebi has also directed stock exchanges and depositories to withdraw any penal actions already initiated against such entities for MPS shortfalls from April 1 onwards.

The MPS rule mandates that at least 25% public shareholding be maintained in listed companies.

Sebi said the circular would come into effect immediately.



**Regulator says it won't penalise cos whose MPS deadlines fall between April 1 and Sept 30, 2026**