



Consultation Paper for Public Comments: Review and rationalization of (Buy-Back of Securities) Regulations, 2018

1. Objective

1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on the further proposals to review and rationalize the SEBI (Buy-Back of Securities) Regulations, 2018 (hereinafter referred to as “Buy-Back Regulations”).

2. Background

2.1. SEBI had issued a consultation paper dated April 02, 2026, seeking public comments on the proposal for re-introduction of Open Market Buy-Back through Stock Exchange as an additional method under the Buy-Back Regulations. Simultaneously, the proposal was placed before the Primary Market Advisory Committee (PMAC) for deliberation and recommendations.

2.2. The PMAC, while agreeing with the proposal for re-introduction of Open Market Buy-Back through Stock Exchange, recommended certain additional measures with a view to further strengthen the buy-back framework. SEBI also undertook internal deliberations on additional proposals aimed at facilitating ease of doing business.

2.3. Accordingly, the recommendations of PMAC and proposals, are discussed in the following paragraphs.

3. Recommendation of PMAC

3.1. Intimation to Shareholders regarding buy-back offer:

3.1.1. **Existing Provisions:** In terms of Regulation 16(iv)(b) of Buy-back Regulations, the company is required to make a public announcement within two working days from the date of declaration of results of the postal ballot for special resolution / board of director’s resolution. The company is further required to file a copy of the same with the Board and the Stock Exchanges. Such public announcement is required to be placed on the respective websites of the Stock Exchanges, Merchant Bankers and the Company for dissemination to the public.



3.1.2. **Recommendations of PMAC:** The Committee recommended that the company may additionally inform its shareholders regarding the buy-back offer through electronic mode. Such intimation, along with a copy of public announcement, may be sent within one working day from the date of public announcement. For this purpose, the shareholders as on the date of public announcement may be considered. This would ensure that all the shareholders are duly informed in a timely manner and are made aware about the open market buy-back through stock exchange.

3.1.3. **Proposal:** It is proposed that the company may be mandated to send an intimation through electronic mode regarding the buy-back offer to those who are shareholders as on date of public announcement within one working day of such public announcement.

3.1.4. **Question for public comments:**

Do you agree with the proposal to mandate companies to send intimation regarding buy-back offer through electronic mode to shareholders?

3.2. Opening of the offer on Stock Exchange

3.2.1. **Existing Provisions:** In terms of Regulation 17(ii) of Buy-Back Regulations, the buy-back offer shall not open later than four working days from the date of public announcement. Further, it provides the timelines for closure of the buy-back offer undertaken through stock exchange. These timelines subsequent to the calibrated glide path towards discontinuation of the stock exchange method, were gradually reduced from six months to 66 working days to 22 working days, before the method was discontinued with effect from April 01, 2025.

3.2.2. **Recommendations of PMAC:** The Committee recommended that the maximum duration for which the buy-back may remain open may be prescribed as six months, in line with the earlier framework. The Committee further recommended that in view of the longer duration i.e. six months, the existing requirement under Regulation 15(ii) of Buy-Back Regulations relating to utilization of minimum 'forty per cent' of the amount earmarked for buy-back within the initial half of the specified duration may be increased to 'fifty percent'.



3.2.3. SEBI's View:

- i. While PMAC has recommended a maximum duration of six months for completion of buy-back offers, it is observed that such a timeline seems relatively long from the point of timely implementation of buy-back. Further, such long period may make buy-back irrelevant in the context of the developments that may happen during these six months and would also be cumbersome for shareholders to keep a track on the same as the corporate action will remain open for period of 6 months.
- ii. It is also noted that the regulatory framework governing buy-back under the Companies Act is undergoing changes pursuant to amendments introduced under the Finance Act, 2026 with respect to the permissible gap between two buy-back offers. These changes necessitate a balanced approach to ensure timely execution of the buy-back offers.
- iii. Accordingly, it is considered appropriate that the maximum duration for completion of open market buy-back through stock exchange may be prescribed as 66 working days, which would be more aligned with the objective of ensuring timely execution while providing adequate flexibility to issuers and in the interest of the shareholders.
- iv. Further, in view of the proposed duration of '66 working days', it is considered appropriate to retain the existing requirement relating to utilization of minimum 'forty percent' of the amount earmarked for buy-back within the initial half of the specified duration.

3.2.4. Proposal: It is proposed that open market buy-backs through the stock exchange mechanism shall be completed within 66 working days from the date of opening of the offer, with consequential deletion of the glide path under Regulation 17(ii). Further, the existing requirement of utilizing at least 40% of the buy-back size during the first half of the offer period may be retained.

3.2.5. Question for public comments:

Do you agree with the proposal of prescribing a maximum timeline of 66 working



days for completion of open market buy-backs through the stock exchange mechanism, while retaining the requirement to utilize at least 40% of the buy-back size in the first half of the offer period?

3.3. Requirement of Separate Trading Window

3.3.1. **Existing Provisions:** While approving the phased discontinuation of open market buy-back through stock exchange earlier, the Board had, in terms of Explanation to Regulation 16(i), mandated creation of a separate window by the stock exchanges for execution of buy-back.

3.3.2. **Recommendations of PMAC:** The Committee recommended that such a separate window by stock exchanges may no longer be necessary, and that buy-back transactions may instead be executed through the normal trading mechanism. The separate window was primarily introduced to identify investors eligible for beneficial tax treatment. Since such tax benefits are no longer available, investors participating in Buy-Backs and regular market investors are now subject to the same tax treatment. Further, the requirement under Regulation 17(i) relating to the display of the company's identity on the electronic screen as purchaser when order is placed may now not be required.

3.3.3. **Proposal:** It is proposed that while re-introducing the open market buy-back through the stock exchange, the requirement of separate window and display of the identity of the company on electronic screen as a purchaser may be dispensed with.

3.3.4. **Question for public comments:**

Do you agree with the proposal to dispense with the requirement of separate trading window and display of the identity of the company on electronic screen as a purchaser for open market buy-back through stock exchange?

3.4. Restrictions on Promoter/ Promoter Group participation

3.4.1. **Existing Provisions:** Regulation 24(i)(e) of the Buy-Back Regulations, provides that the promoter(s) or his/their associates shall not deal in the shares or other specified securities of the company in the stock exchange or off-market, including inter-se transfer of shares among the promoters during the period from the date of



passing the resolution of the board of directors or the special resolution, as the case may be, till the closing of the offer. This applicable to all methods of buy-back.

3.4.2. Recommendations of PMAC:

The Committee recommended that all the securities of the company for which it is undertaking buy-back, held by the promoters and their associates be frozen at the ISIN level during the buy-back period as an additional safeguard.

3.4.3. Proposal: It is proposed that the shares or other specified securities of the company for which it is undertaking buy-back, held by the promoters and their associates shall remain frozen at the ISIN level during the buy-back period. The company shall provide necessary instructions to the depositories for such freezing. Since promoters are allowed to participate in buy-backs through 'Tender Offer' method, such freeze would not be applicable for limited purpose of tendering such shares in buy-back. Promoters can participate in Tender Offer subject to additional tax introduced in the Finance Act, 2026.

3.4.4. Question for public comments:

Do you agree with the proposal to mandate freezing, at the ISIN level, of shares or other specified securities of the company for which it is undertaking buy-back, held by the promoters and their associates during the buy-back period?

3.5. Minimum Public Shareholding Compliance

3.5.1. Existing Provisions: The requirement relating to Minimum Public Shareholding (MPS) is prescribed under the Securities Contracts (Regulation) Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Buy-Back Regulations does not contain any explicit provision aligning the buy-back transactions with compliance of MPS requirements.

3.5.2. Recommendations of PMAC: The Committee recommended to introduce an explicit provision for the requirement of Minimum Public Shareholding (MPS) in the context of buy-back under the Buy-Back Regulations. Accordingly, it may be specified in the Buy-Back Regulations that the company / issuer should not announce any buy-back, (through open market or tender method) that may result in breach of MPS requirements.



3.5.3. **Proposal:** It is proposed to insert a suitable provision in the SEBI (Buy-Back of Securities) Regulations, 2018 specifying that the company / issuer should not announce any buy-back, (through open market or tender method) which may result in breach of MPS requirements.

3.5.4. **Question for public comments:**

Do you agree with the proposal to introduce an explicit provision in Buy-Back Regulations to ensure that Buy-Back offer made is in compliance with MPS requirements?

3.6. Interval between two Buy-Back offers

3.6.1. **Existing Provisions:** In terms of Regulation 4(vii) of the Buy-Back Regulations, a company cannot make any offer of buy-back within a period of one year reckoned from the date of expiry of the buy-back period of the preceding offer of buy-back.

3.6.2. **Recommendations of PMAC:** The Committee recommended that the requirement relating to minimum gap between two buy-back offers under Buy-Back Regulations may be aligned with the provisions of the Companies Act. This would ensure that any amendments to the Companies Act would be accordingly applicable for listed entities, thereby maintaining consistency and avoiding the need of corresponding amendments under Buy-Back Regulations.

3.6.3. **Proposal:** It is proposed to amend the clause (vii) of Regulation 4 of the SEBI (Buy-Back of Securities) Regulations, 2018 and specify that the interval between two buy-backs by a company shall be in accordance with the interval as specified in Companies Act, 2013 for unlisted company.

3.6.4. **Question for public comments:**

Do you agree with the proposal to align the interval between two buy-back offers under Buy-Back Regulations with the provisions of Companies Act, 2013?

4. Appointment of Merchant Banker:

4.1. Pursuant to internal deliberations, the requirement relating to mandatory appointment of Merchant Banker for undertaking buy-back under Buy-Back Regulations has also



been reviewed in line with making the appointment of Merchant Banker optional in the rights issue process at the discretion of the company. The existing provisions and proposals are discussed as under:

4.1.1. **Existing Provisions:** The Buy-Back Regulations presently require mandatory appointment of a Merchant Banker for undertaking a Buy-Back. In terms of the extant framework, the Merchant Banker is, inter-alia, responsible for activities relating to filing of letter of offer, dissemination related activities, escrow account related compliances, ensuring compliances with regulatory requirements etc.

4.1.2. **Internal deliberations:**

- i. The securities market ecosystem has evolved significantly over the years through continuous disclosure mechanisms and enhanced governance framework. At present, listed companies undertaking buy-back are already subject to detailed disclosures and governance requirements under SEBI Regulations. It is also noted that several responsibilities presently undertaken by Merchant Bankers under the Buy-Back Regulations are procedural and operational in nature that may be performed by the Company itself.
- ii. Further, the Board of Directors in respect of Buy-Back Regulations continues to remain responsible for correctness of disclosures, compliance with statutory requirements, solvency declaration, extinguishment of securities etc.
- iii. In this regard, mandatory appointment of Merchant Banker in all buy-back offers, particularly small buy-back offers undertaken by listed entities, may result in increased compliance costs. Considering that several responsibilities presently undertaken by Merchant Bankers are procedural in nature and may be undertaken by the Company itself or by the stock exchanges as the case may be, flexibility with respect to appointment of Merchant Banker under the Buy-Back Regulations, may be considered. The same would be aligned with the broader objective of promoting ease of doing business and facilitating efficient capital management by listed companies while reducing the procedural and compliance costs associated with mandatory appointment of Merchant Banker.

4.1.3. **Proposal:**

- i. It is proposed to dispense with the requirement of appointing a Merchant Banker by the company for undertaking buy-back of shares or other specified securities.
- ii. Further, it is proposed to assign the activities which are presently carried out by the Merchant Banker to the Company, Stock Exchanges and Secretarial Auditor, as provided in '**Annexure-I**'.

4.1.4. **Question for public comments:**

Do you agree with the proposal to dispense the mandatory requirement of appointing Merchant Banker under Buy-Back Regulations, 2018?

5. You may submit your comments/suggestions on aforesaid proposal by May 29, 2026, by using the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

In case of any technical issue in submitting your comments through the web based public comments form, you may send the public comments on the email consultationcf@sebi.gov.in with subject: '**Review and rationalization of (Buy-Back of Securities) Regulations, 2018**'

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Annexure -I

Sr. No.	Responsibilities of MBs as per current regulatory framework	Relevant Regulation of Buy-Back Regulations	Proposal	Activities proposed to be assigned to
1.	Appointment of Merchant Banker	16(iv)(a) and 22A	It is proposed to dispense with the requirement.	NA
2.	Filing of letter of offer and Public Announcement along with Fees in accordance with the terms of the Regulations and ensuring that their contents are true, fair and adequate.	8(i)(a), 16(iv)(a), 22A, 25(iv), 25(v), 25(vii) and Schedule V	It is proposed to be carried out by Company itself	Company
3.	Certifying that the buy-back offer is complying with regulations and Due diligence certification	8(i)(aa) and 25(vi)	It is proposed to be carried out by Secretarial Auditor	Secretarial Auditor
4.	Oversight and operation of escrow accounts including bank guarantees, cash deposits, approved securities, invocation rights and release of escrow account and forfeiture-related directions by SEBI.	9(xi)(c)(ii), 9(xi)(d), 9(xi)(e), 9(xi)(f), 9(xi)(g), 20(ii)(b), 20(ii)(c), 20(iii), 20(iv)(a), 20(iv)(b), 20(viii), 25(ii), 25(ix)	It is proposed to be carried out by Designated Stock Exchanges*	Designated Stock Exchanges
5.	Certification relating to adequacy of sell orders and VWAP of shares or other specified securities	20(viii)(a) and 20(viii)(b)	It is proposed to be carried out by Stock Exchanges	Stock Exchanges
6.	Presence during extinguishment/destruction of securities in case of Tender offer	11(i)	It is proposed to do away with	NA
7.	Presence during extinguishment/destruction of securities in case of buy-back through open market	21(iii)	It is proposed to be carried out by Compliance officer of the Company	Compliance officer
8.	Certification/verification of compliance with extinguishment of securities	11(iii)(a)	It is proposed to be carried out by Compliance officer of the Company	Compliance officer
9.	Submission of final report	25(x)	It is proposed to be carried out by Company	Company
10.	Ensuring availability of funds and firm financial arrangements for implementation	Explanation to Regulation	It is proposed to be carried out by	Company



Sr. No.	Responsibilities of MBs as per current regulatory framework	Relevant Regulation of Buy-Back Regulations	Proposal	Activities proposed to be assigned to
	of the buy-back	9(xi)(c)(ii), 25(i) and 25(iii)	Company	
11.	Compliance with relevant provisions of Companies Act, 2013	25(viii)	It is proposed to be carried out by Company	Company
12.	Disclosure of Public Announcement on website of Merchant Bankers	7(iv), 16(iv)(cb)	It is proposed to be dispensed with the requirement.	NA

**Designated Stock Exchange means a recognized stock exchange having nationwide trading terminals chosen by the Company for the purpose of Buy-Back.*
