

CIRCULAR

SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/51

May 21, 2024

To,

All listed entities

All the recognized Stock Exchanges

Dear Sir/Madam,

Sub: Framework for considering unaffected price for transactions upon confirmation of market rumour

1. In terms of Regulation 30(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”), as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024 ([link](#)), listed entity is required to verify market rumours, upon material price movement. The stock exchanges shall issue the framework for material price movement on their websites.
2. As per second proviso to Regulation 30(11) of LODR Regulations, unaffected price shall be considered for transactions on which pricing norms specified by SEBI or the stock exchanges are applicable, provided that the rumour pertaining to such transaction has been confirmed within 24 hours from the trigger of material price movement.

Further, it has been specified that the unaffected price shall be considered by excluding the effect on the price of the equity shares of the listed entity due to the material price movement and confirmation of the rumour. Accordingly, the framework for considering unaffected price is placed as [ANNEXURE](#) to this circular and the same shall be applicable to top 100 listed entities with effect from June 01, 2024 and to top 250 listed entities (i.e., next top 150) with effect from December 01, 2024.

3. The Stock Exchanges are advised to bring the contents of this circular to the notice of their listed entities and ensure its compliance.

4. This circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
5. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

Yours faithfully,

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FRAMEWORK FOR CONSIDERING UNAFFECTED PRICE

1. The calculation of adjusted volume weighted average price (“**VWAP**”) for considering unaffected price is given below:
 - 1.1. The variation in daily WAP from the day of material price movement till the end of the next trading day after confirmation of the rumour shall be attributed to the rumour and confirmation of the rumour (“**WAP variation**”).
 - 1.2. The adjusted daily WAP shall be calculated by excluding the WAP variation from the daily WAP in the look back period from the day of the material price movement onwards. The adjusted daily WAP from the day of material price movement till the end of the next trading day after confirmation of the rumour shall be same as the daily WAP on the trading day preceding the day of material price movement.
 - 1.3. The adjusted VWAP for the look back period shall be calculated based on the adjusted daily WAP calculated as mentioned at para 1.1 and 1.2 above, and as illustrated below.
2. Illustration for calculation of VWAP under the above proposed framework in case of preferential issue to qualified institutional buyers (QIBs) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 is given in the table below:

Table 1: Illustration for calculation of VWAP

Trading Day (A)	Daily WAP (B)	Adjusted Daily WAP (C)	No. of Shares traded (D)	Remarks (E)
20-Jul	1,045.06	1,045.06	47,004	
21-Jul	1,053.26	1,053.26	24,750	
24-Jul	1,047.07	1,047.07	37,262	T-10
25-Jul	1,054.90	1,054.90	15,000	
26-Jul	1,060.76	1,060.76	44,519	
27-Jul	1,164.47	1,060.76	7,60,853	Date of material price movement
28-Jul	1,173.45	1,060.76	2,38,320	Date of rumour confirmation
31-Jul	1,178.90	1,060.76	88,450	Next trading day after rumour confirmation
01-Aug	1,173.16	1,055.02	68,613	
02-Aug	1,165.71	1,047.57	41,954	
03-Aug	1,163.36	1,045.23	56,267	
04-Aug	1,212.36	1,094.23	5,99,197	T-1
07-Aug	1,208.33	1,090.20	1,08,762	Relevant Date (T) – Date of Board approval to preferential issue to QIBs

- 2.1. The variation in daily WAP (in column B) from the day of material price movement (July 27, 2023) till the end of the next trading day after confirmation of the rumour (July 31, 2023) is the VWAP variation. The WAP variation is Rs. 118.14.
- 2.2. Adjusted daily WAP (in column C) has been calculated from the day of material price movement onwards (i.e. from July 27, 2023). The adjusted daily WAP from the day of material price movement (July 27, 2023) till the end of the next trading day (July 31, 2023) after confirmation of the rumour is same as the daily WAP on the trading day preceding the day of material price movement (i.e. July 26, 2023) viz. Rs. 1060.76.
- 2.3. Adjusted daily WAP (in column C) from August 1, 2023 onwards has been calculated by subtracting the WAP variation (i.e. Rs. 118.14) from the daily WAP.
- 2.4. VWAP in the look back period (T-1 to T-10) calculated under existing ICDR Regulations using the daily WAP is Rs. 1,175.78. Adjusted VWAP in the look back period (T-1 to T-10) calculated using the adjusted daily WAP is Rs. 1,069.80.
3. In case the price variation due to confirmation of the rumour, hits the price band limit on the next trading day post rumour confirmation, the price variation in the subsequent trading days shall be included for adjustment till such day the price does not hit the band limit.
4. The unaffected price shall be applicable only if the listed entity has confirmed the rumour pertaining to the transaction within 24 hours from the trigger of material price movement.
5. The unaffected price shall be applicable for a period of 60 days or 180 days, as applicable based on the stage of transaction, from the date of confirmation of the market rumour till the 'relevant date' under the existing regulations (public announcement, board approval, etc., as the case may be). The stages of transaction and applicability period of the unaffected price shall be specified in the Industry Standards on Regulation 30(11) of LODR Regulations.
6. In case rumour pertaining to a transaction has been confirmed by the listed entity and subsequent rumour(s) are reported in the mainstream media with material update to the transaction which require confirmation under Regulation 30(11) of LODR Regulations, then the unaffected price shall be applicable for each instance of confirmation of rumour. The following illustration is given for clarity:

- 6.1. In the illustration given in Table 1 above, the rumour has been confirmed on July 28, 2023 and the unaffected price calculated is applicable till September 26, 2023 (i.e. 60 days from the confirmation of the rumour, based on the stage of the transaction).
- 6.2. Subsequently, rumour pertaining to the same transaction may be reported in the mainstream media with material update to the transaction which require confirmation under Regulation 30(11) of LODR Regulations. The unaffected price subsequent to confirmation of rumour on, say August 28, 2023 shall be applicable till October 27, 2023 (i.e. 60 days from the confirmation of the rumour, based on the stage of the transaction).
- 6.3. The different scenarios for applicability of unaffected price are illustrated in the table below:

Table 2: Illustration for applicability of unaffected price

S. No.	Relevant date (i.e. Date of approval by board of directors to preferential issue to QIBs)	Applicability of unaffected price for the rumour confirmation on July 28, 2023	Applicability of unaffected price for the rumour confirmation on August 28, 2023
1.	July 29, 2023 to August 28, 2023	Applicable	Not applicable
2.	August 29, 2023 to September 26, 2023	Applicable	Applicable
3.	September 27, 2023 to October 27, 2023	Not applicable	Applicable
4.	October 28, 2023 onwards	Not applicable	Not applicable
