
Legal & Finance Weekly

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Corporate law, capital markets, M&A and financial regulation

Lead story, capital markets

Open market buy-backs are back, on a fixed clock

SEBI restored the stock exchange route for share buy-backs with effect from 1 August 2026, notified on 1 July. The route is quicker to run than a tender offer, but the new framework fixes the timetable at four working days to open and 66 working days to close, caps the size at less than 15% of paid-up capital and free reserves on both standalone and consolidated figures, and makes compliance with minimum public shareholding an express pre-condition for every method of buy-back.

Two changes deserve early attention. Promoter and promoter group holdings are frozen at ISIN level from the enabling resolution until the offer closes, with narrow carve-outs only for tendering into a tender offer and for invocation of pre-existing encumbrances. And the merchant banker is now optional: where none is appointed, the filing, diligence, escrow and extinguishment functions move to the company, the secretarial and statutory auditors, the stock exchanges and the compliance officer.

The trigger was fiscal. Since 1 April 2026 buy-back consideration is taxed as capital gains in the shareholder's hands, with an additional levy taking promoters to an effective 22% for domestic company promoters and 30% for others, so public shareholders are no longer taxed differently for selling into a buy-back than on the market.

Banking and NBFC regulation

RBI opens an exit from NBFC registration, and the window closes on 31 December

From 1 July 2026, an NBFC with no public funds, no customer interface and assets below

₹1,000 crore may operate as an unregistered Type I NBFC, exempt from sections 45-IA and 45-IC of the RBI Act. Existing certificate holders have until 31 December 2026 to apply on PRAVAAH, with three years of financials, an auditor's certificate and board undertakings. The tests are wider than they look: public funds include money reaching the company through a group entity that itself borrows, and customer interface covers lending, guarantees and inter-corporate deposits even within the group. Group assets are aggregated, so several small vehicles can breach the threshold together.

Corporate law and M&A

Committee reports on the Corporate Laws Bill, which still awaits passage

The Joint Parliamentary Committee reported on 3 August 2026 on the Bill introduced in March. For transaction teams the material proposals are a single NCLT bench for each scheme, that of the transferee or resulting company; fast-track merger thresholds of 75% of members present and voting and 75% of creditors, in place of 90% of total shares; a three-year sunset for legacy treasury shares held through pre-2013 schemes; and two buy-backs a year, six months apart, for prescribed classes of companies. The Committee has recommended an exit right for dissenting shareholders in fast-track mergers, and has pushed back on several delegated powers. Nothing takes effect until the Bill is enacted and notified.

In brief

AIF launches get a green channel. SEBI's GARUDA mechanism cuts the launch timeline for non-accredited investor schemes to 10 working days, and exempts accredited-investor-only schemes and angel funds from filing the private placement memorandum through a merchant banker.

Transmission of securities simplified. Quick Transmission Processing applies to small-value claims, up to ₹10,000 for physical holdings and ₹30,000 in demat, with rationalised documentation for larger ones.

Mutual funds may borrow intraday to manage settlement, forex and mark-to-market mismatches, repayable the same day and not to be used as leverage.

Securitisation and municipal debt. The securitised debt instruments regulations have been aligned with RBI's framework, and municipal issuers may now refinance existing project debt and use pooled finance vehicles.

Next review theme. SEBI has picked the framework for SME capital raising for evidence-based review during FY 2026-27.

Dates that matter

31 December 2026	Last date for the one-time NBFC deregistration window on PRAVAAH.
Start of each financial year	Board resolution confirming no public funds and no customer interface, for unregistered Type I NBFCs.
4 and 66 working days	To open, and then to close, an open market buy-back after the public announcement.
Awaited	Commencement notifications under the Corporate Laws (Amendment) Bill; the three-year treasury share clock starts then.

By the numbers

15%	Ceiling on an open market buy-back, tested on standalone and consolidated figures
40% / 75%	Minimum deployment of the earmarked amount in the first half, and overall
22% / 30%	Effective tax on buy-back gains for domestic company promoters, and other promoters
₹1,000 crore	Asset ceiling for an unregistered Type I NBFC, aggregated across the group
75%	New member and creditor thresholds for a fast-track merger
₹10,000 a day	Penalty for holding legacy treasury shares past the proposed sunset

The ANSV take

Three regulators, one direction of travel. SEBI, RBI and the Ministry of Corporate Affairs are each removing procedure while tightening substance, and the substance is where the work now sits.

A buy-back without a merchant banker is cheaper and riskier in equal measure: the diligence

and certification move to directors and auditors who have not priced for it. An NBFC that surrenders its certificate saves compliance but gives up an option that is slow and uncertain to buy back. A fast-track merger at 75% of those present and voting is easier to carry and easier to challenge.

In each case the filing has become simpler and the decision harder. We would put the analysis in front of the board before the timetable, not after it.

Position as at 16 September 2026. Sources: SEBI Board meeting of 19 June 2026 and notification SEBI/LAD-NRO/GN/2026/306 dated 1 July 2026; RBI Amendment Directions dated 29 April 2026 and RBI's FAQs; the Corporate Laws (Amendment) Bill, 2026 and the Joint Committee report of 3 August 2026.

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