



PR No.62/2020

Review of framework of Innovators Growth platform (IGP) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations)

SEBI in 2019 had created Innovators Growth Platform (IGP) framework under ICDR Regulations to encourage and facilitate capital raising and listing of startups and other new-age firms which are intensive in use of technology.

Based on feedback and suggestions received from market participants and stakeholders, SEBI is revisiting the existing regulatory norms applicable to IGP. Accordingly, a consultation paper has been floated for seeking comments on proposed changes for IGP framework.

The key proposals under consideration are as follows:

- 1. Eligibility Criteria:** Period of holding of 25% of pre-issue capital to be held by eligible investors for 2 years, is proposed to be reduced to 1 year.
- 2. Accredited Investors (AIs):** AIs' pre-issue shareholding may be considered for entire 25% (instead of present 10%) of the pre-issue capital required for meeting eligibility condition norms. Further, Family trusts may be included as a part of AI definition.
- 3. Lock –In:** Post issue six months lock-in requirements for AIF Cat –II investors is proposed to be exempted, provided shares are held for a period of 1 year from the date of purchase.
- 4. Discretionary Allotment to Anchor Investors:** It is proposed that upto 60% portion of the issue size may be allocated on a discretionary basis, prior to issue opening, to all eligible investors as defined under the IGP framework, provided that there will be a lock in of 30 days on such shares.
- 5. Differential Voting Rights (DVR) / Superior Voting Right (SR) equity shares:** It is proposed that companies listed under IGP framework may be allowed to issue DVR / SR equity shares to promoters / founders.

6. **Takeover requirements:** The Substantial Acquisition of Shares and Takeover Regulations, 2011 (SAST), stipulation for triggering open offer may be relaxed to higher threshold of 49% from existing 25%, subject to the condition that any change in control irrespective of value of acquisition will trigger open offer. The threshold for disclosure of the aggregate shareholding is proposed to be increased from the present 5% to 10% and whenever there is subsequent change of $\pm 5\%$ (instead of present $\pm 2\%$) in the shareholding.
7. **Voluntary Delisting:** For companies listed under IGP framework, the delisting may be considered if 75% of the total shareholding / voting rights are acquired. Further, while delisting the floor price may be determined by delisting regulations along with a new mandatory provision for premium for delisting which the acquirer will have to justify.
8. **Migration to Main Board:** Eligibility requirements to have 75% of capital to be held by QIBs as on date of application for migration for migration to main board (for a company which does not satisfy the requirements of profitability, net worth, net assets etc.) may be reduced from 75% to 40%.

Details of above mentioned proposals and consultation paper on review of IGP framework are available at following link : <https://www.sebi.gov.in/reports-and-statistics/reports/dec-2020/consultation-paper-on-review-of-framework-of-innovators-growth-platform-igp-under-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018-48428.html>.

Last date for giving comments on consultation paper is January 11, 2021.

Mumbai
December 17, 2020