



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CFD/DCR-3/P/CIR/2022/27

March 07, 2022

To  
All listed entities  
Recognized Stock Exchanges  
Registered Depositories  
Registered Registrar & Share Transfer Agents

Dear Sir / Madam,

**Subject: Automation of disclosure requirements under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011-System Driven Disclosures - Ease of doing business.**

1. SEBI vide circulars dated December 01, 2015, December 21, 2016, May 28, 2018 and September 23, 2020 implemented the System Driven Disclosures (hereinafter referred to as "SDD") in phases.
2. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "Takeover Regulations") were amended vide Gazette Notification No. SEBI/LAD-NRO/GN/2021/46 dated August 13, 2021 doing away with manual filing for most of the transactions with effect from April 01, 2022.
3. Thus transactions undertaken in the depository system under Regulation 29 and Regulation 31 of Takeover Regulations do not require manual filing except for the following transactions where disclosure shall continue to be filed:-
  - a. Triggering of disclosure requirement due to acquisition or disposal of the shares, as the case may be, by the acquirer together with persons acting in concert (PACs).
  - b. Triggering of disclosure requirement in case the shares are held in physical form by the acquirer and/or PACs.
  - c. Listed companies who have not provided PAN of promoter(s) including member(s) of the promoter group to the designated depository or companies which have not appointed any depository as their designated depository.

## **Disclosure of encumbered shares- Capturing ultimate lender**

4. Promoters are required to file disclosures on reasons for encumbered shares manually to the stock exchanges as specified by SEBI vide circular No. CIR/CFD/POLICYCELL/3/2015 dated August 05, 2015 and circular No. SEBI/HO/CFD/DCR1/CIR/P/2019/90 dated August 07, 2019.
5. In terms of the SEBI circular no. SEBI/HO/MRD2/DDAP/CIR/P/2020/137 dated July 24, 2020, the depositories have put in place systems for capturing and recording all types of encumbrances including non-disposal undertakings (NDUs), as specified under Regulation 28(3) of Takeover Regulations.
6. In order to streamline the capture and dissemination of the information related to “encumbrances” and thus bring in more transparency, in consultation with the stock exchanges and depositories, it has been decided that:
  - i. All types of encumbrances as defined under Regulation 28 (3) of Takeover Regulations shall necessarily be recorded in the depository system.
  - ii. The depositories shall capture details of the ultimate lender along with name of the trustee acting on behalf of such ultimate lender such as banks, NBFCs, etc. In case of issuance of debentures, name of the debenture issuer shall be captured in the depository system.
  - iii. The depositories shall now capture the reasons for encumbrances in the depository system.
7. The depositories shall also devise an appropriate mechanism to record all types of outstanding encumbrances in the depository system by June 30, 2022.

## **Coordination among Market Infrastructure Institutions**

8. For the purpose of dissemination of this information:
  - i. The depositories shall provide information to the stock exchanges for the transactions recorded in the depository system.
  - ii. The stock exchanges shall consolidate the information received from both the depositories and disseminate the same on their website as per the formats specified by SEBI.
  - iii. The stock exchanges shall also devise an appropriate mechanism for dissemination of disclosures under SDD in a simple readable pdf format.

- iv. Reconciliation of data shall be conducted by listed companies, stock exchanges and depositories at least once in a quarter or immediately whenever any discrepancy is noticed.
9. The provisions of this circular shall come into effect from July 01, 2022.
10. The stock exchanges, depositories and Registrar & Share Transfer Agents are advised to bring the provisions of this circular to the notice of the listed companies, their promoters and also disseminate the same on their respective websites.
11. The stock exchanges and depositories are advised to report the progress in the matter through monthly development report till its final implementation.
12. This circular is being issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and to protect the interests of the investors in securities market.
13. A copy of this circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework -> Circulars".

Yours faithfully,

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