MCA extends Companies Compliance Facilitation Scheme (CCFS-2026)

SEBI notified the **SEBI (Buy-Back of Securities) (Amendment) Regulations, 2026** on **1 July 2026**, which will come into force from **1 August 2026**. The amendments aim to strengthen investor protection, maintain market liquidity, and streamline the buy-back process.

Key Changes

1. Buy-backs cannot breach Minimum Public Shareholding (MPS)

A listed company cannot undertake a buy-back if it would result in a violation of the Minimum Public Shareholding requirements prescribed under the Securities Contracts (Regulation) Rules, 1957 or SEBI LODR Regulations. [singrodiagoyal.co.in],

Impact:

- Prevents excessive reduction in public float.
- Ensures continued compliance with MPS norms (generally 25% for most listed companies).
- Promotes liquidity and efficient price discovery.

2. Reintroduction of Open-Market Buy-backs

Companies may again undertake buy-backs through the stock exchange route from **1 August 2026**.

3. 15% Cap on Open-Market Buy-backs

Open-market buy-backs through stock exchanges must be **less than 15% of paid-up capital and free reserves**, computed based on both standalone and consolidated financial statements.

4. Revised Timelines

For open-market buy-backs:

- Public announcement within **2 working days** of board/shareholder approval.
- Electronic intimation to shareholders within **1 working day** of public announcement.
- Offer to open within **4 working days** from public announcement.
- Offer to close within **66 working days** from opening.

5. Promoter Holding Freeze

Promoter and promoter-group shares are generally required to remain frozen at the ISIN level during the buy-back period, subject to specified exceptions.

6. Merchant Banker Appointment Made Optional

The appointment of a merchant banker is no longer mandatory for buy-backs. Where a merchant banker is not appointed, compliance responsibilities shift to the company, compliance officer, statutory auditor, secretarial auditor and stock exchanges.

7. Cooling-off Period Aligned with Companies Act

A company cannot launch another buy-back offer during the period prescribed under the Companies Act, 2013, after closure of the previous buy-back.

Practical Implications

For Companies

- Additional MPS compliance checks before announcing buy-backs.
- Reduced flexibility for promoter-heavy companies close to MPS thresholds.
- Faster disclosure and execution requirements.
- Potential reduction in compliance costs due to optional merchant banker engagement.

For Investors

- Better market liquidity and public float preservation.
- Enhanced transparency through quicker disclosures.
- Stronger safeguards against promoter-dominated buy-back structures.

Key Takeaway

The most significant amendment is SEBI's prohibition on buy-backs that would cause a breach of **Minimum Public Shareholding (MPS)**. This ensures that companies cannot use buy-backs to reduce public shareholding below regulatory limits, thereby protecting liquidity, transparency, and investor interests