The March 2026 amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are best understood as a ***two-part reform package*: first,** a targeted operational fix for lock-in compliance on pledged pre-issue shares held by non-promoters; **second,** a broader disclosure redesign intended to make IPO documents more usable for retail investors while reducing process friction for issuers.

The consultation paper issued on 13 November 2025 stated the policy objective clearly: to enhance **ease of doing business and increase the participation of retail investors in public issues**. The final amendment comparison shows that SEBI carried forward that intent by inserting an enabling mechanism in Regulation 17 and by reworking multiple ICDR provisions across Main Board IPOs, pre-filed IPOs, FPOs and SME IPOs around the concept of a **draft abridged prospectus / abridged prospectus and wider access tools such as QR codes and links**.

Regulatory context

The consultation paper identified two problem statements. First, the depository system did not effectively permit lock-in creation in certain cases, especially where **pre-IPO shares held by non-promoters were already pledged,** creating execution issues for issuers during the IPO timeline. Second, SEBI found that **offer documents were often voluminous and difficult for retail investors to navigate**, while public comments on draft offer documents remained negligible despite the 21-day comment window.

In response, the amendment package changes both process and disclosure architecture. The first set of changes addresses lock-in implementation through a **non-transferability mechanism where lock-in cannot be created**. The second set embeds a **separate summary document into filing**, hosting and application-stage disclosure requirements across issue types, while also reshaping the contents expected from that summary.

Amendment 1: Regulation 17 — lock-in for pre-issue capital held by non-promoters

Why this amendment was necessary

Under the pre-amendment framework, Regulation 17 required the entire pre-issue capital held by persons other than promoters to be locked in for six months from the date of allotment in the IPO, subject to specific carve-outs such as employee schemes and certain funds. SEBI noted in the consultation paper that this requirement became difficult to implement where such shares had been pledged before the IPO, because the depository system did not allow lock-in creation over certain pledged shares.

The consultation paper further recorded that issuers were facing practical compliance issues where shareholders were numerous, difficult to trace, or unwilling to cooperate within compressed IPO

timelines. SEBI's rationale was that the framework needed to be modified so that the objective of lock-in was preserved without prejudicing lenders or derailing the IPO process.

What exactly has changed

The amendment recasts Regulation 17 as sub-regulation (1) and inserts a new sub-regulation (2). The newly inserted provision states that where lock-in of specified securities cannot be created, the depositories, on instructions from the issuer, shall record those securities as "non-transferable" for the duration of the applicable lock-in period.

This is a focused but important change. Instead of relaxing the lock-in principle, the amendment introduces an alternate compliance mechanism so that pledged shares held by non-promoters can still be subjected to an equivalent transfer restriction for the prescribed period.

Practical significance

From a market practice perspective, the amendment **reduces the risk that a valid IPO could be delayed** because of technical lock-in impossibility at the depository level. At the same time, it preserves the policy objective that **pre-issue non-promoter capital should not become immediately tradeable** after allotment merely because the shares were already under pledge.

For transaction advisers, this change also makes board-stage and pre-filing planning more predictable because the consultation paper contemplated aligned AoA provisions, lender intimation and depository-level system support for continuity of restrictions upon invocation or release of pledge. Even though the notified comparison captures the ICDR text change rather than the full operational architecture, the background confirms why the inserted non-transferability construct matters.

Amendment cluster 2: Filing and hosting of a draft abridged prospectus / abridged prospectus

Why this amendment was necessary

SEBI observed that the offer document is typically **lengthy, legally dense and operationally difficult** for retail investors to process. It also noted that important disclosures such as risk factors, financial highlights, issue objects and KPIs are spread across multiple sections, which weakens usability for retail readers and may increase dependence on unregulated information channels like grey market commentary and social media narratives.

The consultation paper therefore argued for a focused, concise and standardized summary, available separately from the main offer document, so that investors can access important information earlier and more easily. The final comparison document shows that instead of

removing the abridged prospectus architecture outright, SEBI amended ICDR provisions to require filing and hosting of a draft abridged prospectus and abridged prospectus at multiple stages of the issue process.

What exactly has changed

The amendments insert the requirement to submit a **draft abridged prospectus** along with the draft offer document in several provisions, including Regulation 25(2) for IPOs, Regulation 123(2) for FPOs and Regulation 246(3) for SME issues. A new Regulation 59C(9A) similarly requires a draft abridged prospectus to be submitted along with the updated draft red herring prospectus-I and hosted on the websites of the issuer, SEBI, relevant stock exchanges and lead managers in the pre-filing route.

Parallel amendments require the abridged prospectus to accompany the offer document at filing and soft-copy submission stages. These appear in Regulation 25(7) and 25(8), Regulation 59C(14) and 59C(15), Regulation 123(7) and 123(8), and Regulation 246(5). The combined effect is that the summary-style document is no longer treated as an end-stage appendage to the application form alone; it becomes embedded in the formal regulatory filing and hosting chain from the draft stage onward.

Practical significance

This change is structurally important because it brings simplified disclosure into the public comment phase, not just the bidding phase. That can improve the quality of investor engagement: a retail investor, analyst or governance observer can review an accessible summary at the same time as the DRHP or updated draft document, rather than only later at the RHP stage.

It also imposes a tighter consistency discipline on issuers and lead managers because the abridged prospectus must now be filed, hosted and mirrored across regulatory and intermediary websites in the same way as the primary offer documents. In practice, this should reduce the gap between the full legal document and the investor-facing short-form disclosure.

Amendment cluster 3: Website hosting and public accessibility requirements

Why this amendment was necessary

A central concern in the consultation paper was not merely the existence of disclosure, but its accessibility. SEBI noted that even though draft offer documents were already hosted for comments for at least 21 days, actual public participation remained negligible, suggesting that mere availability of long-form documents was not enough to generate informed engagement.

What exactly has changed

Regulation 26(1) now requires the draft offer document to be hosted along with the draft abridged prospectus during the public comment period. Similar changes have been made in Regulation 124(1) for FPOs and Regulation 247(1) for SME issues.

Further, Regulations 26(4), 124(4) and 247(4) now require issuers and lead managers to ensure that the offer documents and the abridged prospectus are hosted on the required websites and that their contents match the filed versions. These are not cosmetic amendments; they create express parity between the main document and the shorter investor-facing document in the digital disclosure ecosystem.

Practical significance

This should improve **information symmetry** because the same simplified document becomes visible on issuer, SEBI, exchange and lead manager websites during the key pre-issue stages. For retail investors, the **amendment reduces search friction and improves the chance that the first document they encounter is a standardized summary** tied directly to the filed version rather than an informal market digest.

Amendment cluster 4: Application forms must carry QR codes and links

Why this amendment was necessary

The consultation paper emphasized that retail investors often rely on fragmented secondary sources when they do not get quick access to the core issue documents in a usable format. One practical way to address that problem is to make verified source documents instantly reachable from the application journey itself.

What exactly has changed

Regulations 34(2), 131(2) and 255(2) have been amended so that every application form distributed in relation to an issue must include a QR code and link to access the red herring prospectus, the abridged prospectus and the price band advertisement. This applies across Main Board IPOs, FPOs and SME IPOs.

Practical significance

This change recognizes actual investor behaviour. Many investors now interact with issue information digitally, often on mobile devices, and QR-enabled access shortens the path from

application form to authenticated disclosure. It may also reduce dependence on forwards, broker summaries or social media posts by making the official documents one scan away.

Amendment cluster 5: Changes to Schedule VI — content architecture of summary disclosures

Why this amendment was necessary

SEBI's concern was not only that the main offer document was long, but also that the summary material needed rationalization so that it focused on what retail investors are most likely to need first: business model, issue purpose, key financials, KPIs, shareholding, litigations and top risks. The consultation paper specifically proposed to rationalize the existing Offer Document Summary and to reshape the disclosure set so that the summary becomes focused, concise and standardized.

The comparison document shows that the final amendment works through Schedule VI by modifying Part A and extensively reworking Part E so that the abridged prospectus framework now expressly covers both a draft abridged prospectus and an abridged prospectus, with additional general instructions and revised content expectations. This is the substantive heart of the retail-investor oriented reform.

What exactly has changed

First, Schedule VI Part A clause (4), dealing with offer document summary, omits the earlier itemized summary structure "(A) to (R)". At the same time, clause (6) of Part A now expands the "Introduction" section to include a summary of contingent liabilities and a summary of related party transactions.

Second, Part E of Schedule VI is renamed from disclosures in "an abridged prospectus" to disclosures in "a draft abridged prospectus and an abridged prospectus". The general instructions now add several investor-useability requirements, including use of the front outside cover page of the draft offer document / offer document as the first page of the draft abridged prospectus / abridged prospectus, cross-references to the relevant sections of the draft offer document / offer document, QR code and link access for the draft and final documents, and an explicit requirement that disclosures be in clear, simple and easily understandable language.

Third, Annexure I to Part E now reorganizes the content into a sharper summary format. It requires a summary of the primary business, summary of the industry, promoter details, object-wise issue summary, pre- and post-offer shareholding of promoters, promoter group and top 10 shareholders, summary of restated consolidated financial information, summary of KPIs, top 10 risk factors, weighted average cost of acquisition details, board and KMP details, auditor qualifications and a summary table of outstanding litigations. Several legacy disclosures are rationalized, relocated or

deleted from the short-form document, including certain repetitive offer size tables and other details that SEBI considered either available elsewhere or not useful for a summary.

Practical significance

This redesign is material because it moves the short-form disclosure closer to an investor decision tool rather than a merely abbreviated legal extract. By prescribing clearer headings, cross-references, limits on narrative length, and specific summary disclosures on business, risks, financials and litigations, the amendment increases the odds that a retail investor can identify the core investment questions without reading hundreds of pages first.

There is also a disclosure-quality effect. Since the summary must now map back to the full document through cross-references and standardized sections, inconsistency risk should reduce and issue-related communication may become less dependent on marketing intermediaries.

Retail investor benefit

These amendments can benefit retail investors in three distinct ways. First, they improve **access**: key issue information becomes available earlier, on more official websites, and through QR-linked application forms. Second, they improve **comprehension**: the revised short-form disclosure structure prioritizes the business summary, issue objects, financial highlights, KPIs, litigations and top risks in a standardized format and in simple language.

Third, they improve **confidence in the process**. The lock-in amendment preserves post-issue discipline even where pledged non-promoter shares are involved, while the disclosure amendments reduce the chance that retail investors must rely on informal, unverified market chatter to understand an issue. Put differently, the reform package seeks to make IPO participation easier not by lowering disclosure standards, but by making the regulatory disclosure system more usable, more navigable and more trustworthy for ordinary investors.

Analytical closing note

From a policy standpoint, the March 2026 ICDR amendments are notable because they combine micro-level procedural repair with macro-level disclosure redesign. The lock-in change solves a specific operational bottleneck, while the broader summary-document amendments attempt to address a deeper capital-market problem: the gap between formal disclosure compliance and actual investor understanding.

For issuers and intermediaries, the package means **more discipline in preparing synchronized short-form disclosures** alongside primary offer documents. **For retail investors, the likely payoff is better access to verified information**, faster navigation of core facts, and a stronger basis for informed participation in public issues.

ICDR amendment link: https://www.sebi.gov.in/legal/regulations/mar-2026/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-amendment-regulations-2026_100495.html

SEBI CP on ICDR amendment: https://www.sebi.gov.in/reports-and-statistics/reports/nov-2025/consultation-paper-on-amendments-to-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018-with-the-objective-of-enhancing-ease-of-doing-business-and-increasing-the-participation-of-re-_97742.html