

REGULATORY UPDATE

New MPS Framework

For Large & Mega IPOs

Securities Contracts (Regulation) Amendment Rules, 2026

Effective March 13, 2026

Applicable to existing listed companies & companies proposing to list on recognised stock exchanges

Background & What Changed

The Context

- The Government of India notified the Securities Contracts (Regulation) Amendment Rules, 2026 on 13th March 2026.
- This introduces a revised Minimum Public Shareholding (MPS) framework specifically targeting large and mega IPOs.
- Earlier, most companies required 25% public shareholding at listing — challenging for very large issuers.
- The new framework replaces a market-cap based threshold with a post-issue capital based structure.

Key Change Old vs New

OLD FRAMEWORK

Market Cap Based

25%

public shareholding
at listing for most co's

*Large issuers had no defined
pathway; forced dilution was a key
concern.*

NEW FRAMEWORK

Post-Issue Capital Based

Tiered

MPS requirements
based on post-issue
capital slabs

*Mega IPOs now have a clear,
structured compliance path.*



MPS Framework: Old vs New — At a Glance

Post Issue Capital (₹ in cr)	Earlier Framework (Market Cap Based)	New Framework (Post- Issue Capital Based)
< 1,600	25% at listing	25% at listing
1,600 – 4,000	₹400 Cr offer → 25% in 3 years	₹400 Cr offer → 25% in 3 years
4,000 – 50,000	Not defined	Min 10% at listing → 25% in 3 years
50,000 – 1,00,000	No framework	₹1,000 Cr + $\geq 8\%$ → 25% in 5 years
> 1,00,000 – 5,00,000	No framework	₹6,250 Cr + 2.75% → 15% in 5 yrs & 25% in 10 yrs*
> 5,00,000	₹ 5,000 Cr + $\geq 5\%$ → 10% in 2 yrs & 25% in 5 yrs	₹15,000 Cr + $\geq 1\%$ → 15% in 5 yrs & 25% in 10 yrs*
IFSC Listings	No uniform relaxation	10% public shareholding

* If public shareholding increase is <15%, then 25% must be achieved within 5 years.

Why This Reform? Key Rationale

Makes Mega IPOs More Feasible

1

Very large companies now have a clear, structured path to listing without being forced to dilute excessive ownership upfront.

Reduces Forced Dilution Pressure

2

Tiered MPS requirements reduce the burden on large issuers, allowing phased dilution aligned to market readiness.

Improves Capital Market Depth

3

Enabling mega IPOs to list brings large-cap opportunities to public investors, deepening Indian equity markets.

Balances Founder Control with Public Participation

4

Founders retain strategic control while a clear glidepath ensures eventual meaningful public ownership over time.

Another Important Provisions

1 Applicability to Existing Listed Companies

The revised MPS timelines are not limited to new listings. They equally apply to companies already listed on recognised stock exchanges.

2 Superior Voting Rights (SVR) Shares

Companies with Superior Voting Rights shares are required to list those SVR shares alongside their ordinary shares — ensuring transparency for all categories of shareholders.

3 Penalties for Past Non-Compliance

Stock exchanges are empowered to impose penalties for historical MPS non-compliance. This signals a stricter enforcement posture going forward.

Key Takeaways

- 1 The MPS framework has been meaningfully restructured, replacing a market-cap-based approach with a post-issue capital based tiered system.
- 2 Large and mega IPOs (₹4,000 Cr+ post-issue capital) now have defined MPS compliance pathways, removing a significant listing hurdle.
- 3 Phased timelines (3, 5, and 10 years) allow issuers to plan dilution strategically while remaining compliant.
- 4 The reform applies to both new and existing listed companies — boards and compliance teams should review current MPS status.
- 5 SVR companies face an additional obligation to co-list ordinary and superior voting shares.