

REGULATORY UPDATE

SEBI Hits Pause on MPS Penalties Amid Market Volatility

SCRR Regulations

April 07, 2026 | Securities and Exchange Board of India

Context

Considering ongoing geopolitical tensions and volatile capital market conditions, many listed companies are finding it challenging to meet Minimum Public Shareholding (MPS) requirements within prescribed timelines. Recognizing these challenges, SEBI has introduced a temporary relaxation under the LODR framework.

What's the issue?

Non-compliance with MPS norms typically triggers strict actions such as:

- Monetary penalties
- Freezing of promoter shareholding
- Other regulatory consequences by stock exchanges/depositories

What's Relief and Applicability

Relief Granted:

SEBI has granted a temporary waiver from penal provisions for eligible companies

Applicability:

Companies whose MPS compliance due date falls between: 01 st April 2026 to 30th September 2026

Key Highlights:

- Any ongoing penal actions to be withdrawn during this period.
- No penal action to be initiated by stock exchanges / depositories.

BOTTOM LINE

This move offers much-needed breathing space to companies navigating uncertain market conditions, while ensuring regulatory flexibility without immediate punitive pressure.