



CIRCULAR

CIR/CFD/CMD/12/2015

November 30, 2015

To

All the Recognized Stock Exchanges
All Depositories

Dear Sir/Madam,

Sub: Non-compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Standard Operating Procedure for suspension and revocation of trading of specified securities

1. In terms of sub regulation (1) of regulation 97 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), recognized Stock Exchanges shall monitor compliance by listed entities with the provisions of the regulations.
2. Sub regulations (1) and (2) of regulation 98 of Listing Regulations *inter alia* specify liability of a listed entity or any other person for contravention and actions which can be taken by the respective stock exchange and the revocation of such actions, in the manner specified by SEBI.
3. Accordingly, recognized stock exchanges shall use imposition of fines as action of first resort in case of such non compliances and invoke suspension of trading in case of subsequent and consecutive defaults. Accordingly, in order to maintain consistency and uniformity of approach the recognized stock exchanges shall follow the following procedure:
 - a) Uniform fine structure for non-compliance with Listing Regulations regarding non-submission of certain periodic reports – **Annexure I**.
 - b) Standard Operating Procedure (SOP) for suspension and revocation of suspension of trading of specified securities – **Annexure II**.
4. In order to ensure effective enforcement of the Listing Regulations, the depositories, on receipt of intimation from concerned recognized stock exchange, shall freeze or unfreeze, as the case may be, the entire shareholding of the promoter and promoter group in such entity.



5. The recognized stock exchanges shall disclose on their website the action/s taken against the listed entities for non-compliance(s); including the details of respective requirement, amount of fine, period of suspension, freezing of shares, etc.
6. Recognized stock exchanges may, having regard to the interests of investors and securities market, take appropriate action in line with the principles and procedures laid down in **Annexure I** and **II** and any deviation therefore should not dilute the spirit of the policy contained therein. Any deviation shall be on justifiable reasons to be recorded in writing. The above actions are without prejudice to power of SEBI to take action under securities laws for above violations.
7. The Stock Exchanges are advised to bring the provisions of this circular to the notice of listed entities and also to disseminate the same on its website. This circular shall come into force with effect from December 01, 2015.
8. This circular is issued under regulations 97, 98, 99 and 102 read with regulation 101(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
9. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Continuous Disclosure Requirements”.

Yours faithfully,

B N Sahoo
General Manager
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**ANNEXURE I
IMPOSITION OF FINE**

1. The recognized stock exchange shall impose fine on listed entities for non-compliance with certain provisions of the Listing Regulations for non-submission/delay in submission of reports/ documents to recognized stock exchange as under:

Regulation	Fine payable for 1st non-compliance	Fine Payable for each subsequent and consecutive non-compliance
Regulation 27 (2) Non submission of the Corporate governance compliance report within the period provided under this regulation	₹ 1,000 per day of non-compliance till the date of compliance	₹ 2,000 per day of non-compliance till the date of compliance
Regulation 31 Non submission of the Shareholding pattern within the period prescribed under this regulation.	₹ 1,000 per day of non-compliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of paid up capital* of the entity or ₹ 1 crore, whichever is less.	₹ 2,000 per day of non-compliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of paid up capital* of the entity or ₹ 1 crore, whichever is less.
Regulation 33 Non submission of the financial results within the period prescribed under this regulation	₹ 5,000 per day of non-compliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of Paid Up capital* of the entity or ₹ 1crore, whichever is less.	₹ 10,000 per day of non-compliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of Paid Up capital* of the entity or ₹ 1 crore, whichever is less.



Regulation 34 Non-submission of the Annual Report within the period prescribed under this regulation.	If non-compliance continues for more than 5 days, ₹ 1,000 per day till the date of compliance	₹ 2,000 per day of non-compliance till the date of compliance
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**Paid up capital as on first day of the financial year in which the non-compliance occurs.*

2. The amount of fine realized as per the above structure shall be credited to the "Investor Protection Fund" of the concerned recognized stock exchange.
3. The recognized Stock Exchanges shall disseminate on their website, the names of non-compliant listed entities that are liable to pay fine for non-compliance of the above regulations.
4. Every recognized stock exchange shall review the compliance status of the listed entities within 15 days from the due date for compliance for the respective regulation and issue notices to the non-compliant listed entities to ensure compliance and pay fine as per this circular within 15 days from the date of the notice.
5. If any non-compliant listed entity fails to pay the fine despite receipt of the notice as stated above, the recognized stock exchange may initiate appropriate enforcement action, including prosecution.

TRADING OF SHARES IN CATEGORY "Z"

6. If a listed entity commits two or more consecutive defaults in compliance of the aforesaid provisions of the Listing Regulations within 15 days from date of the notice issued under clause 4, the concerned recognised stock exchange shall, in addition to imposing fine as specified above, move the scrip of the listed entities to "Z" category wherein trades shall take place on 'Trade for Trade' basis.
7. The recognised stock exchange shall move back the scrip of the listed entity to the normal trading category, if it complies with respective provisions of the Listing Regulations and completely pays fine prescribed as above.
8. The recognized stock exchange shall give 7 days prior public notice to investors before moving the share of non-compliant entity to "Z" category or *vice versa*.



ANNEXURE II
STANDARD OPERATING PROCEDURE (SOP)

A. SOP for suspension of trading

1. Criteria for suspension of the trading in the shares of the listed entities:
 - (a) failure to comply with regulation 27(2) with respect to submission of corporate governance compliance report for two consecutive quarters;
 - (b) failure to comply with regulation 31 with respect to submission of shareholding pattern for two consecutive quarters;
 - (c) failure to comply with regulation 33 with respect to submission of financial results for two consecutive quarters;
 - (d) failure to comply with regulation 34 with respect to submission of Annual Report for two consecutive financial years;
 - (e) failure to submit information on the reconciliation of shares and capital audit report, for two consecutive quarters;
 - (f) receipt of the notice of suspension of trading of that entity by any other recognized stock exchange on any or all of the above grounds.
2. Before suspension of trading on any of the above grounds, except clause 1 (f), the concerned recognized stock exchange shall send written intimation to the non-compliant listed entity calling upon it to comply with respective requirement(s) mentioned in clause (a) to (e) above and pay the applicable fine within 21 days of the date of the intimation.
3. If the non-compliant listed entity fails to comply with aforesaid requirement(s) and pay fine despite the receipt of the intimation of the recognized stock exchange within the time as aforesaid, the concerned recognized stock exchange shall forthwith intimate the depositories to freeze entire shareholding of the promoter and promoter group in such listed entity. Simultaneously, the recognized stock exchange shall give a 21 days (prior to the proposed date of suspension) public notice on its website proposing suspension of trading in the shares of the non-compliant listed entity.
4. If the non-compliant listed entity complies with respective requirement(s) and pays fine five days before the proposed date of suspension, the trading in its shares shall not be suspended on the proposed date and the concerned recognized stock exchange shall intimate to the depositories to unfreeze, after one month from the date of compliance, the shares of the promoter and promoter group of the entity. Simultaneously, the recognized stock exchange shall give a public notice on its website informing compliance by the entity.



5. In case of failure to comply with respective requirement(s) and/ or pay fine as aforesaid, the recognized stock exchange shall suspend the trading in the shares of a non-compliant listed entity. The entire shareholding of promoter/ promoter group in such listed entity shall remain frozen till expiry of three months from the date of revocation of suspension.
6. While suspending trading in the shares of the non-compliant entity the recognized stock exchange shall send intimation of suspension to other recognized stock exchanges where the shares of the non-compliant entity are listed. On receipt of such intimation the other recognized stock exchanges shall also suspend trading in the shares of the entity.
7. After 15 days of suspension, trading in the shares of non-compliant entity may be allowed on the "Trade for Trade" basis, on the first trading day of every week for 6 months. In this regard, the recognized stock exchange shall give instruction to its trading members/ stock brokers to obtain confirmation from clients before accepting an order for purchase of shares of non-compliant entity on the 'Trade for Trade' basis.
8. The recognized stock exchange shall put in place a system to publish a caution message on its trading terminals, as follows: "*Trading in shares of the Listed Entity is under 'suspension and trade to trade basis' and trading shall stop completely if the Listed Entity remains not compliant for six months*".

B.SOP for revocation of suspension of trading

1. If the non-compliant listed entity complies with the aforesaid requirement(s) and pays applicable fine within three months from the date of suspension, the recognized stock exchange may revoke the suspension of trading of its shares.
2. If the non-compliant listed entity complies with the aforesaid requirement(s) and pays applicable fine after three months from the date of suspension, the recognized stock exchange may revoke the suspension of trading of its shares after a period of three more months from the date of such compliance.
3. The recognized stock exchange shall, 7 days prior to revocation of suspension of trading in shares of the entity, issue a public notice on its website.
4. After 3 months from the date of revocation of the suspension, the recognized stock exchange shall send intimation to the depositories to unfreeze the shares of the promoter and promoter group.



5. After revocation of suspension, the trading of shares shall be permitted only in the 'Trade for Trade' basis for a period of three months from the date of revocation and after this period of three months, trading in the shares of the entity shall be shifted back to the normal trading category, after giving prior notice of 7 days.
