



# भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

## CIRCULAR

SEBI/HO/CFD/DIL2/CIR/P/2019/94

August 19, 2019

To

All the Recognized Stock Exchanges

Dear Sir/Madam,

**Sub: Non-compliance with certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”)**

1. SEBI issued a Circular bearing reference number CIR/CFD/DIL/57/2017 dated June 15, 2017, specifying the fines to be imposed by the Stock Exchanges for non-compliance with certain provisions of SEBI (ICDR) Regulations, 2009.
2. Present Circular is issued in supersession to the aforesaid Circular bearing reference number CIR/CFD/DIL/57/2017 dated June 15, 2017.
3. Regulation 297 and 298 of SEBI (ICDR) Regulations, 2018, *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, the revocation of such actions and consequences for failure to pay fine in the manner specified by SEBI.
4. In pursuance of the above, for non-compliance with certain provisions of ICDR Regulations, stock exchanges shall impose fines on the listed entities, as under:

S/N	Violation	Regulation / Schedule	Fine
1.	Delay in completion of a bonus issue :  i. Within 15 days from the date of approval of the issue by its board of directors – in cases where shareholders’ approval for capitalization of profits or reserves for making the bonus issue is not required.  ii. Within 2 months from the date of the meeting of its board of directors wherein the decision to announce bonus issue was taken subject to shareholders’ approval – in cases where issuer is required to seek shareholders’ approval	295 (1)	₹ 20,000 per day of non-compliance till the date of compliance.



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	for capitalization of profits or reserves for making the bonus issue.		
2.	Listed entities not completing the conversion of convertible securities and allotting the shares, within 18 months from the date of allotment of convertible securities.	162	Same as above.
3.	<p>As per Schedule XIX - Para (2) under heading Application for listing, it is stated that: <i>“The issuer shall make an application for listing, from the date of allotment, within such period as may be specified by the Board from time to time, to one or more recognized stock exchange(s)”</i>.</p> <p>In regard to above, it is specified that Issuer shall make an application to the exchange/s for listing in case of further issue of equity shares from the date of allotment within 20 days (unless otherwise specified).</p>	Schedule XIX – Listing of Securities on Stock Exchanges.	Same as above.
4.	Listed entities shall make an application for trading approval to the stock exchange/s within 7 working days from the date of grant of listing approval by the stock exchange/s.	-	Same as above.

### Credit of Fine:

5. The amount of fine realized as per the above structure shall continue to be credited to the “Investor Protection Fund” of the concerned stock exchange.
6. The recognized stock exchange shall disseminate on their website the names of non-compliant listed entities that are liable to pay fine for non-compliance, the amount of fine imposed, details of fines received, etc.
7. The recognized stock exchange shall issue notices to the non-compliant listed entities to ensure compliance and collect fine as per this circular within 15 days from the date of such notice.
8. Needless to state, if any non-compliant listed entity fails to pay the fine, the recognized stock exchange may initiate appropriate enforcement action, including prosecution in furtherance of regulation 298 of ICDR, 2018.



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## **Bonus Issue Delays:**

9. With respect to bonus issue delays, it is clarified that :
  - a) The approvals for the listing and trading of promoters' bonus shares may be granted by the Stock Exchange, only after payment of the requisite fine by the listed entity.
  - b) However, the approvals for the listing and trading of bonus shares allotted to persons other than the promoter(s) may be granted in the interest of the investors, subject to compliance with other requirements.
10. This circular will be applicable from the date of issue of the circular.
11. The Stock Exchange are advised to bring the provisions of this circular to the notice of listed entities and also to disseminate the same on its website.
12. This circular is issued under regulation 299 of ICDR Regulations and in exercise of power conferred under Section 11(1) of the Sebi Act 1992, to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market.
13. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework/Circulars".

Yours faithfully,

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