



No. 20140117-20

NOTICE

Sub : Standard Operating Procedure (SOP) for suspension and revocation of equity shares of listed entities for non compliance of certain clauses of the Listing Agreement.

Securities and Exchange Board of India (SEBI) vide its circular no. CIR/MRD/DSA/ 31/2013 dated September 30, 2013 has in order to streamline the processes and procedures with regard to actions for non compliances of certain listing conditions mandated that the recognized stock exchanges should implement the following:

- (i). Uniform fine structure for non-compliance of certain clauses of the listing agreement
- (ii). Standard Operating Procedure (SOP) for suspension and revocation of suspension of trading in the shares of such listed entities.

Accordingly, the provisions of the said circular would be made applicable to submissions pertaining to Clauses 31, 35, 41, 49 of the Listing Agreement and Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996 – Reconciliation of Shares and Capital Audit report w.e.f the quarter ended December, 2013.

The circular inter-alia stipulates imposition of fines as action of first resort **(Refer Annexure I)**, transfer to Z group, **(Refer Annexure II)** freezing of promoter holding and invocation of suspension of trading in cases of subsequent and consecutive defaults. **(Refer Annexure III)** and procedure for revocation **(Refer Annexure IV)**.

In case of any queries wrt the content of this notice please contact the undermentioned officials :

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Encl: as above.

Annexure I

Imposition of fines

- The schedule for fines to be levied on listed active companies for noncompliance with certain clauses of the listing agreement due to non-submission /delay in submission of reports/documents within the mandated timelines :

Clause of listing agreement	Due date of Submission as per Listing Agreement	Commencement of Levy of Penalty	Fine payable for 1st non-compliance	Fine Payable each and subsequent consecutive non-compliance
Clause 31 Non-submission of the Annual Report within period prescribed under this clause,	On the date of dispatch of notice of AGM/EGM where the Annual Report is to be placed, to shareholders. The said meeting is to be held within 6 months from the company's financial year end.	If not received 21 days prior to date of AGM.	If non-compliance continues for more than 5 days, Rs.1000/- per day till the date of compliance.	Rs.2000/- per day till the date of compliance.
Clause 35 Non submission of the shareholding pattern within period prescribed under this clause.	Within 21 days from the end of Quarter	22 nd day from end of quarter.	Rs.1000/- per day 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 Rs. 1 crore, whichever is less.	Rs. 2000/- per day 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 Rs. 1 crore, whichever is less.
Clause 41 Non submission of the financial results within period prescribed under this	60 days **from the end of quarter (where it is the final quarter) 45 days from end of quarter for other	61 st day from the end of quarter 46 th day from end of	Rs. 5000/- per day 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	Rs. 10000/- per day 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

clause	quarters	quarter.	or Rs. 1 crore, whichever is less.	or Rs..1 crore, whichever is less.
Clause 49 Non submission of the Corporate governance compliance report within period provided under this clause	Within 15 days from the end of quarter	16 th day from end of quarter	Rs. 1000/- per day till the date of compliance	Rs. 2000/- per day till the date of compliance.

**paid up capital as on first day of the financial year in which the non compliance occurs. (This would refer to the listed capital as per Exchange records).*

*** would be on the basis of company's financial year end.*

- Companies are advised to upload the various submissions on the following link of Listing Centre: <http://listing.bseindia.com> (For assistance in login and uploading on listing center the company can contact helpdesk on Tel.No. 022-61363155 or email id : bsehelp@bseindia.com).
- While analyzing the case for non submission, companies which have submitted incorrect, incomplete or undecipherable report whereby the said report could not be disseminated or taken on record, the same would be treated as non submission and dealt with accordingly.
- Computation of fines would commence one day after the due date specified for submission mandated in the Listing Agreement and would continue till the date of submission (including the day of submission). For example, where the last day for submission falls on Saturday, then due date would be the next working day of the exchange (Monday) and the fine in case of non submission, would commence from Tuesday. However, in case the due date falls on a Friday then the computation of fine would commence from Saturday.
- The fine amount (**including service tax – presently at 12.36%**) may be remitted thru electronic transfer or through cheque favoring BSE Ltd. It may be noted that as per SEBI circular all fines collected would be ultimately credited to the BSE Investors Protection Fund.

ANNEXURE II

Transfer to Z group

The Exchange would review the compliance status and issue letters to the list of non compliant companies for the clauses mandated in the SEBI circular, directing them to comply within 15 days from the date of the letter. Compliance would include payment of fines plus service tax and as calculated as per the fine schedule. The schedule for the issue of letters is given below :

Clause	Issue of Intimation Letter *
35 & 49	46 th day from the end of quarter.
31 & 41	16 th day from the due date of submission (60 days **from the end of quarter (where it is the final quarter) 45 days from end of quarter for other quarters

*The Exchange would at the same time disseminate the list of non compliant companies with relevant details (i.e., those companies which have not submitted filings and or paid fines by the mandated due dates) on its website.

** depending on the financial year end of the company.

In the event of two or more consecutive non compliances for the same clause, where the companies do not comply within 15 days of receipt of intimation letter, the Exchange would transfer the scrips of such companies to Z group, after giving 7 days notice to the market participants. The trades in these scrips would then be settled on Trade for Trade basis from the effective date.

Should any company comply after the issue of notice and prior to the effective date, then the scrips of the companies would be moved out of Z group after giving 7 days notice to the market participants.

ANNEXURE III

Standard Operating Procedure for Suspension

Criteria :

1. Criteria for suspension of the trading in the shares of the listed entities:

(a) failure to comply with clause 31 of listing agreement with respect to submission of Annual Report for 2 consecutive financial years;

(b) failure to comply with clause 35 of listing agreement with respect to submission of shareholding pattern for two consecutive quarters;

(c) failure to comply with clause 41 of listing agreement with respect to submission of financial results for two consecutive quarters;

(d) failure to comply with clause 49 of listing agreement with respect to submission of corporate governance compliance report for two consecutive quarters;

(e) failure to submit information on the reconciliation of shares and capital audit report as per Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, for two consecutive quarters;

(f) receipt of the notice of suspension of trading of that entity by any other recognised stock exchange on any or all of the above grounds.

2. Subsequent to transfer to Z group for settlement of trades on Trade for Trade basis, if the companies continue to remain non compliant and or do not pay the fines levied, the Exchange would issue letters to the companies giving them 21 days period from the date of letter to comply and pay fines, failing which action for suspension of trading in the scrip of the company would be initiated.

If the non-compliant listed entity fails to comply with aforesaid requirement/s and pay fine within 21 days from the date of the letter, the exchange would immediately intimate the depositories to freeze entire shareholding of the promoter and promoter group of the non-compliant entity. Simultaneously, a notice declaring suspension of trading in the shares of the non-compliant listed companies would be issued 21 days prior to the proposed date of suspension.

3. If the non-compliant companies comply with respective requirement/s and pay the applicable fine five days before the proposed date of suspension, the trading in their shares shall not be suspended on the proposed date and the depositories would be advised to unfreeze, after one month from the date of compliance, the shares of the promoter and promoter group of the entity. Notice informing about compliance met would be issued by the Exchange.

4. In case of failure to comply with respective requirement/s and/or pay fine as aforesaid, the recognised stock exchange shall suspend the trading in the shares of a non-compliant listed entity. The entire shareholding of promoter/promoter group of such non-compliant listed entity shall remain frozen till expiry of three months from the date of revocation of suspension.

5. 15 days after suspension has been effected, trading in the shares of non-compliant companies would be allowed on the Trade for Trade basis in Z group, on the first trading day of every week for 6 months.

ANNEXURE IV

Revocation of Suspension of Trading :

The Exchange may revoke the suspension in trading of the companies as per the provisions of its Bye-laws, Rules and Regulations, when the non compliant companies comply with Clauses 31, 35, 41, 49 of the Listing Agreement and Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996 – Reconciliation of Shares and Capital Audit report and pay the applicable fine with service tax.

As per the provisions of the said SEBI circular :

1. If the company complies and pays fine within three months from the date of suspension, the Exchange may revoke suspension of trading
2. If the non-compliant listed company complies and pays fines after three months from the date of suspension, the 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 Exchange shall, 7 days prior to revocation of suspension of trading in shares of the company, issue notice informing the market participants about the proposed revocation.
4. After 3 months from the date of revocation of the suspension, the 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 on the 'Trade for Trade' basis in T group for a period of three months from the date of revocation and after this period of three months, trading in the shares of the company shall be shifted back to the normal trading category, after giving prior notice of 7 days.
