

# Info Capsule

23rd January, 2020



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

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## **1. NON-COMPLIANCE WITH CERTAIN PROVISIONS OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND THE STANDARD OPERATING PROCEDURE FOR SUSPENSION AND REVOCATION OF TRADING OF SPECIFIED SECURITIES Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/12 (Dated January 22, 2020)**

In exercise of powers under Section 11A(2) of the SEBI Act, 1992 read with Section 9 and 21 of the Securities Contracts (Regulation) Act, 1956 and read with regulation 98 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), SEBI had issued a Circular bearing reference number SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018 specifying the uniform structure for imposing fines as a first resort for non-compliance with certain provisions of the Listing Regulations, freezing of entire shareholding of the promoter and promoter group and the standard operating procedure for suspension of trading in case the non-compliance is continuing and/or repetitive.

Pursuant to the amendments to Listing Regulations and to further streamline the Standard Operating Procedure for dealing with non-compliances, SEBI has been decided to issue the fresh Circular in supersession of the said Circular bearing number SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018.

According to the circular the stock exchanges shall, having regard to the interests of investors and the securities market:

- a) Take action in case of non-compliances with the Listing Regulations as specified in Annexure I of the Circular, and,
- b) Follow the Standard Operating Procedure (“SOP”) for suspension and revocation of suspension of trading of specified securities as specified in Annexure II of the Circular.

The detailed Circular alongwith annexures is available at: <https://www.sebi.gov.in/legal/circulars/jan-2020/non-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-and-the-standard-operating-procedure-for-suspension-and-revocation-of-trading-of-45752.html>

## **2. STREAMLINING THE PROCESS OF RIGHTS ISSUE - Circular No. SEBI/HO/CFD/DIL2/CIR/P/2020/13 (Dated January 22, 2020)**

SEBI has simplified the rights issue process to make it more efficient and effective, by amending the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”). Accordingly, following changes have been made with respect to the Rights Issue process:

- (a) The period for advance notice to stock exchange(s) under Regulation 42(2) of LODR Regulations has been reduced from at least 7 working days to at least 3 working days (excluding the date of intimation and the record date), for the purpose of rights issue.
- (b) Issuance of newspaper advertisement disclosing date of completion of dispatch and intimation of same to the stock exchanges for dissemination on their websites, as per Regulation 84 (1) of ICDR Regulations, shall be completed by the issuer at least 2 days before the date of opening of the issue.
- (c) Application for a rights issue shall be made only through ASBA facility.
- (d) No withdrawal of application shall be permitted by any shareholder after the issue closing date.

Apart from the above SEBI has introduced dematerialized Rights Entitlements (REs) and trading of dematerialized REs on stock exchange platform.

This is applicable for all rights issues and fast track rights issue where Letter of Offer (LoF) is filed with the stock exchanges on or after February 14, 2020.

The detailed procedures on the Rights Issue process is given at Annexure I of the circular, for due compliance.

The circular alongwith the annexure is available at: [https://www.sebi.gov.in/legal/circulars/jan-2020/streamlining-the-process-of-rights-issue\\_45753.html](https://www.sebi.gov.in/legal/circulars/jan-2020/streamlining-the-process-of-rights-issue_45753.html)