

Guidelines for companies admitted to BSE Dissemination Board by exiting RSEs

Background:

SEBI vide circular no. CIR/ MRD/ DSA/ 14/ 2012 dated May 30, 2012 has provided an exit option to the de-recognised stock exchanges and recognised stock exchanges seeking voluntary surrender of recognition (“exiting RSEs”).

Terms used:

BEFS	:	BSE Electronic Filing System
BSE	:	BSE Ltd.
DB	:	Dissemination Board
ICCL	:	Indian Clearing Corporation Ltd.
KRA	:	Know Your Client registration with KYC Registration Agency
RSE	:	Recognised Stock Exchange under the provisions of Securities Contracts (Regulation) Act, 1956
SEBI	:	Securities and Exchange Board of India
IPF	:	Investor Protection Fund
TGF	:	Trade Guarantee Fund

Companies exclusively listed on exiting or de-recognised RSEs:

Companies listed exclusively on exiting or de-recognised RSEs will be required to seek listing on atleast any other RSE that is not seeking de-recognition and exit in terms of the aforesaid SEBI circular. As per the aforesaid SEBI Circular, companies failing to list on any other RSE, such companies will be treated as an unlisted company and shall be moved to DB by such exiting or de-recognised RSE.

Dissemination Board:

BSE DB is an information disseminating mechanism made available on BSE website (www.bseindia.com) for buyers and sellers of companies, that are listed exclusively on exiting or de-recognised RSEs and have failed to obtain listing on any RSE and are shifted to DB by exiting RSE, to disseminate their bids/offers using the services of the Trading Members of the stock exchange hosting the DB.

Obligations of exiting RSEs:

The exiting RSEs can avail of the BSE DB platform, subject to following:

- a) Make an application to BSE in the prescribed format (**Appendix I**)

- b) They sign an agreement with BSE as per the model agreement (**Appendix II**)
- c) Pay one-time fees to BSE, as per the schedule (to be notified), for the aforesaid arrangement
- d) Provide list of companies alongwith relevant details that are to be moved to BSE DB
- e) Give wide publicity to the BSE DB arrangement

Obligations of buyers and sellers:

- a) The buyers and sellers will be required to register themselves with a Trading Member of BSE and are required to be KYC compliant
- b) The buyers and sellers will provide their bids and offers only through the Trading Member with whom they choose to offer their bids/ offers
- c) The bid/ offers can be given only with respect to the companies that are admitted to the BSE DB.

Obligations of Trading Members:

- a) The Trading Member shall not co-mingle its broking activities with the activities conducted under the BSE DB guidelines. Clear segregation is required since arbitration mechanism, IPF and TGF are not available for the transactions done on BSE DB.

Business Rules :

Company related:

- a) The companies admitted on BSE DB will be treated as an unlisted company
- b) There will be no listing agreement executed by BSE with these companies and there will no monitoring of any compliance with respect to filings made by the company
- c) Information received from companies will be disseminated on the platform
- d) These companies can seek listing on BSE, subject to compliance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI circular SEBI/ CFD/ SCRR/ 01/ 2009/ 03/ 09 dated September 3, 2009

Transaction related:

- a) The Trading Member shall act as “Point of Contact” for registered client, for executing the bid/ offers placed by such client and may impose such conditions as may be deemed fit

- b) The Rules, Bye-laws and Regulations of BSE will not be applicable to such trades emanating from bids/ offers placed by buyers and sellers on BSE DB, including issuance of contract notes.
- c) These matched trades resulting out of bids/offers posted on BSE DB will be settled outside BSE/ ICCL and BSE/ ICCL will not guarantee the clearing and settlement of such trades
- d) The Trading Members executing the aforementioned transactions using the information dissemination on BSE DB will have no recourse to the Trade Guarantee Fund of the BSE/ ICCL.
- e) The buyers and sellers on BSE DB will not have any recourse to the investor grievance redressal mechanism, including arbitration and investor protection fund, for trades executed pursuant to bid/ offers posted on BSE DB
- f) BSE will have no surveillance oversight on the bids and offers placed on BSE DB

BSE DB on website :

- a) The Trading Members will be provided a facility in the BEFS system - <https://bef.s.bseindia.com> for placing the bid/ offer requests
- b) No direct interface will be provided to the buyer/ seller to upload their bid/ offer on BSE DB
- c) The bid/ offers will be displayed in a separate section for BSE DB on BSE Website (www.bseindia.com)
- d) Alongwith other details of the bid/ offer requests, the investors/ members contact details will also be displayed
- e) There will be no matching of trades in the system
- f) The bid/ offers posted on BSE DB will remain valid for a period of 1 week (7 calendar days) from the date of their posting after which such bid/ offers will be purged
- g) The Trading Member or investors can view bid/ offers posted on BSE DB and directly contact the counter party Trading Member/ investor to discuss and conclude the trade.
- h) The Trading Member will have a facility to modify/ cancel the bids/offers and the updated status will be displayed on BSE DB
- i) On execution of trade, Trading Members shall be required to suitably update those bids/ offers on BEFS system, which shall be accordingly updated on the BSE DB

BSE shall issue notice/ guidelines as may be deemed necessary from time to time.