



CIRCULAR

SEBI/HO/MRD/DSA/CIR/P/2017/92

August 01, 2017

All Listed Entities

All Registered Registrar & Share Transfer Agents

All Depositories

All Recognised/Non-operational /Exited Stock Exchanges

All Exclusively Listed Companies on the Dissemination Board (shares of companies available for buying and selling and not for companies referred as vanishing companies)

Dear Sir/Madam,

Sub: Action against Exclusively Listed Companies and its Promoters/Directors pending Exit Offer to the Shareholders

1. SEBI vide circular dated October 10, 2016, provided options to the Exclusively Listed Companies ("ELCs") on Dissemination Board ("DB") to raise capital for meeting the capital requirement for getting listed on the nationwide stock exchanges or to provide exit to investors. An exit mechanism for investors in such ELCs was also specified in the aforesaid circular. Further, ELCs were required to furnish the plan of action by January 09, 2017 to the Designated Stock Exchanges (DSEs), which was subsequently extended till June 30, 2017.
2. The aforesaid circular dated October 10, 2016 stipulated the following action against such ELCs, which remain non-compliant with the above timelines:
 - *The company, its directors, its promoters and the companies which are promoted by any of them shall not directly or indirectly associate with the securities market or seek listing for any equity shares for a period of ten years from the exit from the DB.*
 - *Freezing of shares of the promoters/directors.*
 - *List of the directors, promoters etc. of all non-compliant companies as available from the details of the company with NSE/BSE shall be disseminated on SEBI website and shall also be shared with other related agencies.*
 - *Attachment of bank accounts/other assets of promoters/directors of the companies so as to compensate the investors.*
3. In order to ensure that exit option is provided to the public shareholders of ELCs that are non-compliant with the provisions of the said circular dated October 10, 2016 and have not submitted plan of action to the DSEs and in order to protect the interest of investors in ELCs on DB it is hereby directed that, to begin with:-

- a. Such ELCs and the Depositories shall not effect transfer, by way of sale, pledge, etc., of any of the equity shares and the corporate benefits such as dividend, rights, bonus shares, split, etc. shall be frozen, for all the equity shares, held by the promoters or directors of non-compliant Exclusively Listed Companies till the promoters of such non-compliant Exclusively Listed Companies provide an exit option to the public shareholders in compliance with SEBI circular dated October 10, 2016, as certified by the concerned Designated Stock Exchanges ;
 - b. The non-compliant Exclusively Listed Companies, its directors, its promoters and the companies which are promoted by any of them shall not be eligible to access the securities market for the purposes of raising capital till the promoters of such non-compliant Exclusively Listed Companies provide an exit option to the public shareholders in compliance with SEBI circular dated October 10, 2016, as certified by the concerned Designated Stock Exchanges.
 - c. The promoters or directors of non-compliant Exclusively Listed Companies shall not be eligible to remain or become director of any listed company till the promoters of such non-compliant Exclusively Listed Companies provide an exit option to the public shareholders in compliance with SEBI circular dated October 10, 2016, as certified by the concerned Designated Stock Exchanges.
4. For the aforesaid purposes, "Exclusively Listed Companies" refer to those companies whose equity shares were exclusively listed at a recognised stock exchange at the time of exit of such exchange and were subsequently moved to the Dissemination Board of NSE and BSE and whose shares are available for buying and selling on Dissemination Board.
 5. The concerned Designated Stock Exchanges and Depositories shall co-ordinate with each other and ensure compliance of these requirements.
 6. SEBI may also take any other appropriate action(s) against the promoters/directors of Exclusively Listed Companies for non-compliance with SEBI circular dated October 10, 2016.
 7. This circular is issued in exercise of powers conferred under Section 11 (1) and 11(2) (j) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

Bithin Mahanta

Deputy General Manager

Ph: +912226449634

Email: bithinm@sebi.gov.in