



CIRCULAR

SEBI/Cir/ISD/ 1 /2010

September 2, 2010

To,

**The Managing Directors/Chief Executive Officers/
Executive Directors/Officiating Executive Directors
of all the Recognized Stock Exchanges**

Dear Sir (s),

Sub: Trading Rules and shareholding in dematerialized mode

- I. In order to moderate sharp and destabilizing price movements in shares of companies, to encourage better price discovery and to increase transparency in securities market, SEBI in consultation with Stock Exchanges has decided to adopt following measures:-
- a. The securities of all companies shall be traded in the normal segment of the exchange if and only if, the company has achieved at least 50% of non-promoters holding in dematerialized form by October 31st 2010
 - b. In all cases, wherein based on the latest available quarterly shareholding pattern, the companies do not satisfy above criteria, the trading in such scrips shall take place in Trade for Trade segment (TFT segment) with effect from the time schedule specified above.
 - c. In addition to above measures, in the following cases (except for the original scrips, on which derivatives products are available or included in indices on which derivatives products are available) the trading shall take place in TFT segment for first 10 trading days with applicable price band while keeping the price band open on the first day of trading.
 - Merger, demerger, amalgamation, capital reduction/consolidation, scheme of arrangement, in terms of the Companies Act and/or as sanctioned by the Courts, in cases of rehabilitation packages approved by the Board of Industrial and Financial Reconstruction under Sick Industrial Companies Act and in cases of Corporate Debt Restructuring (CDR) packages by the CDR Cell of the RBI.
 - Securities that are being admitted to trading from another exchange by way of direct listing/MOU/securities admitted for trading under permitted category,
 - Where suspension of trading is being revoked after more than one year.
 - d. Further in all cases, the exchanges shall ensure that before starting trading in scrips, the companies have complied with the disclosure requirements and the same is publicly disseminated on the website of exchanges to enable investors to take informed decision.
- II. The Stock Exchanges are advised to:



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

- put in place the adequate systems and issue the necessary guidelines for implementing the above decision.
 - make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.
 - bring the provisions of this circular to the notice of the member brokers of the Exchange and also to disseminate the same on the website.
 - communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.
- III. This circular is issued in exercise of powers conferred by sub-section (1) of Section 11 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.
- IV. This circular is available on SEBI website at www.sebi.gov.in

Yours faithfully,

S. Ramann
Officer on Special Duty
Integrated Surveillance Department
022-26441450
ramanns@sebi.gov.in