

MANU/EAFF/0084/2010

Ministry : Ministry of Finance

Department / Board :Economic Affairs

Notification No : GSR469(E)

Date : 04.06.2010

Referred In

Securities Contracts (Regulation) (Amendment) Rules, 2010

In exercise of the powers conferred by clause (ha) of sub-section (2) of section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely: -

1. (1) These rules may be called the Securities Contracts (Regulation) (Amendment) Rules, 2010.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Securities Contracts (Regulation) Rules, 1956,-

(i) in rule 2,-

(a) clause (c), for the mark "." occurring after the words "one or more State Governments", the mark ";" shall be substituted;

(b) after clause (c), the following clauses shall be inserted, namely: -

"(d) "public" means persons other than -

(i) the promoter and promoter group;

(ii) subsidiaries and associates of the company.

Explanation: For the purpose of this clause the

words "promoter" and "promoter group" shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(e) "public shareholding" means equity shares of the company held by public and shall exclude shares which are held by custodian against depository receipts issued overseas.?

(ii) in rule 19, -

(a) in sub-rule (2), for clause (b), the following clauses shall be substituted, namely: -

"(b) (i) At least twenty five per cent. of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document; or

(ii) At least ten per cent. of each class or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of an offer document if the post issue capital of the company calculated at offer price is more than four thousand crore rupees;

Provided that the requirement of post issue capital being more than four thousand crore rupees shall not apply to a company whose draft offer document is pending with the Securities and Exchange Board of India on or before the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, if it satisfies the conditions prescribed in clause (b) of sub-rule 2 of rule 19 of the Securities Contracts (Regulation) Rules, 1956 as existed

prior to the date of such commencement :

Provided further that the company, referred in sub-clause (ii), shall bring the public shareholding to the level of at least twenty five per cent. by increasing its public shareholding to the extent of at least five per cent per annum beginning from the date of listing of the securities, in the manner specified by the Securities and Exchange Board of India ."

Provided further that the company may increase its public shareholding by less than five per cent. in a year if such increase brings its public shareholding to the level of twenty five per cent. in that year.

(b) for sub-rule (4), the following sub-rule shall be substituted, namely: -

"(4) An application for listing shall be necessary in respect of the following:

(a) all new issues of any class or kind of securities of a company to be offered to the public;

(b) all further issues of any class or kind of securities of a company if such class or kind of securities of the company are already listed on a recognised stock exchange."

(c) in sub-rule (6A), -

(i) after the word " listing" the words " and continuous listing" shall be inserted;

(ii) the proviso shall be omitted;

(iii) after rule 19, the following rule shall be inserted,

namely: -

"Continuous Listing Requirement.

19A. (1) Every listed company shall maintain public shareholding of at least twenty five per cent.:

Provided that any listed company which has public shareholding below twenty five per cent. on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, shall bring the public shareholding to the level of at least twenty five per cent. by increasing its public shareholding to the extent of at least five per cent. per annum beginning from the date of such commencement, in the manner specified by the Securities and Exchange Board of India.

Provided further that the company may increase its public shareholding by less than five per cent. in a year if such increase brings its public shareholding to the level of twenty five per cent. in that year.

(2) Where the public shareholding in a listed company falls below twenty five per cent. at any time, such company shall bring the public shareholding to twenty five per cent. within a maximum period of twelve months from the date of such fall in the manner specified by the Securities and Exchange Board of India."

(Dr. K.P. Krishnan)

Joint Secretary to the Government of India

Note: Securities Contracts (Regulation) Rules, 1957 were published in the Gazette of India, Extraordinary, Part II, Section 3, page 619, dated 21.2.1957 vide SRO No. 576 dated the 21st of February, 1957 and was subsequently amended by the amendment Notification ---GSR 1096, dated 14.7.1967 published in the Gazette of India I, Part II, section 3, sub-section (i), w.e.f. 22.7.1967, G.S.R 685, dated 3.6.1972 published in the Gazette of India, Part II, section 3, sub-section (i) w.e.f. 10.6.1972, page 1556, G.S.R. to S.R. 959, dated 8.8.1972, w.e.f 12.8.1972, G.S.R. 2641, dated 1.11.1975 w.e.f. 8.11.1975,g.S.R 1083 dated 11.11.1985, w.e.f. 23.11.1985, GSR 1070 (E) dated 15.11.1988, GSR 666 (E) dated 20.7.1987, G.S.R. 870 (E) dated 13.11.1992, G.S.R. 617 (E) dated 20.9.1993 published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) w.e.f. 20.9.1993, G.S.R. 749 (E) dated 12.10.1994, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), GSR 790 (E), dated 7.11.1994, GSR 121 (E) dated 9.3.1995, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) w.e.f. 9.3.1995, G.S.R 291 (E), dated 27.3.1995, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), G.S.R. 581(E) dated 23.12.1996 published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) w.e.f 23.12.1996, G.S.R. 654 (E) dated 8.8.2000, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), G.S.R. 655 (E), dated 8.8.2000, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i), GSR 415 (E) dated 7.6.2001, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 7.6.2001, G.S.R. 696 (E), dated 28.8.2003, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) dated 28.8.2003 and G.S.R. 395 (E), dated 10.06.2009, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) dated 10.06.2009.