



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

By Registered Post A.D

Central Public Information Officer
Email: cpio_ho@sebi.gov.in

CPIO/NS/692595/2022-23/29537/1
July 20, 2022

Shri Amar Kakaria
C-212, Radhavallabh, Opposite Maxus,
Bhayander (West), 150 Feet Road,
Thane- 401101, Maharashtra

Sir,

Sub: Compliance of CIC Order dated 05-07-2022- CIC/SEBIH/A/2020/692595

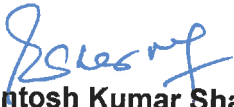
This has reference to your RTI application dated September 11, 2020 and in compliance of CIC Order dated 05-07-2022- CIC/SEBIH/A/2020/692595, Our reply is as under:


Reply:

It may be noted that as on date of your RTI application, SEBI had not issued any circular/guidelines/letters referred by you in your queries.

However, it may be noted that SEBI vide letter dated February 11, 2021 had issued a Standard Operating Procedure regarding actions for non-payment of Annual Listing Fees. Copy of the said letter is enclosed herewith. The said letter has already been provided to you through your subsequent RTIs.

Yours faithfully,


Santosh Kumar Sharma

 Encl: a/a



GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
COMPLIANCE AND MONITORING DEPARTMENT - II

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CFD/CMD/AAD/SG/BM/OW/03859/2021

February 11, 2021

Mr. Neeraj Kulshrestha,
Chief Regulatory Officer,
Bombay Stock Exchange
Ltd.,
Floor 25,
P J Towers, Dalal Street,
Mumbai

Ms. Priya Subbaraman,
Chief Regulatory Officer,
National Stock Exchange
of India Ltd,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E),
Mumbai

Ms. Latika Kundu,
MD and CEO,
Metropolitan Stock
Exchange of India Ltd.,
Vibgyor towers,
Bandra-Kurla Complex,
Bandra (E)
Mumbai

Sub: Standard Operating Procedure regarding actions for non-payment of Annual Listing Fees (ALF).

1. This has reference to the discussions and representations by the exchanges on 'actions initiated against listed companies for non-payment of Annual Listing Fees (ALF) and the need for a Standard Operating Procedure (SoP) in this regard. It is noted that Exchanges have already issued notices/ circulars dated June 11, 2019 and November 06, 2020 for taking actions in this respect.
2. It is observed that the actions taken for non-payment of ALF as per aforementioned notices/ circulars by the Stock Exchanges are similar to that taken for non-compliance with provisions of SEBI (LODR) Regulations, 2015 under SoP circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020. It has been informed to the stock exchanges that the actions by the stock exchanges for non-payment of ALF should be proportionate to the violation committed and cannot be kept at the same pedestal as the actions taken for violation of corporate governance norm(s). Accordingly, Exchanges are advised to take actions towards non-payment of ALF in a graded manner after issuing notices and providing adequate opportunities for hearing to the company/ promoter(s).
3. The SoP against listed entities for non-payment of ALF shall be as under:

सेबी भवन: प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644-9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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Stage 1: Follow up with the listed entity

- 3.1. Stock exchanges shall not initiate any punitive measure on non-payment of ALF till 6 months from the date of issuance of invoice of ALF raised for that year. However, exchanges shall continue to follow up with the listed entity for recovery of its Annual Listing Fee (ALF) for these six months through reminders.

Stage 2: Issue of notices and denying permission for further listing

- 3.2. If the listed entity fails to pay ALF within the completion of six months from the date of issuance of ALF invoice, the stock exchange shall issue notice to the said listed entity giving it time to pay the outstanding ALF within 15 days from the date of such notice failing which no further listing approval would be given to the said listed entity.

Stage 3: Freezing of shareholding of promoter(s)

- 3.3. If the said listed entity fails to pay ALF within the stipulated period as per the notice stated above, the concerned recognized stock exchange(s), upon expiry of the period indicated in the notice, shall issue notice to the promoter(s) of such entity, to ensure compliance with the requirement(s) and pay ALF within 30 days from the date of such notice failing which the stock exchange shall go ahead with freezing of the demat account(s) of the promoter(s). While issuing the aforementioned notices, the recognized stock exchange shall also send intimation to other recognized stock exchange(s) where the shares of the said entity are listed.
- 3.4. The stock exchange shall also give an opportunity to such promoter(s) of being heard/ of providing a written representation against freezing of their demat account(s).
- 3.5. In case of failure of non-payment of ALF, the concerned recognized stock exchange(s) may, after giving a reasoned explanation in writing for accepting/rejecting the representation (personal hearing or written) by the promoters, freeze the demat account(s) of promoter(s). The exchange and depository(ies) shall intimate the promoter(s) about such a freeze owing to non-payment of ALF.

Stage 4: Suspension with limited trading

- 3.6. The stock exchanges shall not take any further action for the next 3 months from the date of freezing of shareholding of promoter(s). If a listed entity pays the ALF, the

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exchange shall intimate the depository(ies) to unfreeze such demat accounts that were frozen.

- 3.7. If the listed entity still doesn't pay the ALF, then, after 3 months, the stock exchanges shall send a notice to the entity to pay the outstanding ALF within 30 days of the date of the intimation, failing which the exchange shall suspend the trading in the scrip. While issuing the said intimation, the recognized stock exchange(s) shall also inform other recognized stock exchange(s) where the shares of the said entity are listed to ensure that the date of suspension is uniform across all the recognised stock exchange(s). Simultaneously, the recognized stock exchange(s) shall give a 30-day notice to the market also regarding possible suspension of trading in the shares of the said listed entity. The recognized stock exchange(s) shall suspend the trading in the scrip after the expiry of the aforesaid notice period of 30 days.
- 3.8. In case of receipt of outstanding ALF any time before the proposed date of suspension, all the aforementioned punitive actions taken by stock exchanges in this regard shall be reversed and the concerned recognized stock exchange(s) shall give a public notice in this regard. The same shall also be informed to other recognized stock exchange(s) where the shares of the entity are listed and the depository(ies).
- 3.9. While suspending trading in the shares of the said entity, the recognized stock exchange(s) shall send intimation of suspension to other recognized stock exchange(s) where the shares of the said entity are listed to ensure that the date of suspension is uniform across all the recognised stock exchange(s). After initiation of suspension, trading in the shares of said entity may be allowed on 'trade to trade basis' on the first trading day of every week, till the time of payment of ALF by the listed entity.
4. Stock exchanges may deviate from the above by granting exemption/ waiver on the above, wherever desired.
5. The recognized stock exchanges may keep in abeyance the action against any said entity or withdraw the action in specific cases where specific exemption from compliance with the requirements under the Listing Regulations/moratorium on enforcement proceedings has been provided for under any Act, Court/Tribunal Orders etc.



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Applicability of the SoP

6. The above SoP is applicable with immediate effect and shall supersede the notices/ circulars dated June 11, 2019 and November 06, 2020, previously issued by the exchanges on the subject matter. Accordingly, no further action shall be initiated by the exchanges under the said superseded notices/ circulars
7. The actions under the SoP shall be taken where invoices for ALF have been raised annually and shall be applicable for the invoices raised from the Financial Year 2020-21.
8. For listed companies already under suspension due to non-payment of ALF, trading may be allowed on 'trade to trade basis' on the first trading day of every week, till the time of payment of ALF.
9. Additionally, Exchanges are directed to:
 - 9.1. Formulate a consistent ALF invoicing policy.
 - 9.2. Inform the depositories to unfreeze the demat accounts of all the promoter group entities which have been frozen for non-payment of ALF, till date, with immediate effect.
 - 9.3. Inform the depositories to update the reasons for freezing of demat accounts of the concerned promoter(s) from 'Regulatory Action' to 'Non-payment of ALF'
 - 9.4. Place the representations received with regard to ALF invoices and freezing of shareholding of promoter(s) as per previous notices/ circulars of the exchanges, before a competent authority of the exchange and take a reasoned decision at the exchange level.

Yours sincerely, *


Surabhi Gupta