



CIRCULAR

CIR/MRD/DSA/18/2014

May 22, 2014

To

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

Dear Sir/Madam,

Sub: Companies exclusively listed on De-recognized/Non-operational Stock Exchanges.

1. SEBI vide circular dated May 30, 2012 (Exit Circular) issued guidelines in respect of exit options to stock exchanges. In terms of these guidelines, if the stock exchange is not able to achieve the prescribed turnover of Rs 1000 Crore on continuous basis or does not apply for voluntary surrender of recognition and exit before the expiry of two years from the date of SEBI circular dated May 30, 2012, SEBI shall proceed with compulsory de-recognition and exit of the stock exchanges, in terms of the conditions as may be specified by SEBI.

Applicability

2. The provisions of this Circular are applicable for all those stock exchanges which have not achieved the prescribed turnover of Rs. 1000 Crore on continuous basis on or before May 30, 2014.

Directions to Stock Exchanges to deal with companies exclusively listed on non-operational stock exchanges

3. In line with the above provisions, the following shall be applicable:-
 - i. The exclusively listed companies of such non-compliant stock exchanges may opt for listing in nation-wide exchanges after complying with listing norms of



main board or the diluted listing norms, if any, on or before the exit of the exchange, either on voluntary or compulsory basis. Nation-wide stock exchanges shall facilitate the listing of these companies on priority basis in a time bound manner. For this purpose, these nation-wide stock exchanges shall immediately create a separate dedicated cell to expedite processing the listing requests from such companies.

- ii. Such exclusively listed companies may also opt for voluntary delisting before the de-recognition of the stock exchanges by following the existing delisting norms of SEBI in terms of SEBI (Delisting of Equity Shares) Regulations, 2009. Nation-wide stock exchanges shall provide a platform to these companies to facilitate reverse book building for voluntary delisting using their platform.
- iii. With a view to facilitate voluntary delisting, if they so desire, it is clarified that for such companies as referred to at Para 2(ii) above, the requirements of 'Minimum Public Shareholding' prescribed in Rules 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957 and Clause 40A of the Listing Agreement, shall not be applicable.
- iv. In case of companies exclusively listed in the non-operational stock exchanges that are not traceable or where the data available is more than three years old, the process of inclusion in list of companies identified as 'Vanishing' (maintained by Ministry of Corporate Affairs) may be initiated by the respective stock exchanges.
- v. As per the 'Exit Circular' the exclusively listed companies, which fail to obtain listing on any other stock exchange, which do not voluntary delist or which are not considered as 'Vanishing companies', will cease to be listed company and will be moved to the dissemination board by the existing stock exchange. It shall be the responsibility of the exchanges which are being derecognized either on voluntary or compulsory basis, to place their exclusively listed companies on the dissemination board. These exchanges shall ensure that the database of the exclusively listed company is transferred to SEBI and to those



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stock exchanges on whose dissemination board, the shares of these companies are available.

4. 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.
5. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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