

Securities and Exchange Board of India (Central Listing Authority) Regulations, 2003

CONTENTS

CHAPTER 1 :- Preliminary

1. Short title and commencement
2. Definitions

CHAPTER 2 :- Central Listing Authority

3. Establishment of the Central Listing Authority
4. Composition of the Authority
5. Secretaria
6. Meetings of the Authority
7. Fund

CHAPTER 3 :- Functions of the authority and letters precedent to listing

8. Functions of the Authority
9. Letter Precedent to Listing
10. Application for the Letter Precedent to Listing
11. Procedure on Receipt of Application
12. Other Provisions as to Letter Precedent to Listing
13. Appeal
14. Application to Exchanges for Listing
15. Appeal against Refusal of Listing by Exchange
16. Powers of the Authority to Regulate its Procedures and Operational Guidelines
17. Company or Other Body Corporate, Mutual Fund or Collective Investment Scheme to Continue to Comply with Listing Conditions and Listing Agreement

CHAPTER 4 :- Miscellaneous

18. Power of the Board to Supersede the Authority
19. Reporting and Exchange of Information
20. Records of the Authority
21. Repeal and Savings

Securities and Exchange Board of India (Central Listing Authority) Regulations, 2003

In exercise of the powers conferred by sections 11 and 11 A read

with sections 19 and 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations, namely:

CHAPTER 1

Preliminary

1. Short title and commencement :-

(1) These regulations shall be called Securities and Exchange Board of India (Central Listing Authority) Regulations, 2003.

(2) These regulations shall come into force on such date as may be specified by the Board:

Provided that different dates may be specified for different provisions of these regulations and in application to different kinds of securities or issues.

(3) These regulations shall apply to the issue of all classes of securities that are proposed to be listed.

2. Definitions :-

(1) In these regulations, unless the context otherwise requires:

(a) 'Act' means the Securities and Exchange Board of India Act, 1992;

(b) 'applicant' means any company or other body corporate, mutual fund or collective investment scheme, acting by itself or through a merchant banker, who proposes to make an application to the Authority for a letter precedent to listing;

(c) 'Authority' means the Central Listing Authority established under regulation 3 of these regulations;

(d) 'Board' means the Securities and Exchange Board of India established under section 3 of the Act;

(e) 'Chief Executive Officer' means a person, including a Member appointed as such by the Authority with the previous approval of the Board;

(g) 'exchange' means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956;

(h) 'letter precedent to listing' means a letter issued by the

Authority under regulation 12, permitting the applicant to make a listing application to any exchange, including for relisting and listing of an already listed security at an exchange other than the exchange where it is presently listed;

(i) 'listing agreement' means the agreement that is entered into between an exchange and an applicant under which the securities are listed and dealt with in the concerned exchange;

(j) 'listing application' means an application made by an applicant, under applicable laws, to an exchange for permission for its securities to be listed and dealt with in the exchange.

Explanation. An application to any exchange for obtaining any prior 'inprinciple' approval or for obtaining the comments or observations of the exchange on such application shall not be deemed to be a listing application for the purposes of these regulations;

(k) 'listing conditions' means the conditions to be fulfilled by a company or other body corporate, mutual fund or collective investment scheme for the purpose of getting its securities listed on an exchange; and

(l) 'securities' shall have the meaning assigned to it under section 2(h) of the Securities Contracts (Regulation) Act, 1956.

(2)

(a) Words and expressions used and not defined in these regulations shall have the meanings, if any, respectively assigned to them under the Act.

(b) Words and expressions used and not defined either in these regulations or the Act, shall have the meanings, if any, respectively assigned to them under the Securities Contracts (Regulation) Act, 1956 or any statutory modification or re-enactment thereof.

(c) Words and expressions used and not defined either in these regulations, or in the Act or in the Securities Contracts (Regulation) Act, 1956 shall have the meanings, if any, respectively assigned to them under the Companies Act, 1956, or any statutory modification or re-enactment thereof.

CHAPTER 2

Central Listing Authority

3. Establishment of the Central Listing Authority :-

(1) With effect from such date as may be specified by the Board in this regard, there shall be established for the purposes of these regulations, an authority to be called the "Central Listing Authority" and with effect from such date, the Board shall be deemed to have delegated its functions and powers, as are specified herein, to the Authority.

(2) The head office of the Authority shall be located in Mumbai: Provided that the Authority may, with prior approval of the Board, establish such branch or regional offices as may be necessary.

4. Composition of the Authority :-

(1) The Authority shall, at any time, be composed of not more than eleven: Members comprising of:

(a) a President;

(b) a Vice President; and

(c) not more than nine other Members.

(2) The President, Vice-President and the Members shall be appointed by the Board from amongst eminent persons of demonstrated integrity and outstanding technical and professional ability, and drawn from the judiciary, the legal profession, the academia, investor associations, exchanges, and experts in securities market or finance: Provided that not more than three Members shall be representatives of exchanges, depositories, clearing corporations or other institutions related with the securities market.

(3) The Chief Executive Officer of the Authority shall be the ex-officio Member Secretary of the Authority.

(4) The President, Vice-President and each Member shall be appointed for a term of three years.

(5) A Member shall be eligible for reappointment: Provided that a Member shall not be eligible for re-appointment as a Member or as a President or as a Vice-President, if he has already served for two terms.

(6) The remuneration and the terms and conditions of appointment of the Members, including the President, shall be such as may be specified by the Board: Provided that the Members who are representatives of exchanges shall not draw any remuneration from

the Authority.

(7) The President may, by notice in writing under his hand addressed to the Board, resign his office and the Vice-President or a Member may, by notice in writing under his hand addressed to the President, resign his office.

(8) The Board may, for reasonable cause, remove the President, Vice-President or a Member:

Provided that no Member, including the President, Vice-President and the Chief Executive Officer, shall be removed from office unless the reasons for such removal are communicated to him and an opportunity of being heard by the Board has been provided: Provided further that no Member removed under this sub-regulation, shall be entitled to receive any compensation for loss of office.

5. Secretaria :-

t.

(1) The Authority may have a secretariat to assist it in the discharge of its functions.

(2) The Board may, if requested by the Authority, make available or cause to be made available to the Authority the premises, infrastructure and amenities, commensurate with its functions and responsibilities.

(3) The Authority shall, in consultation with the Board, appoint a Chief Executive Officer of the Authority who shall perform such functions as may be specified by the Authority.

"Provided that at least three Members shall be representatives of exchanges."

(4) The Authority may appoint such officers and staff, on such remuneration and terms, as it considers necessary for the efficient discharge of its functions under these regulations.

(5) Notwithstanding the above, the Authority may request the Board to depute, from time to time, adequate number of personnel to the secretariat.

(6) The Authority may engage, and pay for, external professional services to assist it in the efficient discharge of its functions under these regulations.

6. Meetings of the Authority :-

(1) The Authority may meet from time to time for the despatch of business, adjourn, re-schedule and otherwise regulate its meetings, as it thinks fit.

(2) The President may, either on his own volition or upon request by a Member, summon a meeting of the Authority.

(3) The President, and in his absence the Vice-President shall chair all meetings and in the absence of both of them in any meeting, the Members present shall appoint one of them to chair the meeting.

(4) The Chief Executive Officer being the ex officio Member-Secretary shall be responsible for all administrative functions in relation to the meetings.

(5) The meetings of the Authority shall be held at its office, provided that the Authority may meet at any other place and conduct a meeting without the Members being physically present in one location, through audio or video conferencing.

(6) The quorum for any meeting of the Authority shall be four Members: Provided however, that in a meeting for considering an application for a letter precedent to listing, Members who are representatives of exchanges shall not be considered for the purpose of quorum.

(7) The continuing Members may act notwithstanding any vacancies in the Authority:

Provided that if the number of Members is reduced below the quorum fixed by these regulations for a meeting of the Authority, the continuing Members or Member may act and they shall constitute the quorum.

(8) Questions arising at any meeting of the Authority shall be decided by a majority vote of the Members present and voting in such meeting: Provided that in case of an equality of votes, the President, or in his absence the person presiding, shall have a second or casting vote.

(9) Decisions of the Authority may also be taken by circulation, provided the resolution has been circulated in draft, together with the necessary papers, if any, to all the Members in advance.

(10) The Authority may delegate any of its functions and powers to any committee consisting of such Members as it may determine.

(11) Any committee so formed shall in the exercise of its powers or in the performance of its functions so delegated, conform to such procedures or conditions that may be specified by the Authority.

(12) Questions arising at any meeting of a committee shall be determined by a majority of the Members present and in case of an equality of votes, the matter shall be referred to the Authority for its consideration and decision thereon.

(13) No proceedings before, or order passed by the Authority, shall be questioned or shall be deemed to be invalid on the grounds merely of the existence of any vacancy or defect in the constitution of the Authority.

7. Fund :-

(1) The Board shall constitute a Fund to be called the Central Listing Authority General Fund and there shall be credited thereto:

(a) any application fees levied and received by the Board under sub-regulation (4) of regulation 10; and

(b) any other sum as may be decided upon by the Board.

(2) The above Fund shall be managed by the Authority and shall be applied for meeting:

(a) the remuneration, if any, of the President and other Members of the Authority;

(b) the expenses (whether capital or revenue in nature) of the Authority for the discharge of its functions and exercise of powers under these regulations including salary and allowances payable to the Chief Executive Officer, other officers and staff of the Authority; and

(c) the professional fees of external professionals, agencies, consultants and/or advisers and /or advisory committees engaged by the Authority.

CHAPTER 3

Functions of the authority and letters precedent to listing

8. Functions of the Authority :-

(1) The Authority shall perform the following functions: (a) to

receive and process applications for letter precedent to listing from applicants and issue, if it deems fit, a letter precedent to listing to any such applicant;

(b) to make recommendations to the Board on issues pertaining to the protection of the interest of the investors in securities and development and regulation of the securities market, including the listing agreements, listing conditions and disclosures to be made in offer documents; and

(c) to undertake any other functions as may be delegated to it by the Board from time to time,

9. Letter Precedent to Listing :-

(1) No applicant, unless it has obtained a letter precedent to listing from the Authority, shall:

(a) make an issue of securities which is proposed to be listed on an exchange, and/or

(b) make a listing application for listing of its securities to any exchange.

(2) No applicant shall make an issue of any class of securities unless it has obtained an in-principle approval from the exchange(s) where it proposes to list such securities.

(3) No exchange shall consider a listing application made by an applicant, unless it is accompanied by a copy of the letter precedent to listing granted by the Authority.

(4) The Board, in consultation with the Authority, may either by a general or a specific order, exempt the application of sub-regulations (1), (2) and (3) to any security or class of securities, for such period and subject to such conditions, if any, as may be specified in the order.

10. Application for the Letter Precedent to Listing :-

(1) An applicant desirous of obtaining a letter precedent to listing from the Authority shall make an application to the Authority in such form and in such manner and together with such information or documents, as may be specified by the Authority, from time to time.

(2) Notwithstanding anything contained in any regulations or

guidelines issued by the Board, an applicant seeking listing of securities shall file only with the Authority the draft offer documents including for public and rights issues by companies and bodies corporate, or draft offer documents of schemes of mutual funds or collective investment schemes and the Board may offer its observations, if any, to the Authority on such draft offer documents.

(3) An application for letter precedent to listing shall specify the exchange or exchanges where the applicant is desirous of listing its securities indicating also, wherever applicable, the designated stock exchange for the purposes of finalizing the basis of allotment and for depositing the security deposit.

(4) Any application for a letter precedent to listing shall be accompanied by such application fees as may be specified by the Board, in consultation with the Authority, from time to time.

11. Procedure on Receipt of Application :-

(1) Upon receipt of an application under regulation 10, the Authority may direct the applicant to furnish such additional information, documents or clarifications as may be required by the Authority, for the purpose of processing the said application and thereupon the applicant shall provide all such information within the time stipulated by the Authority.

(2) In the event the applicant suppresses any material information or misrepresents facts to the Authority or does not provide the information or documents sought by the Authority or does not inform the Authority of any relevant and material developments that take place subsequent to the filing and during the pendency of the application, the Authority shall be entitled to reject the application for letter precedent to listing.

(3) The Authority shall be entitled to disclose to any person, exchange or authority the contents of the application and the information, documents or clarifications received by the Authority from the applicant and to invite their comments and views.

(4) Notwithstanding the primary obligation of the applicant to furnish information or clarifications under sub-regulation (1), the Authority may call from the exchanges their observations or comments on the application and call from any intermediaries registered with the Board, such further information as it may deem

necessary in connection with the processing of an application for a letter precedent to listing.

(5) The Authority after examining the application and the information or clarifications called for, may either grant or refuse to grant the letter precedent to listing, and this shall be done within thirty days of the making of the application or of furnishing of the information or clarification by the applicant, as the case may be:

Provided that the Authority shall not refuse to grant the letter precedent to listing unless the applicant is given an opportunity of making representation.

(6) The Authority shall, while processing the application, have regard to the following factors:

(a) compliance with the provisions of the Companies Act, 1956 pertaining to issue of securities;

(b) compliance with the Guidelines or Regulations of the Board relating to Disclosure and Investor Protection;

(c) compliance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 or the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999, or other relevant regulations or guidelines issued by the Board where applicable;

(d) compliance with the listing conditions specified under the Act, the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder and those specified by exchanges, or otherwise; and

(e) such other factors as the Authority may consider relevant in connection with processing the application, including, but not limited to, the following:

(i) whether listing of securities of the applicant may be detrimental to the interests of investors or the securities market in view of the business practices, antecedents, credibility, financial morality, and market reputation of the applicant and of its promoters or group companies and of its directors or persons in control or persons acting in concert with the applicant;

(ii) whether the applicant has made any provision for monitoring or control or supervision of the use of funds raised by the applicant through the issue of securities or based thereon; and

(iii) whether the applicant has made a disclosure in the offer document of the availability and mechanism of safety net, if any.

12. Other Provisions as to Letter Precedent to Listing :-

(1) The Authority may, while granting the letter precedent to listing, impose such conditions as it deems fit including conditions as to the manner, the required prominence and the wordings of the disclosures to be made in the offer documents and advertisements.

(2) Failure by the applicant to comply with the conditions imposed under subregulation (1) shall, unless otherwise waived by the Authority in writing, render the letter precedent to listing invalid.

(3) Any letter precedent to listing granted by the Authority shall specify the names of the exchange(s) where the applicant may make a listing application.

(4) Where the Authority issues a letter precedent to listing with any conditions, the applicant shall comply with such conditions and confirm the same to the Authority, within such time as may be specified by the Authority.

(5) The Authority shall be entitled to lay down any fresh conditions subsequent to the grant of a letter precedent to listing as may be necessitated by new guidelines or directions issued by the Board or due to some relevant developments in the securities market and the applicant shall comply with such conditions and confirm the same to the Authority, within such time as may be specified by the Authority.

(6) The Authority shall communicate its decision made under sub-regulation (5) of regulation 11 to the applicant and to the exchange or exchanges specified by the applicant in its application for letter precedent to listing.

(7) The Authority may, subsequent to the issue of letter precedent to listing, direct the applicant, exchanges or other intermediaries registered with the Board to furnish it such information as may be necessary to enable it to determine whether the applicant is in compliance with conditions imposed by applicable rules, regulations and guidelines or by the Authority in the letter precedent to listing.

(8) Any letter precedent to listing granted by the Authority under these regulations shall, unless specified otherwise by the Authority, have a validity period of 90 days by which time the subscription list

for public issues and rights issues should have opened and in the case of other kind of issue, the securities should have been listed on the Exchange:

Provided that the Authority at its discretion may, upon an application made by the applicant in this behalf, prior to the expiry of the validity period, extend the validity period of a letter precedent to listing subject to such conditions, if any, as it deems fit to impose.

(9) Where an applicant changes the terms and conditions of the issue in respect of which a letter precedent to listing was granted to it or where any material developments take place which have a bearing on the issue or listing of the securities, the Authority may withdraw the letter precedent to listing:

Provided that the Authority shall prior to withdrawing a letter precedent to listing under this clause give an opportunity of making representation to the applicant.

(10) The Authority may withdraw the letter precedent to listing where it is satisfied, based upon information available to it, that

(i) the applicant had either suppressed material facts or misrepresented facts in its application for letter precedent to listing; or

(ii) the applicant has ceased to fulfill the qualifications specified in clause (e) of subregulation (6) of regulation 11; or

(iii) withdrawal of a letter precedent to listing is desirable in the larger interests of investors and the securities market:

Provided that the Authority shall, if it proposes to withdraw a letter precedent to listing, communicate the grounds for such proposal to the applicant and afford him an opportunity of making representation:

Provided further that the letter precedent to listing may be withdrawn by the Authority only if the securities are not listed on the exchanges and if the securities have already been listed, the Authority shall inform the Board and the exchanges for taking such action, including delisting of securities, as they may deem fit.

13. Appeal :-

An order passed by the Authority declining to grant or withdrawing

a letter precedent to listing shall be deemed to be an order of the Board within the meaning of clause (a) of sub-section (1) of section 15T of the Act and shall be appealable to the Securities Appellate Tribunal in accordance with the provisions of the Act.

14. Application to Exchanges for Listing :-

(1) On receipt of the letter precedent to listing from the Authority, the applicant may make a listing application to the exchange(s) in respect of which the letter precedent to listing has been granted, enclosing therewith a copy of the letter precedent to listing.

(2) On receipt of the listing application, the exchange(s) shall proceed with the same in the manner provided for under the Securities Contracts (Regulation) Act, 1956 and the rules and bye-laws made thereunder.

(3) Unless otherwise permitted by the Authority, the applicant shall ensure that the securities for which it has obtained a letter precedent to listing are listed on the same day at all the concerned exchanges.

15. Appeal against Refusal of Listing by Exchange :-

An applicant may prefer an appeal against the decision of an exchange refusing listing to the Securities Appellate Tribunal as provided in section 22A of the Securities Contracts (Regulation) Act, 1956.

16. Powers of the Authority to Regulate its Procedures and Operational Guidelines :-

(1) Subject to the provisions of these regulations and with the previous approval of the Board, the Authority shall have power to set out and regulate its own procedures.

(2) Without prejudice to the generality of its power under sub-regulation (1), the Authority may, with the previous approval of the Board, frame operational guidelines for the performance of its functions.

17. Company or Other Body Corporate, Mutual Fund or Collective Investment Scheme to Continue to Comply with Listing Conditions and Listing Agreement :-

(1) These regulations are in addition to, and not in derogation of, the listing agreement and the listing conditions.

(2) An exchange in which any securities of a body corporate, mutual fund or collective investment scheme are listed shall comply with the listing agreement.

(3) If a company or other body corporate, mutual fund or collective investment scheme fails to comply with these regulations, the listing conditions or the listing agreement or neglects to furnish any information or documents, which are required to be furnished to the Board, to the Authority or to an exchange as per these regulations, the listing conditions or the listing agreement, it shall be liable to penalty as specified in section 15A or section 15HB of the Act, to be imposed in accordance with the procedure prescribed under Chapter VIA of the Act.

CHAPTER 4

Miscellaneous

18. Power of the Board to Supersede the Authority :-

(1) If at any time the Board is of the opinion that circumstances exist which render it necessary in the interests of investors or the securities market or in the public interest so to do, the Board may, by order, supersede the Authority for such period as may be specified in the order.

(2) Upon the issuance of an order under sub-regulation (1) superseding the Authority:

(a) all Members shall, as from the date of supersession, be deemed to have vacated their offices; and

(b) all functions and powers which may, by or under the provisions of these regulations, be exercised or discharged by or on behalf of the Authority, shall until the Authority is reconstituted under sub-regulation (3), be exercised and discharged by the Board or such person or persons the Board may direct.

(3) On the expiration of the period of supersession specified in the notification issued under sub-regulation (1), or earlier in the discretion of the Board, the Board may reconstitute the Authority by fresh appointment and in such case any person or persons who vacated their offices under clause (a) of sub-regulation (2), shall not be deemed disqualified for appointment:

Provided that the Board may at any time, even before the expiration of the period of supersession, take action under this sub-

regulation.

19. Reporting and Exchange of Information :-

(1) The Authority shall furnish to the Board such returns and statements at such time and in such form and manner as the Board may require.

(2) It shall be competent for the Board and the Authority to exchange any information relevant for the discharge of their functions.

20. Records of the Authority :-

The Authority shall maintain such books, records and documents and for such period as may be specified by the Board.

21. Repeal and Savings :-

(1) The Securities and Exchange Board of India (Central Listing Authority) Regulations, 2003 notified by the Board vide SO No. 171(E), dated 13th February, 2003 are hereby repealed.

(2) Notwithstanding such repeal:

(a) the Authority constituted under regulation 3 of the regulations hereby repealed shall be deemed to be appointed under the corresponding provisions of these regulations; and anything done or any action taken or purported to have been done or taken, including any notice issued under the regulations hereby repealed shall, in so far as it is not inconsistent with the provisions of these regulations, be deemed to have been done or taken under the corresponding provisions of these regulations.