



CIRCULAR

SEBI/HO/CFD/CMD/CIR/P/2016/116

October 26, 2016

To

All the Recognized Stock Exchanges
All Depositories

Dear Sir/Madam,

Sub: Freezing of Promoter and Promoter group Demat accounts for Non-compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. SEBI, vide Circular No. CIR/CFD/CMD/12/2015 dated November 30, 2015, had prescribed the uniform fine structure for non-compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Standard Operating Procedure for suspension and revocation of trading of specified securities.
2. It has been observed that some of the non-compliant listed entities have not paid the fines levied by the recognized stock exchange(s). In order to ensure effective enforcement, it has been decided in consultation with recognized stock exchanges to freeze the holdings of their promoters and promoter group entities in the manner specified below:
 - 2.1. Where a non-compliant listed entity fails to pay fine levied as per the notice issued by the concerned recognized stock exchange in terms of paragraph 4 of Annexure I of the aforesaid circular, the concerned recognized stock exchange shall, upon expiry of the period indicated in the notice issued by it, freeze holdings in other securities in the demat accounts of promoter and promoter group to the extent of liability which shall be calculated on a quarterly basis.
 - 2.2. In case of non-compliance for two consecutive periods, and failure to comply with the notice issued by the concerned recognized stock exchange as per paragraph 3 of Annexure II of the aforesaid circular, as per the current practice, the concerned recognized stock exchange shall forthwith intimate the depositories to freeze the entire shareholding of the promoter and promoter group in such listed entity. In addition to the freeze of shares in the non-compliant listed entity, the holdings in the demat accounts of



promoter and promoter group in other securities shall also be frozen to the extent of liability which shall be calculated on a quarterly basis.

- 2.3. While freezing the holdings as per paragraphs 2.1 and 2.2 above, the recognized stock exchange shall have discretion in determining which of the securities and holdings of which promoter or promoter group entity are to be frozen.
3. The depositories, shall furnish to the exchange upon receipt of request, all such information pertaining to holdings in the demat accounts of promoter and promoter group of such listed entities.
 4. All provisions of Circular No. CIR/CFD/CMD/12/2015 dated November 30, 2015 shall continue to be applicable.
 5. The stock exchanges and depositories shall implement the circular in coordination with one another.
 6. The Stock Exchanges are advised to bring the provisions of this circular to the notice of listed entities and also to disseminate the same on their websites.
 7. This circular shall come into force with immediate effect. The circular shall be applicable to all fines outstanding on or after the date of this circular levied in accordance with Circular No. CIR/CFD/CMD/12/2015 dated November 30, 2015 and Circular No. CIR/CFD/POLICYCELL/13/2013 dated November 18, 2013.
 8. This circular is issued under regulations 97, 98, 99 and 102 read with regulation 101(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 9. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Continuous Disclosure Requirements”.

Yours faithfully,

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