

CIRCULAR

SEBI/HO/DDHS/DDHS/CIR/P/2020/231

November 13, 2020

To,

All Recognized Stock Exchanges

All Depositories

All issuers of listed Non-Convertible Debt Securities and/or Non-Convertible Redeemable Preference Shares

All Issuers of listed Commercial Papers

Sir/Madam,

Subject: Non-compliance with provisions related to continuous disclosures

1. SEBI has prescribed continuous disclosure norms for issuers of listed Non-Convertible Debt Securities, Non-Convertible Redeemable Preference Shares (NCRPS) and Commercial Papers, which are as follows:
 - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) for issuers of listed Non-Convertible Debt Securities and/or NCRPS.
 - (b) SEBI circular nos. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 and SEBI/HO/DDHS/DDHS/CIR/P/2019/167 dated December 24, 2019 for issuers of listed Commercial Papers.
2. Further, the following provisions provide for monitoring of compliance and imposition of fines by stock exchanges:
 - (a) Sub regulation (1) of Regulation 97 of SEBI LODR Regulations, provides for monitoring of compliance by listed entities with the provisions of the regulation by recognized Stock Exchanges. Further, sub regulation (1)(a) of Regulation 98 of SEBI LODR Regulations provides for imposition of fines by Stock Exchanges for contravention of provisions of the regulation by listed entities.
 - (b) SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 provides for a framework for imposition of fine to be put in place by stock exchanges in cases of non-compliance and/ or inappropriate disclosures by issuers of listed Commercial Papers.

3. In respect of listed specified securities (*i.e.* equity shares and convertible securities), SEBI issued circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12, dated January 22, 2020, specifying a uniform structure for imposing fines for issuers not in compliance with certain provisions of SEBI LODR Regulations.
4. Accordingly, in order to ensure effective enforcement of continuous disclosure obligations by issuers of listed Non-Convertible Debt Securities or NCRPS or Commercial Papers, it has been decided to lay down a similar uniform structure for imposing fines for non-compliance with continuous disclosure requirements after discussion with market participants.
5. In view of the above, in the interests of investors and the securities market, the Stock Exchanges shall levy fine and take action in case of non-compliances with continuous disclosure requirements by issuers of listed Non-Convertible Debt Securities and/ or NCRPS and/ or Commercial Papers as specified in **Annexure I** and **Annexure II** of this circular respectively.

Stock Exchanges may deviate from the above, if found necessary, only after recording reasons in writing.

6. In case a non-compliant entity is listed on more than one recognized stock exchange, the concerned recognized stock exchanges shall take uniform action under this circular in consultation with each other.
7. The recognized stock exchanges shall take necessary steps to implement this circular and shall disclose on their website the action(s) taken against the entities for non-compliance(s); including the details of the respective requirement, amount of fine levied/ action taken etc.
8. The amount of fine realized as per the structure provided in **Annexure I** of this circular shall be credited to the "Investor Protection Fund" of the concerned recognized stock exchange.
9. The fines specified in **Annexure I** of this circular shall continue to accrue till the time of rectification of the non-compliance and to the satisfaction of the concerned recognized stock exchange. Such accrual shall be irrespective of any other disciplinary/enforcement action(s) initiated by recognized stock exchange(s)/SEBI.
10. The recognized stock exchanges may keep in abeyance the action or withdraw the action in specific cases where specific exemption from compliance with the

requirements for continuous disclosures /moratorium on enforcement proceedings has been provided for under any Act, Court/Tribunal Orders etc.

11. The above provisions are without prejudice to the power of SEBI to take action under the securities laws.
12. The recognized stock exchanges are advised to bring the provisions of this circular to the notice of issuers of listed Non-Convertible Debt Securities, NCRPS, Commercial Papers.
13. This provisions mentioned in this circular shall come into force for compliance period ending on or after December 31, 2020.
14. This circular is issued in exercise of the powers conferred under sections 11(1) and 11A(2) of the Securities and Exchange Board of India Act, 1992 read with Section 9 and 21 of Securities Contracts (Regulation) Act, 1956.
15. The recognized stock exchanges may make consequent changes in their byelaws, if any, to implement this circular.
16. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal".

Yours faithfully,

Sabir Vasant Sawant
Deputy General Manager
Department of Debt and Hybrid Securities
Email id: sabirvs@sebi.gov.in

ANNEXURE I

PART A: Fine to be levied in case of non-compliances by issuers of listed Non-Convertible Debt Securities and/or Non-Convertible Redeemable Preference Shares

1. The recognized stock exchanges shall take action for non-compliance with the provisions of the SEBI LODR Regulations & circulars/ guidelines issued thereunder, by an entity having listed Non-Convertible Debt Securities and/or NCRPS, as under:

Sl. No.	Regulation	Fine payable and/or other action to be taken for non-compliance in respect of an entity having listed its Non-Convertible Debt Securities and/or NCRPS
(a)	Applicable Regulations for Chapter III (Common obligations of listed entities) of SEBI LODR Regulations for which penalty has been specified vide SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 as amended from time to time.	Fine payable as per SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 as amended from time to time.
(b)	Regulation 50 (1)/ (3) Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount or intimation regarding board meeting effecting the rights or interest of holders of NCDs/NCRPS.	Rs. 1,000 per ISIN
(c)	Regulation 52(1) Non-submission of the financial results within the period prescribed under this regulation.	Rs. 5,000 per day



(d)	Regulation 52(4) / 52(6) Non-disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results or non-disclosure of items pertaining to NCRPS as notes to financials prescribed under Regulation 52(6).	Rs. 1,000 per day
(e)	Regulation 52(5) Non-submission of a Certificate signed by the Debenture Trustee taking note of the contents prescribed under regulation 52(4).	Rs. 1,000 per day
(f)	Regulation 52(7) Non-submission of deviations/ variations in utilization of issue proceeds.	Rs. 1,000 per day
(g)	Regulation 54 (2) Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.	Rs.1,000 per day
(h)	Regulation 57(1) Non-disclosure of information related to payment obligations.	Rs. 1,000 per day per ISIN
(i)	Regulation 59 (1) Failure to obtain prior approval of stock exchange for any structural change in terms of NCDs/ NCRPS.	Rs. 50,000 per instance
(j)	Regulation 60 (2) Delay in submission of the notice of record date.	Rs. 10,000 per ISIN

(k)	Regulation 62 Non-compliance with norms pertaining to functional website	Advisory/warning letter per instance of non-compliance per item Rs. 10,000 per instance for every additional advisory/warning letter exceeding the four advisory/ warning letters in a financial year.
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2. In case of 1(c) above, wherein the listed entity has listed both specified securities and/or Non-Convertible Debt Securities and/or NCRPS, and if the concerned recognized stock exchange(s) has already levied a penalty for non-compliance of Regulation 33 of SEBI LODR Regulations in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020, then penalty shall not be imposed again for violation of Regulation 52(1) in terms of this circular.

PART B: Fine to be levied in case of non-compliances by issuers of listed Commercial Papers

1. The recognized stock exchanges shall take action for non-compliance with continuous disclosure requirements in terms of SEBI circular nos. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 and SEBI/HO/DDHS/DDHS/CIR/P/2019/167 dated December 24, 2019, as amended from time to time, by an entity having listed Commercial papers as under:

Sl. No.	Clause	Fine payable and/or other action to be taken for non-compliance in respect of an entity having listed Commercial Paper
(a)	Non-submission of financial results within the prescribed period	Rs. 5,000 per day

(b)	Non-disclosure of line items prescribed under Regulation 52(4) of SEBI LODR Regulations along with the half yearly / annual financial results	Rs. 1,000 per day
(c)	Non-submission of certificate regarding fulfillment of payment obligations	Rs. 1,000 per day per ISIN

2. In case of 1(a) & 1(b) above, wherein the entity has listed its specified securities and/or Non-Convertible Debt Securities and/or NCRPS, and if the concerned recognized stock exchange(s) has already levied a penalty for non-compliance of Regulation 33 or Regulation 52(1) and/or Regulation 52(4) of SEBI LODR Regulations under SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 and/or Part A of Annexure I of this circular as applicable, then penalty shall not be imposed again for non-submission of disclosures specified at 1(a) & 1(b) above.

Annexure II

Action to be taken in case of non-compliances by issuers of listed Non-Convertible Debt Securities and/or Non-Convertible Redeemable Preference Shares and/or Commercial Papers

1. Every recognized stock exchange shall review the compliance status of the entities having listed their Non-Convertible Debt Securities and/or NCRPS and/or Commercial Papers and shall issue notices to the non-compliant entities within 30 days from the due date of prescribed timeline. Non-compliant entity shall ensure compliance with the requirement(s) and pay fines as per the circular within 15 days from the date of such notice. If the non-compliant entity fails to comply with the aforesaid requirement(s) and/or pay fine levied within the stipulated period as per the notice stated above, the concerned recognized stock exchange(s) shall, upon expiry of the period indicated in the notice, shall issue reminder notices to such non-compliant entities, to ensure compliance with the requirement(s) and pay fines within 10 days from the date of such notice. While issuing the aforementioned notices, the recognized stock exchange shall also send intimation to other recognized stock exchange(s) where the Non-Convertible Debt Securities or NCRPS or Commercial Papers of the non-compliant entity are listed.
2. If the non-compliant entity fails to comply with the aforesaid requirement(s) and/or pay fine levied within the stipulated period as per the notice stated above, the concerned recognized stock exchange(s) shall send intimation to other recognized stock exchange(s) and all entities allowed to act as Electronic Book Provider, regarding failure of compliance of such entity.
3. The recognized stock exchange(s) and/ or other entities allowed to act as Electronic Book Provider, thereafter, shall not allow:
 - (a) issuance of any securities, as defined under SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 by such non-compliant entity on EBP Platform;
 - (b) further listing of Non-Convertible Debt Securities or NCRPS or Commercial Papers of such non-compliant entity.
4. The restrictions mentioned at para 3.(a) & (b) above shall continue until the non-compliant entity subsequently complies with the respective requirement(s) and pays the fine levied. Further, if the non-compliant entity subsequently complies with the respective requirement(s) and pays the fine levied, in terms of this Circular, the concerned recognized stock exchange(s) shall display on their website compliance and status of fines paid by such entity. Simultaneously, the

concerned recognized stock exchange(s) shall intimate other recognized stock exchange(s), other entities allowed to act as Electronic Book Provider regarding compliance of such entity.

5. The recognised stock exchange(s) shall also advise the non-compliant entity to ensure that the subject matter of non-compliance which has been identified and indicated by the recognised stock exchange(s) and any subsequent action taken by the recognised stock exchange(s) in this regard shall be placed before the Board of Directors of the entity in its next meeting. Comments made by the board shall be duly informed to the recognised stock exchange(s) for dissemination.
