

THE SECURITIES CONTRACTS (REGULATION) RULES, 1957

(Notification No.SRO 576, dated 21-2-1957)

In exercise of the powers conferred by section 30 of the Securities Contracts (Regulation) Act, 1956

(42 of 1956), the Central Government hereby makes the following rules, the same having been

previously published as required by sub-section (3) of the said section, namely:

1. Short title

These rules may be called the Securities Contracts (Regulation) Rules, 1957.

2. Definitions

In these rules, unless the context otherwise requires -

(a) "form" means a form appended to these rules;

(b) "the Act" means the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(c) "government company" means a company in which not less than fifty-one percent of the

share capital is held by the Central Government or by any State Government or Governments

or partly by the Central Government and partly by one or more State Governments.

3. Application for recognition

An application under section 3 of the Act for recognition of a stock exchange shall be made to the

Central Government in Form A.

4. Fees for application

(1) There shall be paid in respect of every application under rule (3) a fee of rupees five

hundred.

(2) The amount of the fee shall be deposited in the nearest government treasury or the nearest

branch of the State Bank of India;

Provided that at Bombay, Calcutta, Madras, Delhi and Kanpur, the amount shall be deposited in

the Reserve Bank of India.

(3) The amount of the fee so deposited shall be credited to the receipt head "XLVIMiscellaneous-

other fees, fines and forfeitures".

5. Documents to be filed

along with the application and particulars it should contain Every application shall be accompanied by

four copies of the rules (including the memorandum and articles of association where the applicant

stock exchange is an incorporated body) and bye-laws of the stock exchange applying for recognition

as specified in section 3 of the Act and the receipt granted by the government treasury, or as the case

may be, the State Bank of India or the Reserve Bank of India, in respect of the amount of the fee

deposited and shall contain clear particulars as to the matters specified in the annexure to Form A.

1[5A. Power to make inquiries and call for information

Before granting recognition to a stock exchange under section 4 of the Act, the Central Government

may make such inquiries and require such further information to be furnished, as it deems necessary,

relating to the information furnished by the stock exchange in the Annexure to its application in Form

A.]

6. Form of recognition

The recognition granted to a stock exchange shall be in form B and be subject to the following

conditions namely:-

(a) that the recognition unless granted on a permanent basis, shall be for such period not less

than one year as may be specified in the recognition;

(b) that the stock exchange shall comply with such conditions as are or may be prescribed or

imposed under the provisions of the Act and these rules from time to time.

7. Renewal of recognition

(1) Three months before the expiry of the period of recognition, a recognised stock exchange

desirous of renewal of such recognition may make an application to the Central Government in

Form A.

(2) The provisions of rule 3, rule 4, rule 5 ² [, rule 5A] and rule 6 shall apply in relation to

renewal of recognition as they apply in relation to grant of recognition except that the fee

payable in respect of any application for renewal of recognition shall be rupees two hundred.

8. Qualifications

The rules relating to admission of members of a stock exchange seeking recognition shall inter alia

provide that:

(1) No person shall be eligible to be elected as a member if -

(a) he is less than twenty-one years of age;

(b) he is not a citizen of India:

Provided that the governing body may in suitable cases relax this condition with the

prior approval of the Central Government;

(c) he has been adjudged bankrupt or a receiving order in bankruptcy has been made

against him or he has been proved to be insolvent even though he has obtained his

final discharge;

(d) he has compounded with his creditors unless he has paid sixteen annas in the

rupee;

(e) he has been convicted of an offence involving fraud or dishonesty;

1. Inserted by GSR 1096, dated 14.7.1967 w.e.f. 22-7-1967.

2. Ibid.

(f) he is engaged as principal or employee in any business other than that of securities

except as a broker or agent not involving any personal financial liability unless he

undertakes on admission to sever his connection with such business:

Provided that the Central Government may, for reasons sufficient in the opinion of the

said government, permit a recognised stock exchange to suspend the enforcement of

this clause for a specified period on condition that the applicant is not associated with or

is a member of or subscriber to or shareholder or debenture holder in or connected

through a partner or employee with any other organisation,
institution, association,
company or corporation in India where forward business of any kind
whether in goods
or commodities or otherwise is carried on or is not engaged as a
principal or employee
in any such business;

¹ [(g) ***]

(h) he has been at any time expelled or declared a defaulter by any
other stock
exchange;

(i) he has been previously refused admission to membership unless a
period of one
year has elapsed since the date of such rejection.

(2) No person eligible for admission as a member under sub- rule (1)
shall be admitted as a member

unless:

(a) he has worked for not less than two years as a partner with, or as
an authorised assistant or

authorised clerk or remisier or apprentice to, a member; or

(b) he agrees to work for a minimum period of two years as a partner
or representative member

with another member and to enter into bargains on the floor of the
stock exchange and not in

his own name but in the name of such other member; or

(c) he succeeds to the established business of a deceased or retiring
member who is his father,

uncle, brother or any other person who is, in the opinion of the
governing body, a close relative:

Provided that the rules of the stock exchange may authorise the
governing body to waive

compliance with any of the foregoing conditions if the person seeking
admission is in respect of

means, position, integrity, knowledge and experience of business in
securities, considered by

the governing body to be otherwise qualified for membership.

(3) No person who is a member at the time of application for
recognition or subsequently admitted as a

member shall continue as such if -

(a) he ceases to be a citizen of India:

Provided that nothing herein shall affect those who are not citizens of India but who were

members at the time of such application or were admitted subsequently under the provisions of

clause (b) of sub-rule (1) of this rule, subject to their complying with all other requirements of

this rule;

1. Omitted by GSR 1070(E), dated 15-11-1988.

(b) he is adjudged bankrupt or a receiving order in bankruptcy is made against him or he is

proved to be insolvent;

(c) he is convicted of an offence involving fraud or dishonesty;

¹ 1[(d) ***]

² 2[(e) ***]

(f) he engages either as principal or employee in any business other than that of securities

except as a broker or agent not involving any personal financial liability, provided that -

(i) the governing body may, for reasons, to be recorded in writing, permit a member to

engage himself as principal or employee in any such business, if the member in

question ceases to carry on business on the stock exchange either as an individual or

as a partner in a firm,

(ii) in the case of those members who were under the rules in force at the time of such

application permitted to engage in any such business and were actually so engaged on

the date of such application, a period of three years from the date of the grant of

recognition shall be allowed for severing their connection with any such business,

(iii) nothing herein shall affect members of a recognised stock exchange, permitted

under the proviso to clause (f) of sub-rule (1) to suspend the enforcement of the

aforesaid clause, for so long as such suspension is effective, except that no member of

such exchange shall engage in forward business of any kind whether in goods or

commodities or otherwise and, if actually so engaged on the date of such application,

he shall sever his connection with any such business within a period of three years

from the date of the grant of recognition.

³ [(4) A company as defined in the Companies Act, 1956 (1 of 1956), shall be eligible to be elected as a

member of a stock exchange if-

(i) such company is formed in compliance with the provisions of section 322 of the said Act,

(ii) a majority of the directors of such company are shareholders of such company and also

members of that stock exchange; and

(iii) the directors of such company, who are members of that stock exchange, have ultimate

liability in such company:

Provided that where the Central Government makes a recommendation in this regard, the

governing body of a stock exchange shall, in relaxation of the requirements of this clause, admit

as member the following corporations, companies or institutions, namely-

1. Omitted by GSR 1070(E), dated 15-11-1988.

2. Ibid.

3. Substituted by GSR 666(E), dated 20-7-1987.

(a) the Industrial Finance Corporation, established under the Industrial Finance Corporation

Act, 1948 (15 of 1948);

(b) the Industrial Development Bank of India, established under the Industrial Development

Bank Act, 1964 (18 of 1964);

(c) the Life Insurance Corporation of India, established under the Life Insurance Corporation

Act, 1956 (31 of 1956);

(d) the General Insurance Corporation of India constituted under the General Insurance

Corporation (Nationalisation) Act, 1972 (57 of 1972);

(e) the Unit Trust of India, established under the Unit Trust of India Act, 1963 (52 of 1963);

(f) the Industrial Credit and Investment Corporation of India, a company registered under the Companies Act, 1956 (1 of 1956);

(g) the subsidiaries of any of the corporations or companies specified in (a) to (f) and any subsidiary of the State Bank of India or any nationalised bank set up for providing merchant banking services, buying and selling securities and other similar activities].

¹ [(4A) A company as defined in the Companies Act, 1956 (1 of 1956), shall also be eligible to be

elected as a member of a Stock Exchange if-

(i) such company is formed in compliance with the provisions of section 12 of the said Act;

(ii) such company undertakes to comply with such financial requirements and norms as may be

specified by the Securities and Exchange Board of India for the registration of such company

under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992(15 of 1992);

² [(iii) ***]

(iv) the directors of the company are not disqualified for being members of a stock exchange

under ³ [clause (1) [except sub-clause (b) and sub-clause (f) thereof] or clause (3) [except subclause

(a) and sub-clause (f) thereof] and the Director of the company had not held the offices

of the Director in any company which had been a member of the stock exchange and had been

declared defaulter or expelled by the stock exchange; and

(v) not less than two directors of the company are persons who possess a minimum two years'

experience-

(a) in dealing in securities; or

(b) as portfolio managers; or

(c) as investment consultants.]

1. Inserted by GSR 870E, dated 13-11-1992.

2. Omitted by GSR 749(E), dated 12-10-1994.

3. Substituted by GSR 790(E), dated 7-11-1994.

(5) Where any member of a stock exchange is a firm, the provisions of sub-rules (1), (3) and (4), shall,

so far as they can, apply to the admission or continuation of any partner in such firm.

9. Contracts between members of recognised stock exchange

All contracts between the members of a recognised stock exchange shall be confirmed in writing and

shall be enforced in accordance with the rules and bye-laws of the stock exchange of which they are

members.

10. ¹ [Nominees of the Securities and Exchange Board of India] on the governing bodies of recognised stock exchanges

² [The Securities and Exchange Board of India] may nominate one or more persons not exceeding

three in number, as member or members of the governing body of every recognised stock exchange.

Such member or members shall enjoy the same status and powers as other members of the governing

body.

11. Obligation of the governing body to take disciplinary action against a member if so directed by the

Central Government

After receiving the report of the result of an enquiry made under clause (b) of sub-section (3) of Section

6 of the Act, the Central Government may take such action as they deem proper and, in particular, may

direct the governing body of the stock exchange to take such disciplinary action against the offending

member, including fine, expulsion, suspension or any other penalty of a like nature not involving the

payment of money, as may be specified by the Central Government; notwithstanding anything to the

contrary contained in the rules or bye-laws of the stock exchange concerned, the governing body shall

give effect to the directions of the Central Government in this behalf and shall not in any manner

commute, revoke or modify the action taken in pursuance of such directions, without the prior approval

of the Central Government. The Central Government may however, either of its own motion or on the

representation of the member concerned, modify or withdraw its direction to the governing body.

12. Audit of accounts of members

Every member shall get his accounts audited by a chartered accountant whenever such audit is required by the Central Government.

13. Withdrawal of recognition

The written notice referred to in section 5 of the Act shall be in Form C.

14. Books of account and other documents to be maintained and preserved by every recognised stock

exchange Every recognised stock exchange shall maintain and preserve the following books of

account and documents for a period of five years:

(1) Minute books of the meetings of-

(a) members;

1. Substituted by F.No.1/37/SE/94, dated 26-10-1994.

2. Substituted by F.No.1/37/SE/94, dated 26-10-1994.

(b) governing body;

(c) any standing committee or committees of the governing body or of the general body

of members.

(2) Register of members showing their full names and addresses. Where any member of the

stock exchange is a firm, full names and addresses of all partners shall be shown.

(3) Register of authorised clerks.

(4) Register of remisiers of authorised assistants.

(5) Record of security deposits.

(6) Margin deposits book.

(7) Ledgers.

(8) Journals.

(9) Cash book.

(10) Bank pass-book.

15. Books of account and other documents to be maintained and preserved by every member of a

recognised stock exchange

(1) Every member of a recognised stock exchange shall maintain and preserve the following

books of account and documents for a period of five years:

- (a) Register of transactions (Sauda book).
- (b) Clients' ledger.
- (c) General ledger.
- (d) Journals.
- (e) Cash book.
- (f) Bank pass-book.
- (g) Documents register showing full particulars of shares and securities received and delivered.

(2) Every member of a recognised stock exchange shall maintain and preserve the following

documents for a period of two years:

- (a) Members' contract books showing details of all contracts entered into by him with other members of the same exchange or counter-foils or duplicates of memos of confirmation issued to such other members.
- (b) Counter-foils or duplicates of contract notes issued to clients.
- (c) Written consent of clients in respect of contracts entered into as principals.

16. Manner of inquiry in relation to the affairs of the governing body of a recognised stock exchange or

the affairs of any member of the stock exchange in relation to the stock exchange

(1)

(a) The person or persons appointed by the Central Government to make an inquiry under

clause (b) of sub-section (3) of section 6 of the Act shall hereafter in this rule be referred to as

the 'inquiring authority';

(b) where the inquiring authority consists of two or more persons, one of them shall be

appointed as the chairman or senior member thereof;

(c) the inquiring authority shall hand over a statement of issues to be inquired into to the

governing body or the member concerned, as the case may be, who will be given a reasonable

opportunity to state their or his side of the case;

(d) if any witness is called for examination, an opportunity shall be provided to the governing

body or the member whose affairs are being inquired into, as the case may be, to cross-examine

such witness;

(e) where the inquiring authority consist of more than one person, the views of the majority shall

be deemed to represent the findings of such authority and, in the event of an equality of votes,

the chairman or senior member shall have a casting vote;

(f) the inquiring authority shall submit its report in writing to the Central Government within the

period specified in the order of appointment;

(g) temporary absence from any hearing or hearings of any member of the inquiring authority

shall not vitiate its proceedings.

(2) Where the Central Government had directed the governing body of a stock exchange to make an

inquiry under clause (b) of sub-section (3) of section 6 of the Act, the governing body concerned shall

appoint one or more members thereof to make an inquiry and the provisions of sub-rule (1) shall apply

mutatis mutandis to such inquiry.

17. Submission of annual report (1)

Every recognised stock exchange shall ¹ [before the 31st day of January in each year or within

such extended time as the Central Government may, from time to time, allow], furnish the

Central Government annually with a report about its activities during the ² [preceding calendar

year], which shall inter alia contain detailed information about the following matters:

(a) changes in rules and bye-laws, if any;

(b) changes in the composition of the governing body;

(c) any new sub-committees set up and changes in the composition of existing ones;

(d) admissions, re-admissions, deaths or resignations of members;

(e) disciplinary action against members;

(f) arbitration of disputes (nature and number) between members and non-members;

(g) defaults;

(h) action taken to combat any emergency in trade;

(i) securities listed and de-listed; and

(j) securities brought on or removed from the forward list.

1. Substituted by GSR 1096, dated 14-7-1967, w.e.f. 22-7- 1967.

2. Substituted, *ibid*.

(2) ¹ [Every recognised stock exchange shall within one month of the date of the holding of its

annual general meeting, furnish the Central Government with a copy of its audited balance

sheet and profit and loss account for its preceding financial year].

² [17A. Submission of periodical returns

Every recognised stock exchange shall furnish the Central Government periodical returns relating to-

(i) the official rates for the securities enlisted thereon;

(ii) the number of shares delivered through the clearing house;

(iii) the making-up prices;

(iv) the clearing house programmes;

(v) the number of securities listed and de-listed during the previous three months;

(vi) the number of securities brought on or removed from the forward list during the previous

three months; and

(vii) any other matter as may be specified by the Central Government.]

18. Manner of publication of bye-laws for criticism

The bye-laws to be made, amended or revised under the Act shall be published for criticism in

accordance with the provisions of section 23 of the General Clauses Act, 1897 both in the Gazette of

India and Official Gazette of the State in which the principal office of the recognised stock exchange is

situate.

19. Requirements with respect to the listing of securities on a recognised stock exchange

(1) A public company as defined under the Companies Act, 1956, desirous of getting its

securities listed on a recognised stock exchange, shall apply for the purpose to the stock

exchange and forward along with its application the following documents and particulars:

(a) Memorandum and articles of association and, in case of a debenture issue, a copy

of the trust deed.

(b) Copies of all prospectuses or statements in lieu of prospectuses issued by the

company at any time.

(c) Copies of offers for sale and circulars or advertisements offering any securities for

subscription or sale during the last five years.

(d) Copies of balance sheets and audited accounts for the last five years, or in the case

of new companies, for such shorter period for which accounts have been made up.

1. Substituted by GSR 1096, dated 14-7-1967, w.e.f. 22-7- 1967.

2. . Inserted, *ibid*.

(e) A statement showing-

(i) dividends and cash bonuses, if any, paid during the last ten years (or such

shorter period as the company has been in existence, whether as a private or

public company).

(ii) dividends or interest in arrears, if any.

(f) Certified copies of agreements or other documents relating to arrangements with or

between:-

(i) vendors and/or promoters,

(ii) underwriters and sub-underwriters,

(iii) brokers and sub-brokers.

(g) Certified copies of agreements with-

(i) managing agents and secretaries and treasurers,

(ii) selling agents,

(iii) managing directors and technical directors,

(iv) general manager, sales manager, manager or secretary.

(h) Certified copy of every letter, report, balance sheet, valuation contract, court order or

other document, part of which is reproduced or referred to in any prospectus, offer for

sale, circular or advertisement offering securities for subscription or sale, during the last

five years.

(i) A statement containing particulars of the dates of, and parties to all material

contracts, agreements (including agreements for technical advice and collaboration),

concessions and similar other documents (except those entered into in the ordinary

course of business carried on or intended to be carried on by the company) together

with a brief description of the terms, subject-matter and general nature of the

documents.

(j) A brief history of the company since its incorporation giving details of its activities

including any reorganisation, reconstruction or amalgamation, changes in its capital

structure (authorised, issued and subscribed) and debenture borrowings, if any.

(k) Particulars of shares and debentures issued (i) for consideration other than cash,

whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

(l) A statement containing particulars of any commission, brokerage, discount or other

special terms including an option for the issue of any kind of the securities granted to

any person.

(m) Certified copies of-

(i) letters of consent of the Controller of Capital Issues¹

1. The office of the Controller of Capital Issues has been abolished by the repeal

of the Capital Issues (Control) Repeal Ordinance, 1992.

(ii) agreements, if any, with the Industrial Finance Corporation, Industrial Credit and

Investment Corporation and similar bodies.

(n) Particulars of shares forfeited.

(o) A list of highest ten holders of each class or kind of securities of the company as on

the date of application along with particulars as to the number of shares or debentures

held by and the address of each such holder.

(p) Particulars of shares or debentures for which permission to deal is applied for:

Provided that a recognised stock exchange may either generally by its bye-laws or in

any particular case call for such further particulars or documents as it deems proper.

(2) Apart from complying with such other terms and conditions as may be laid down by a

recognised stock exchange, an applicant company shall satisfy the stock exchange that:

(a)

Its articles of association provide for the following among others-

(i) that the company shall use a common form of transfer;

(ii) that the fully paid shares will be free from all lien, while in the case of partly

paid shares, the company's lien, if any, will be restricted to moneys called or

payable at a fixed time in respect of such shares;

(iii) that any amount paid-up in advance of calls on any share may carry interest

but shall not entitle the holder of the share to participate in respect thereof, in a

dividend subsequently declared;

(iv) there will be no forfeiture of unclaimed dividends before the claim becomes

barred by law;

(v) that option or right to call of shares shall not be given to any person except

with the sanction of the company in general meeting:

Provided that a recognised stock exchange may provisionally admit to dealings

the securities of a company which undertakes to amend its articles of association at its next general meeting so as to fulfil the foregoing requirements

and agrees to act in the meantime strictly in accordance with the provisions of

this clause.

¹ [(b) At least ² [twenty-five per cent] of each class or kind of securities issued by the

company was offered to the public for subscription through advertisement in

newspapers for a period not less than ³ [two days] and that applications received in

pursuance of such offer were allotted fairly and unconditionally:

2. Substituted by GSR 685, dated 3-6-1972 w.e.f. 10-6-1972.

3. Substituted by F.No.1/33/SE/92, w.e.f. 20-9-1993.

4. Substituted by GSR 1083, dated 11-11-1985, w.e.f. 23-11-1985.

¹ [Provided that a recognised stock exchange may relax this requirement, with the

previous approval of the Central Government, in respect of a Government Company

within the meaning of section 617 of the Companies Act, 1956 (1 of 1956) and subject

to such instructions as that Government may issue in this behalf from time to time].

Explanation.- Where any part of the securities sought to be listed have been or

are agreed to be taken up by the Central Government, a State Government,

development or investment agency of a State Government, Industrial

Development Bank of India, Industrial Finance Corporation of India, ² [Industrial

Credit and Investment Corporation of India Limited], Life Insurance Corporation

of India, ³ [General Insurance Corporation of India and its subsidiaries, namely,

the National Insurance Company Limited, the New India Assurance Company

Limited, the Oriental Fire and General Insurance Company Limited and the

United Fire and General Insurance Company Limited,] or Unit Trust of India, the

total subscription to the securities, whether by one or more of such bodies, ⁴

[shall not form part of the twenty-five per cent of the securities to be offered to

the public].]

(3) A company applying for listing shall, as a condition precedent, undertake inter alia-

(a)

(i) that letters of allotment will be issued simultaneously and that, in the event of its

being impossible to issue letters of regret at the same time, a notice to that effect will be

inserted in the press so that it will appear on the morning after the letters of allotment

have been posted,

(ii) that letters of right will be issued simultaneously,

(iii) that letters of allotment, acceptance or rights will be serially numbered, printed on

good quality paper and, examined and signed by a responsible officer of the company

and that whenever possible, they will contain the distinctive numbers of the securities to

which they relate,

(iv) that letters of allotment and renounceable letters of right will contain a proviso for

splitting and that, when so required by the exchange, the form of renunciation will be

printed on the back of or attached to the letters of allotment and letters of right,

(v) that letters of allotment and letters of right will state how the next payment of interest

or dividend on the securities will be calculated;

(b) to issue, when so required, receipts for all securities deposited with it whether for

registration, sub-division, exchange or for other purposes; ⁵ [and not to charge any fees for

registration of transfers, for sub-division and consolidation of certificates and for sub-division

1.Substituted by F.No.1/33/SE/92, w.e.f. 20-9-1993.

2. Inserted by GSR 959, dated 8-8-1972, w.e.f. 12-8-1972.

3 Inserted by GSR 2641, dated 1-11-1975, w.e.f. 8-11-1975.

4. Substituted by F.No.1/33/SE/92, w.e.f. 20-9-1993.

5. Inserted by GSR 1096, dated 14-7-1967, w.e.f. 22-7-1967.

of allotment, renounceable letters of right, and split, consolidation, renewal and transfer receipts

into denominations of the market unit of trading;

(bb) to issue, when so required, consolidation and renewal certificates in denominations of the market unit of trading, to split certificates, letters of allotment, letters of right, and transfer, renewal, consolidation and split receipts into smaller units, to split call notices, issue duplicates thereof and not require any discharge on call receipts and to accept the discharge of members of stock exchange on split, consolidation and renewal receipts as good and sufficient without insisting on the discharge of the registered holders];

(c) when documents are lodged for sub-division or consolidation ¹ [or renewal] through the clearing house of the exchange:

(i) to accept the discharge of an official of the stock exchange clearing house on the company's split receipts and ² [consolidation receipts and renewal receipts] as good and sufficient discharge without insisting on the discharge of the registered holders; and

(ii) to verify when the company is unable to issue certificates or split receipt or ³ [consolidation receipts or renewal receipts] immediately on lodgment whether the discharge of the registered holders, on the documents lodged for sub-division or consolidation ⁴ [or renewal] and their signatures on the relative transfers are in order;

(d) on production of the necessary documents by shareholders or by members of the exchange, to make on transfers an endorsement to the effect that the power of attorney or probate or letters of administration or death certificate or certificate of the Controller of Estate Duty or similar other document has been duly exhibited to and registered by the company;

(e) to issue certificates in respect of shares or debentures lodged for transfer within a period of one month of the date of lodgment of transfer and to issue balance certificates within the same period where the transfer is accompanied by a larger certificate;

(f) to advise the stock exchange of the date of the board meeting at which the declaration or

recommendation of a dividend ⁵ [for the issue or right or bonus share] will be considered;

(g) ⁶ [to recommend or declare all dividends and/or cash bonuses at least five days before the

commencement of the closure of its transfer books or the record date fixed for the purpose and

to advise the stock exchange] in writing of all dividends and/or cash bonuses

1. Inserted by GSR 1096, dated 14-7-1967, w.e.f. 22-7-1967.

2. Substituted, *ibid.*

3. Substituted by GSR 1096, dated 14-7-1967, w.e.f. 22-7-1967

4. Inserted, *ibid.*

5. Inserted, *ibid.*

6. Substituted, *ibid.*

recommended or declared immediately after a meeting of the board of the company has been

held to finalise the same;

(h) to notify the stock exchange of any material change in the general character or nature of the

company's business;

(i) to notify the stock exchange of any change-

(i) in the company's directorate by death, resignation, removal or otherwise,

(ii) of managing director, managing agent or secretaries and treasurers,

(iii) of auditors appointed to audit the books and accounts of the company;

(j) to forward to the stock exchange copies of statutory and annual reports and audited

accounts as soon as issued, including director's report;

(k) to forward to the stock exchange as soon as they are issued, copies of all other notices and

circulars sent to the shareholders including proceedings of ordinary and extraordinary general

meetings of the company and to file with the stock exchange certified copies of resolutions of

the company as soon as such resolutions become effective;

(l) to notify the stock exchange prior to intimating the shareholders, of any new issue of

securities whether by way of right, privilege, bonus or otherwise and the manner in which it is

proposed to offer or allot the same;

(m) to notify the stock exchange in the event of re-issue of any forfeited securities or the issue

of securities held in reserve for future issue;

(n) to notify the stock exchange of any other alteration of capital including calls;

(o) ¹ [to close the transfer books only for the purpose of declaration of dividend or issue of right

or bonus shares or for such other purposes as the stock exchange may agree and] to give

notice to the stock exchange as many days in advance as the exchange may from time to time

reasonably prescribe, stating the dates of closure of its transfer books (or, when the transfer

books are not to be closed, the date fixed for taking a record of its shareholders or debenture

holders) and specifying the purpose or purposes for which the transfer books are to be closed

(or the record is to be taken); ² [and in the case of a right or bonus issue to so close the transfer

books or fix a record date only after sanctions of the competent authority subject to which the

issue is proposed to be made have been duly obtained, unless the exchange agrees

otherwise];

(p) to forward to the stock exchange an annual return immediately after each annual general

meeting of at least ten principal holders of each class of security of the company along with

1. Inserted by GSR 1096, dated 14-7-1967, w.e.f. 22-7-1967.

2. Inserted, ibid.

particulars as to the number of shares or debentures held by, and address of, each such

holder;

(q) to grant to shareholders the right of renunciation in all cases of issue of rights, privileges and

benefits and to allow them reasonable time ¹ [not being less than four weeks] within which to

record, exercise, or renounce such rights, privileges and benefits, ² [and to issue, where

necessary, coupons or fractional certificates or provide for the payment of the equivalent of the

value of the fractional right in cash unless the company in general meeting or the stock

exchange agrees otherwise];

(r) to promptly notify the stock exchange-

(i) of any action which will result in the redemption, cancellation or retirement in whole

or in part of any securities listed on the exchange,

(ii) of the intention to make a drawing of such securities, intimating at the same time the

date of the drawing and the period of the closing of the transfer books (or the date of

the striking of the balance) for the drawing,

(iii) of the amount of securities outstanding after any drawing has been made;

(s) to intimate the stock exchange any other information necessary to enable the shareholders

to appraise the position of the company and to avoid the establishment of a false market in the

shares of the company;

(t) that in the event of the application for listing being granted, such listing shall be subject to the

rules and bye-laws of the exchange in force from time to time and that the company will comply

within a reasonable time, with such further listing requirements as may be promulgated by the

exchange as a general condition for new listings.

(4) A fresh application for listing will be necessary in respect of all new issues desired to be dealt in,

provided that, where such new securities are identical in all respects with those already listed,

admission to dealings will be granted on the company intimating to the stock exchange particulars of

such new issues.

Explanation.- Shares are identical in all respects only if-

(a) they are of the same nominal value and the same amount per share has been called

up;

(b) they are entitled to dividend at the same rate and for the same period, so that at the

next ensuring distribution, the dividend payable on each share will amount to exactly

the same sum, net and gross; and

(c) they carry the same rights in all other respects.

1. Inserted by GSR 1096, dated 14-7-1967, w.e.f. 22-7-1967.

2. Ibid.

(5) A recognised stock exchange may suspend or withdraw admission to dealings in the securities of a

company or body corporate either for a breach of or non-compliance with, any of the conditions of

admission to dealings or for any other reason, to be recorded in writing, which in the opinion of the

stock exchange justifies such action:

Provided, however, that no such action shall be taken by a stock exchange without affording to the

company or body corporate concerned a reasonable opportunity by a notice in writing, stating the

reasons, to show cause against the proposed action:

Provided further that where a recognised stock exchange has withdrawn admission to dealings in any

security, or where suspension of admission to dealings has continued for a period exceeding three

months, the company or body corporate concerned may appeal to the Central Government and the

Central Government may, after giving the stock exchange an opportunity of being heard, vary or set

aside the decision of the stock exchange and thereupon the orders of the Central Government shall be

carried out by the stock exchange.

(6) A recognised stock exchange may, either at its own discretion or shall in accordance with the orders

of the Central Government under sub-rule (5) restore or re-admit to dealings any securities suspended

or withdrawn from the list.

¹ [(6A) All the requirements with respect to listing prescribed by these rules, shall, so far as they may

be, also apply to a body corporate constituted by an Act of Parliament or any State legislature:]

² [Provided that a recognised stock exchange may relax the requirement of offer to the public for

subscription of at least twenty-five per cent of each class or kind of securities issued in respect of a

body corporate referred to in this sub- rule with the previous approval of the Central Government and

also subject to such instructions as that Government may issue in this behalf from time to time.]

(7) The Central Government may, at its own discretion or on the recommendation of a recognised stock

exchange, waive or relax the strict enforcement of any or all of the requirements with respect to listing

prescribed by these rules.

1. Inserted by GSR 121(E), dated 9-3-1995, w.e.f. 9-3-1995.

2. Inserted by Notification No. GSR 291(E), dated 27-3-1995.

