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COMMUNIQUE TO REGISTRAR & TRANSFER AGENTS

CDSL/OPS/RTA/POLCY/2022/04

January 04, 2022

NON-COMPLIANCE WITH PROVISIONS RELATED TO CONTINUOUS DISCLOSURES

Issuers/RTAs are advised to refer to SEBI Circular no. **SEBI/HO/DDHS_Div2/P/CIR/2021/699** dated December 29, 2021, regarding **Non-Compliance with Provisions Related to Continuous Disclosures** [refer Annexure].

Issuers/RTAs are advised to take note of the same.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk**: on telephone numbers (022) 2305-8624, 2305-8639, 2305-8642, 2305-8663, 2305-8640, 2300-2041 or 2300-2033. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Nilesh Shah
Asst. Vice President - Operations

CIRCULAR

SEBI/HO/DDHS_Div2/P/CIR/2021/699

December 29, 2021

To,

All Recognized Stock Exchanges

All Depositories

All issuers of listed Non-Convertible Securities

All Issuers of listed Commercial Papers

Sir/Madam,

Subject: Non-compliance with provisions related to continuous disclosures

1. SEBI vide circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/231 dated November 13, 2020 prescribed a uniform structure for levying fines and taking action for non-compliance with continuous disclosure requirements specified under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), by the issuers of listed Non-Convertible Securities and/ or Commercial Papers.
2. Pursuant to the recent amendments to SEBI LODR Regulations, it has been decided to issue the present circular in supersession of the aforesaid circular bearing number SEBI/HO/DDHS/DDHS/CIR/P/2020/231 dated November 13, 2020.
3. 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 the issuers of listed Non-Convertible Securities and/ or Commercial Paper as specified in **Annexure I** and **Annexure II** of this circular respectively.
4. Stock Exchanges may deviate from the above, if found necessary, only after recording reasons in writing.
5. In case a non-compliant entity is listed on more than one recognized stock exchange, the concerned recognized stock exchange(s) shall take uniform action under this circular in consultation with each other.

6. 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.
7. 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.
8. 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.
9. 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.
10. The above provisions are without prejudice to the power of SEBI to take action under the securities laws.
11. The recognized stock exchanges are advised to bring the provisions of this circular to the notice of issuers of listed Non-Convertible Securities and/or Commercial Paper.
12. This circular shall come into force for the due dates of compliances falling on or after February 01, 2022. It may be noted that the circular dated November 13, 2020 would be applicable till the time current circular comes into force.
13. 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.

14. The recognized stock exchanges may make consequent changes in their byelaws, if any, to implement this circular.
15. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal".

Yours faithfully,

Ashok Nimbekar
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ANNEXURE I

PART A: Fine to be levied in case of non-compliance(s) by issuers of listed Non-Convertible Securities

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 Securities, 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 Securities
(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) Delay in furnishing intimation about board meeting.	₹ 5,000 per instance of non-compliance per item
(c)	Regulation 50(2) Delay in furnishing intimation about meeting of shareholders or holders of non-convertible securities	₹ 5,000 per instance of non-compliance per item
(d)	Regulation 52(1) / 52(2)(a) / 52(2)(d) / 52(2)(f) Non-submission of quarterly and year to date standalone financial results on a quarterly	₹ 5,000 per day

	basis within the period prescribed under this Regulation under Regulation 52(1)/ Unaudited financial results submitted without limited review report under Regulation 52(2)(a)/ Non-submission of annual audited standalone and consolidated financial results within the period prescribed under Regulation 52(2)(d)/ Non-submission of statement of assets & liabilities and cash flow statement as required under Regulation 52(2)(f).	
(e)	Regulation 52(4) / 52(6) Non-disclosure of line items prescribed under Regulation 52(4) along with the quarterly / annual financial results / non-disclosure of items pertaining to non-convertible securities as prescribed under Regulation 52(6) as notes to financials	₹ 1,000 per day
(f)	Regulation 52(7)/ (7A) Non-submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds.	₹ 1,000 per day
(g)	Regulation 53(2) Non-submission of annual report within the period prescribed under this regulation.	₹ 2,000 per day
(h)	Regulation 54 (2)/ (3) Non-disclosure of extent and nature of security created and maintained with respect to secured listed non-convertible debt securities in the financial statements.	₹ 1,000 per day

(i)	Regulation 57(1) Non-disclosure of information related to payment obligations.	₹ 2,000 per day per ISIN
(j)	Regulation 57(4) Non-submission of details of payable interest/dividend/principal obligations during the quarter.	₹ 1,000 per ISIN
(k)	Regulation 57(5) Non-submission of certificate confirming the payment of interest/dividend/principal obligations due in the quarter or non-submission of details of all unpaid interest/dividend/principal obligations at the end of the quarter.	₹ 1,000 per ISIN
(l)	Regulation 59 (1) Failure to obtain prior approval of stock exchange for any structural change in non-convertible securities.	₹ 50,000 per instance
(m)	Regulation 60 (2) Delay in submission of the notice of record date.	₹ 10,000 per ISIN
(n)	Regulation 62 Non-compliance with norms pertaining to functional website	Advisory/warning letter per instance of non-compliance per item ₹ 10,000 per instance for every additional advisory/warning letter exceeding the four advisory/warning letters in a financial year.

2. In case of 1(a), 1(d) and 1(g) above, wherein the listed entity has listed both specified securities and/or Non-Convertible Securities, and if the concerned recognized stock exchange(s) has already levied a penalty for non-compliance of relevant regulations in Chapter III of SEBI (LODR) Regulations or Regulation 33 or 34 of SEBI LODR Regulations in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020, as amended from time to time, then penalty shall not be imposed again for violation of common obligations under Chapter III or Regulation 52(1) or Regulation 52(2)(a) or Regulation 52(2)(d) or Regulation 53(2), as the case may be, 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 Chapter XVII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, 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	₹ 5,000 per day
(b)	Non-disclosure of line items prescribed under Regulation 52(4) of SEBI LODR Regulations along with the financial results	₹ 1,000 per day
(c)	Non-submission of certificate regarding fulfillment of payment obligations	₹ 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 Securities, 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 Securities and/or Commercial Papers

1. Every recognized stock exchange shall review the compliance status of the entities having listed their Non-Convertible Securities and/or Commercial Paper 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) 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 Securities or Commercial Paper 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 Chapter VI of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 by such non-compliant entity on EBP Platform;
 - (b) further listing of Non-Convertible Securities 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.
