

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2931

ANSWERED ON:13.03.2015

NORMS FOR DELISTING OF COMPANIES

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Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) proposes to ease the norms for delisting of companies, issue new regulations norms on insider trading, make certain provisions in the listing agreement mandatory and also introducing Electronic IPO (E-IPO);

(b) if so, the details thereof and the reasons therefor; and

(c) the time by which it is likely to be implemented?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a): Yes, Madam. Securities and Exchange Board of India (SEBI) has proposed to ease the norms for delisting of companies, issue new regulations norms on insider trading, make certain provisions in the listing agreement mandatory and also to introduce Electronic IPO (E-IPO).

(b) and (c): Securities and Exchange Board of India (SEBI) has received various representations from the market participants, stock exchanges, industry representatives and investor associations highlighting challenges faced in the existing delisting process. To address these concerns and to make the delisting process less cumbersome, SEBI Board in its meeting held on 19th November 2014 and January 22, 2015 has approved certain proposals to review the existing regulatory framework on delisting for making it more effective by amending the SEBI (Delisting of Equity Shares) Regulations, 2009. The proposals approved, among others, includes conditions for the delisting to be successful, the process of the determination of offer price through reverse book building process, reducing timeline for completing the delisting process etc.

SEBI Board in its meeting held on 19th November, 2014 approved, inter alia, new regulations namely SEBI (Prohibition of Insider Trading) Regulation, 2014 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2014.

The SEBI (Prohibition of Insider Trading) Regulations, 1992 were notified in 1992, which was framed to deter the practice of insider trading in the securities of listed companies. Since then there had been several amendments to the regulations. To ensure that the regulatory framework dealing with insider trading in India is further strengthened, SEBI sought review of the extant insider trading regulatory regime. The new regulations strengthen the legal and enforcement framework, align Indian regime with international practices, provide clarity with respect to the definitions and concepts, and facilitate legitimate business transactions. SEBI has notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 on January 15, 2015 which would replace the existing regulations of 1992 with effect from May 15, 2015.

The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2014 (Listing Regulations) intends to replace all existing Listing Agreements. The Listing Regulations, inter alia, will be comprehensive regulation in respect of various types of listed securities. This regulation would consolidate and streamline the provisions of existing listing agreements thereby ensuring better enforceability.

SEBI Board in its meeting held on 19th November, 2014, approved the proposal to utilize the synergies of the secondary market infrastructure for raising capital through public issues. The proposed framework is intended towards achieving the following broad objectives:

i to use the existing secondary market infrastructure for collection of bids and application money;

ii to further reduce the overall post issue timelines from T+12 days;

iii to broad-base the retail investor reach by using the network of registered stock brokers and depository participants across the country for submitting applications;

SEBI has informed that the process of implementation involves preparation of discussion paper, hosting the discussion paper on SEBI website for public comments, analysis of public comments, approval of regulations by the SEBI Board and notification thereof, as such, no specific time can be indicated.

