



**CIRCULAR**

SEBI/Cir/ISD/ 1 /2012

March 30, 2012

To,

All the Recognized Stock Exchanges,

Dear Sir/Madam,

**Sub: Exemptions from 100% promoter(s) holding in demat form**

1. This is further to SEBI circulars SEBI/Cir/ISD/3/2011 dated June 17, 2011 and SEBI/Cir/ISD/05/2011 dated September 30, 2011 regarding 100% promoter(s) holding in demat form.
2. While reviewing compliance, it is noticed that promoters of a large number of companies have complied with the requirements stated in the above mentioned circulars. SEBI has also received representations from various companies bringing out issues relating to dematerialization of holdings of promoters and have accordingly sought exemption from compliance with the above mentioned circulars.
3. In light of these representations and in consultation with Stock Exchanges, it has been decided that following exemptions shall be taken into consideration while arriving at compliance with 100% promoter(s) holding in demat form. Such exemption shall be applicable in cases where :-
  - a. Promoter(s) have sold their shares in physical mode and such shares have not been lodged for transfer with the company; or
  - b. Matters concerning part/entire shareholding of promoters/promoter group are *sub judice* before any Court/Tribunal; or
  - c. Shares cannot be converted into demat form due to death of any promoter(s); or
  - d. Shares allotted to promoter(s) that await final approval for listing from stock exchange and such pendency is less than 30 days or shares that upon receipt of final listing approval from stock exchange are pending conversion to demat and such pendency is less than 15 days.



4. For availing such exemption under Para 3 (a) to (d) above, companies shall approach Stock Exchange(s) along with necessary documentary evidence.
5. Provisions of SEBI circulars SEBI/Cir/ISD/3/2011 dated June 17, 2011, SEBI/Cir/ISD/05/2011 dated September 30, 2011 and this circular shall come into effect from April 30, 2012.
6. The Stock Exchanges are advised to:-
  - a) Put in place adequate systems and issue necessary guidelines to the market for implementing the above decision; and
  - b) Make necessary amendments to the relevant bye-laws, rules and regulations for implementation of the above decision; and
  - c) Bring the provisions of this circular to the notice of the market and also to disseminate the same on its website; and
  - d) Communicate to SEBI the status of implementation of this circular through the Monthly Report.
7. This circular is being issued under Section 11(1) read with Section 11(2)(a) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market as well as to regulate the business in stock exchanges.
8. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in)

Yours faithfully,

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