

**CHIEF GENERAL MANAGER  
DERIVATIVES AND NEW PRODUCTS DEPARTMENT**

**Email: [parakh@sebi.gov.in](mailto:parakh@sebi.gov.in)**

SEBI/DNPD/CIR-28/2004/12/07

December 08, 2004

The Executive Director / Managing Director,

All Stock Exchanges.

Dear Sir / Madam,

**Sub: Amendments to Clause 16 of the Equity Listing Agreement – Requirement of Notice Period**

1. Please refer to the earlier [circular of ref. no. SEBI/CFD/DIL/SE/43/2003 dated November 20, 2003](#), wherein it was provided that listed companies have to give prior intimation of 15 calendar days in case of demat scrips and to 21 calendar days in case of physical scrips to the stock exchanges, about their book-closure/record date. The stock exchanges were advised to make the necessary amendments in the listing agreement and bye-laws.
2. SEBI Advisory Committee on Derivatives and Market Risk Management has noted that the existing requirement for Stock Exchanges to give notice of six weeks to the market for any change in the contract specifications and also in case of change in a constituent of an Index on which derivatives are available, is too long and it may be reduced to four weeks. While recommending this, the Committee however noted the above cited circular, according to which, a company is required to give a notice of atleast 15 days to inform the record date for any corporate actions, to the Stock Exchanges. Keeping in view the difficulties experienced in case of corporate action in stocks on which derivatives are available or stocks which form a part of an index on which derivatives are available, the Committee recommended that the said Clause of Equity Listing Agreement be amended for extension of notice period only for the limited purpose of adjustment of corporate actions like mergers, de-mergers, splits, bonus shares and that too only for such stocks on which derivatives are available.
3. It has now been decided to amend the Clause 16 of the Equity Listing Agreement to incorporate the following:

*The company on whose stocks, derivatives are available or whose stocks form part of an index on which derivatives are available, shall give a notice period of 30 days to stock exchanges for corporate actions like mergers, de-mergers, splits and bonus shares.*

4. All the Stock Exchanges are advised to implement the decision with immediate effect and make necessary amendments to the bye-laws and Listing Agreement wherever necessary. The exchanges are also directed to bring the provisions of this circular to the notice of the companies and also to put up the same on the website for easy access to the investors.
  
5. This circular is being issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

Yours sincerely,

**N.PARAKH**