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SEBI/CFD/DIL/SE/2008/08/12

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To The Managing Director / Executive Director / Administrator of All Stock Exchanges

Dear Sirs,

Sub.: Listing and trading of warrants issued as part of a Qualified Institutions Placement (QIP) being a combined issuance of Non-convertible Debentures with Warrants

1. SEBI has, vide circular no. SEBI/CFD/DIL/DIP/33/2008/08/12 dated December 8, 2008, amended the SEBI (Disclosure and Investor Protection (DIP)) Guidelines, 2000 to permit a listed company to make a combined offering of Non-convertible Debentures (NCDs) with warrants through the QIP mechanism, in terms of the provisions of Chapter XIII-A of the Guidelines.
2. NCDs and warrants issued pursuant to a combined offering as mentioned above, can be listed and traded separately. No relaxation from the applicability of the provisions of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 (SCRR) shall be required for listing of the NCDs, as this relaxation is available pursuant to Regulation 22(b)(i) of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008. However, for listing and trading of the warrants, relaxation from the applicability of the provisions of the Rule 19(2)(b) of SCRR is required.
3. The minimum contract value for trading of NCDs/ warrants has been set at Rs.1 lacs.
4. The amendments made vide this circular shall come into force with immediate effect.

5. This circular is issued in exercise of powers conferred by sub-section (1) of Section 11, read with sub-section (2) of Section 11A 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.
6. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Issues and Listing”.

Yours faithfully,

Neelam Bhardwaj