

## **LISTING OF SECURITIES**

Listing means the admission of securities of a company to trading on a stock exchange. Listing is not compulsory under the Companies Act. It becomes necessary when a public limited company desires to issue shares or debentures to the public. When securities are listed in a stock exchange, the company has to comply with the requirements of the exchange.

### **The objectives of listing are mainly to:**

- provide liquidity to securities;
- mobilize savings for economic development;
- protect interest of investors by ensuring full disclosures.
- To provide free negotiability of stocks.

### **Advantages of Listing on Stock Exchange:**

- (a) Information about the company is available in detail.
- (b) Information provides awareness about the work of the organization. This increases trading activity of purchase and sale of shares of the company.
- (c) Continuous dealing of the security raises its value in the securities market.
- (d) It provides convenience of sale of security. This lends liquidity to the shares.
- (e) There is safety in dealing as it is registered with SEBI.
- (f) It ensures creditworthiness.
- (g) The act of listing of shares creates a favorable impression on the investor.
- (h) Listing gives collateral value in making loans and advances from banks who prefer quoted securities.
- (i) It widens the market of the security.

# **LISTING PROCEDURE AND LEGAL REQUIREMENT FOR LISTING OF COMPANIES IN BOMBAY STOCK EXCHANGE (BSE)**

Listing means admission of securities to dealings on a recognised stock exchange. The securities may be of any public limited company, Central or State Government, quasi-governmental and other financial institutions/corporations, municipalities, etc.

The BSE Limited has a dedicated Listing Department to grant approval for listing of securities of companies in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, Companies Act, 1956, Guidelines issued by SEBI and Rules, Bye-laws and Regulations of BSE.

BSE has set various guidelines and forms that need to be adhered to and submitted by the companies. These guidelines will help companies to expedite the fulfillment of the various formalities and disclosure requirements that are required at various stages of

- Public Issues
- Initial Public Offering
- Further Public Offering
- Preferential Issues
- Indian Depository Receipts
- Amalgamation
- Qualified Institutions Placements

A company intending to have its securities listed on BSE has to comply with the listing requirements prescribed by it. Some of the requirements are as under:

## **1. Minimum Listing Requirements for New Companies**

The following eligibility criteria have been prescribed for listing of companies on BSE, through Initial Public Offerings (IPOs) & Follow-on Public Offerings (FPOs):

- The minimum post-issue paid-up capital of the applicant company (hereinafter referred to as "the Company") shall be Rs. 10 crore for IPOs & Rs.3 crore for FPOs; and
- The minimum issue size shall be Rs. 10 crore; and
- The minimum market capitalization of the Company shall be Rs. 25 crore (market capitalization shall be calculated by multiplying the post-issue paid-up number of equity shares with the issue price). Further :
- In respect of the requirement of paid-up capital and market capitalization, the issuers shall be required to include in the disclaimer clause forming a part of the offer document that in the event of the market capitalization (product of issue price and the post issue number of shares) requirement of BSE not being met, the securities of the issuer would not be listed on BSE.
- The applicant, promoters and/or group companies, shall not be in default in compliance of the listing agreement.

- The above eligibility criteria would be in addition to the conditions prescribed under SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.
- The Issuer shall comply to the guidance/ regulations applicable to listing as bidding inter alia from
  - Securities Contracts (Regulations) Act 1956
  - Securities Contracts (Regulation) Rules 1957
  - Securities and Exchange Board of India Act 1992
  - And any other circular, clarifications, guidelines issued by the appropriate authority.
  - Companies Act 1956

## **2. Minimum Requirements for Companies Delisted by BSE seeking Relisting on BSE**

Companies delisted by BSE and seeking relisting at BSE are required to make a fresh public offer and comply with the existing guidelines of SEBI and BSE regarding initial public offerings.

## **3. Permission to Use the Name of BSE in an Issuer Company's Prospectus**

Companies desiring to list their securities offered through a public issue are required to obtain prior permission of BSE to use the name of BSE in their prospectus or offer for sale documents before filing the same with the concerned office of the Registrar of Companies.

BSE has a Listing Committee, comprising of market experts, which decides upon the matter of granting permission to companies to use the name of BSE in their prospectus/offer documents. This Committee evaluates the promoters, company, project, financials, risk factors and several other aspects before taking a decision in this regard.

Decision with regard to some types/sizes of companies has been delegated to the Internal Committee of BSE.

## **4. Submission of Letter of Application**

As per Section 73 of the Companies Act, 1956, a company seeking listing of its securities on BSE is required to submit a Letter of Application to all the stock exchanges where it proposes to have its securities listed before filing the prospectus with the Registrar of Companies.

## **5. Allotment of Securities**

As per the Listing Agreement, a company is required to complete the allotment of securities offered to the public within 30 days of the date of closure of the subscription list and approach the Designated Stock Exchange for approval of the basis of allotment.

In case of Book Building issues, allotment shall be made not later than 15 days from the closure of the issue, failing which interest at the rate of 15% shall be paid to the investors.

## **6. Trading Permission**

As per SEBI Guidelines, an issuer company should complete the formalities for trading at all the stock exchanges where the securities are to be listed within 7 working days of finalization of the basis of allotment.

A company should scrupulously adhere to the time limit specified in SEBI (Disclosure and Investor Protection) Guidelines 2000 for allotment of all securities and dispatch of allotment letters/share certificates/credit in depository accounts and refund orders and for obtaining the listing permissions of all the exchanges whose names are stated in its prospectus or offer document. In the event of listing permission to a company being denied by any stock exchange where it had applied for listing of its securities, the company cannot proceed with the allotment of shares. However, the company may file an appeal before SEBI under Section 22 of the Securities Contracts (Regulation) Act, 1956.

### **7. Requirement of 1% Security**

Companies making public/rights issues are required to deposit 1% of the issue amount with the Designated Stock Exchange before the issue opens. This amount is liable to be forfeited in the event of the company not resolving the complaints of investors regarding delay in sending refund orders/share certificates, non-payment of commission to underwriters, brokers, etc.

### **8. Payment of Listing Fees**

All companies listed on BSE are required to pay to BSE the Annual Listing Fees by 30th April of every financial year as per the Schedule of Listing Fees prescribed from time to time.

### **9. Compliance with the Listing Agreement**

Companies desirous of getting their securities listed at BSE are required to enter into an agreement with BSE called the Listing Agreement, under which they are required to make certain disclosures and perform certain acts, failing which the company may face some disciplinary action, including suspension/delisting of securities. As such, the Listing Agreement is of great importance and is executed under the common seal of a company. Under the Listing Agreement, a company undertakes, amongst other things, to provide facilities for prompt transfer, registration, subdivision and consolidation of securities; to give proper notice of closure of transfer books and record dates, to forward 6 copies of unabridged Annual Reports, Balance Sheets and Profit and Loss Accounts to BSE, to file shareholding patterns and financial results on a quarterly basis; to intimate promptly to the Exchange the happenings which are likely to materially affect the financial performance of the Company and its stock prices, to comply with the conditions of Corporate Governance, etc.

The Listing Department of BSE monitors the compliance by the companies with the provisions of the Listing Agreement, especially with regard to timely payment of annual listing fees, submission of results, shareholding patterns and corporate governance reports on a quarterly basis. Penal action is taken against the defaulting companies.

### **10. Cash Management Services (CMS) - Collection of Listing Fees**

In order to simplify the system of payment of listing fees, BSE has entered into an arrangement with HDFC Bank for collection of listing fees from 141 locations all over the country. Details of the HDFC Bank branches are available on our website site [www.bseindia.com](http://www.bseindia.com) as well as on the HDFC Bank website [www.hdfcbank.com](http://www.hdfcbank.com). This facility is being provided free of cost.

Companies intending to utilize this facility for payment of listing fee should furnish the information (as mentioned below) in the Cash Management Cash Deposit Slip. These slips are available at all the HDFC Bank branches.

## **LISTING PROCEDURE AND LAGAL REQUIREMENT FOR NATIONAL STOCK EXCHANGE (NSE)**

An applicant who desires listing of its securities with NSE must fulfill the following pre-requisites:

Qualifications for listing Initial Public Offerings (IPO) are as below:

1. **Paid up Capital:** The paid up equity capital of the applicant shall not be less than ₹ 10 crores \* and the capitalisation of the applicant's equity shall not be less than ₹ 25 crores\*\*
2. **Conditions Precedent to Listing:**  
The Issuer shall have adhered to conditions precedent to listing as emerging from inter-alia from Securities Contracts (Regulations) Act 1956, Companies Act 1956, Securities and Exchange Board of India Act 1992, any rules and/or regulations framed under foregoing statutes, as also any circular, clarifications, guidelines issued by the appropriate authority under foregoing statutes.
3. **At least three years track record of either:**
  - the applicant seeking listing; or
  - the promoters\*\*\*\*/promoting company, incorporated in or outside India or
  - Partnership firm and subsequently converted into a Company (not in existence as a Company for three years) and approaches the Exchange for listing. The Company subsequently formed would be considered for listing only on fulfillment of conditions stipulated by SEBI in this regard.

For this purpose, the applicant or the promoting company shall submit annual reports of three preceding financial years to NSE and also provide a certificate to the Exchange in respect of the following:

- The company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- The net worth of the company has not been wiped out by the accumulated losses resulting in a negative net worth. (Provided this criteria shall not be applicable to companies whose proposed issue size is not less than Rs.500 crores)
- The company has not received any winding up petition admitted by a court.

\*\*\*\*Promoters mean one or more persons with minimum 3 years of experience of each of them in the same line of business and shall be holding at least 20% of the post issue equity share capital individually or severally.

4. **The applicant desirous of listing its securities should satisfy the exchange on the following:**

○ **No disciplinary action by other stock exchanges and regulatory authorities in past three years**

There shall be no material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the applicant company. In respect of promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) of the applicant company, there shall be no material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year.

○ **Redressal Mechanism of Investor grievance**

The points of consideration are:

1. The applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) track record in redressal of investor grievances
2. The applicant's arrangements envisaged are in place for servicing its investor.
3. The applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) general approach and philosophy to the issue of investor service and protection
4. defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders by the applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) shall also be considered while evaluating a company's application for listing. The auditor's certificate shall also be obtained in this regard. In case of defaults in such payments the securities of the applicant company may not be listed till such time it has cleared all pending obligations relating to the payment of interest and/or principal.

○ **Distribution of shareholding**

The applicant's/promoting company(ies) shareholding pattern on March 31 of last three calendar years separately showing promoters and other groups' shareholding pattern should be as per the regulatory requirements.

○ **Details of Litigation**

The applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) litigation record, the nature of litigation, status of litigation during the preceding three years period need to be clarified to the exchange.

○ **Track Record of Director(s) of the Company**

In respect of the track record of the directors, relevant disclosures may be insisted upon in the offer document regarding the status of criminal cases filed or nature of the investigation being undertaken with regard to alleged commission of any offence by any of its directors and its effect on the business of the company, where all or any of the directors of issuer have or has been charge-sheeted with serious crimes like murder, rape, forgery, economic offences etc.

## **LISTING CRITERIA FOR EXISTING COMPANIES IN NSE**

### **1. Net Worth**

- The net worth of the applicant company shall be more than ₹ 100 crores\* in each of the three preceding financial years. The Company shall submit a certificate from the statutory auditors in respect of networth as stipulated above\*.

### **2. Conditions Precedent to Listing:**

- The applicant company shall have adhered to conditions precedent to listing as emerging from inter-alia, Securities Contracts (Regulations) Act 1956, Companies Act 1956, Securities and Exchange Board of India Act 1992, any rules and/or regulations framed under foregoing statutes, as also any circular, clarifications, guidelines issued by the appropriate authority under foregoing statutes.  
AND
- The company should have a full time Company Secretary.

### **3. Atleast three years track record of either:**

- The applicant company seeking listing; or
- The promoters\*\*\*\*/promoting company, incorporated in or outside India

OR

For this purpose, the applicant company or the promoting company shall submit annual reports of three preceding financial years to NSE and also provide a certificate to the Exchange in respect of the following:

- The company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR)
- The net worth of the company has not been wiped out by the accumulated losses resulting in a negative net worth.
- The company has not received any winding up petition admitted by a court.

\*\*\*\* Promoters mean one or more persons with minimum 3 years of experience of each of them in the same line of business and shall be holding at least 20% of the post issue equity share capital individually or severally.

**4. The applicant company should have been listed on any other recognized Stock Exchange Listed for at least last three years or listed on the exchange having nationwide trading terminals for at least one year.**

- Minimum average daily turnover during last 6 months (value) - Rs. 10 lakhs
- Minimum average daily number of trades during last 6 months (count) – 50
- Cooling period of two months from the date the security has come out of trade-to-trade category on other exchanges where the security has been actively listed.
- Securities of the company should be trading above face value during six months preceding the date of application.

**5. The applicant company has paid dividend in at least 2 out of last 3 financial years immediately preceding the year in which listing application has been made**

**6. The applicant company desirous of listing its securities should also satisfy the Exchange on the following:**

**No Disciplinary action has been taken by other stock exchanges and regulatory authorities in the past three years**

The applicant company, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) have not been in default in payment of listing fees to any stock exchange in the last three years or has not been delisted or suspended in the past and has not been proceeded against by SEBI or other regulatory authorities in connection with investor related issues or otherwise.

#### **Distribution of shareholding**

- The applicant company/promoting company(ies) shareholding pattern on March 31 of preceding three years separately showing promoters and other groups' shareholding pattern should be as per the regulatory requirements. Total number of public shareholders on the date of application should be at least 1000.

#### **Details of Litigation**

- The applicant company, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) litigation record,



the nature of litigation, status of litigation during the preceding three years need to be clarified to the exchange.

### **Track Record of Director(s) of the Company**

- In respect of the track record of the directors, relevant disclosures may be insisted upon in the offer document regarding the status of criminal cases filed or nature of the investigation being undertaken with regard to alleged commission of any offence by any of its directors and its effect on the business of the company, where all or any of the directors of issuer have or has been charge-sheeted with serious crimes.

### **Change in Control of a Company/Utilisation of funds raised from public**

- In the event of new promoters taking over listed companies which results in change in management and/or companies utilising the funds raised through public issue for the purposes other than those mentioned in the offer document, such companies shall make additional disclosures (as required by the Exchange) with regard to change in control of a company and utilisation of funds raised from public.

### **Withdrawal\rejection cooling off period**

- The application of the applicant company should not have been rejected in last 6 months.

### **Company Website**

- The applicant company should mandatorily have functional and updated website.

### **Audit qualification**

- The applicant company should not have audit qualification w.r.t. going concern and adverse opinion or disclaimer of opinion pertaining to financials.

## **Delisting of Securities**

**Compulsory or forced Delisting:** Permanent removal of securities of a listed company from a stock exchange when company does not fulfill the various requirements set out in the Listing agreement. It leaves investors in the lurch as they have no option but to sell at whatever price is decided.

**Voluntary Delisting:** When a listed company decides to remove its securities from a stock exchange permanently then it refers as voluntary delisting.

## **THE SECURITIES CONTRACTS (REGULATION) ACT, 1956**

**Introduction:** The Securities Contracts (Regulation) Act, 1956 “Act” was enacted in order to prevent undesirable transactions in securities and to regulate the working of stock exchanges in the country. The provision of the Act came into force with effect from 20th February, 1957 vide Notification No. SRO 528 dated 16th February, 1957.

### **Definitions: Securities [Section 2(h)]**

- (i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate.
- (ii) Derivatives.
- (iii) units or any other instrument issued by any collective investment scheme to the investors in such scheme.
- (iv) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002.
- (i) units or any other such instrument issued to the investors under any mutual fund scheme.
- (ii) Government securities or such other instruments as may be declared by the Central Government to be securities.

**Contract [Section 2(a)]** means a contract for or relating to the purchase or sale of securities;

### **Stock exchange [Section 2(j)]**

- a. Any body of individuals, whether incorporated or not, constituted before corporatisation and demutualisation under sections 4A and 4B, or
- b. a body corporate incorporated under the Companies Act, 1956 whether under a scheme of corporatisation and demutualisation or otherwise,

for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities.

**Recognised Stock Exchange [Section 2(f)]** means a stock exchange which is for the time being recognized by the Central Government under Section 4 of the Act.

**Corporatisation [Section 2(aa)]** means the succession of a recognised stock exchange, being a body of individuals or a society registered under the Societies Registration Act, 1860 (21 of 1860), by another stock exchange, being a company incorporated for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities carried on by such individuals or society.

**Demutualisation [Section 2(ab)]** means the segregation of ownership and management from the trading rights of the members of a recognised stock exchange in accordance with a scheme approved by the Securities and Exchange Board of India (SEBI).

**The main parts of the Act are as follows and the powers of Central Government with regard to this Act are exercisable by SEBI:**

(A) Recognised Stock Exchanges (B) Penalties

**Brief description of important sections of the Act:**

**(A) Recognised Stock Exchanges**

**i. Application for recognition of stock exchanges (Section 3)**

3(1): Every stock exchange which desirous of being recognized for the purposes of this Act, may make an application in the prescribed manner to the Central Government (**the powers of Central Government with regard to this Act are exercisable by SEBI**)

3(2): Every such application shall contain required particulars and be accompanied by a copy of the bye-laws of the stock exchange for the regulation and control of contracts and also a copy of the rules relating in general to the constitution of the stock exchange

**ii. Grant of recognition to stock exchanges (Section 4)**

4(1): If the Central Government is satisfied, after making such inquiry as may be necessary may grant recognition to the stock exchange subject to some conditions.

**iii. Corporatisation and demutualisation of stock exchanges (Section 4A)**

On and from the appointed date, all recognised stock exchanges (if not corporatised and demutualised before the appointed date) shall be corporatised and demutualised in accordance with the provisions contained in section 4B.

**iv. Procedure for corporatisation and demutualisation (Section 4B)**

4B (1): All recognised stock exchanges referred to in section 4A shall, within such time as may be specified by the SEBI, submit a scheme for corporatisation and demutualisation for its approval

4B (2): On receipt of the scheme, the SEBI after making such enquiry as may be necessary and if it is satisfied that it may approve the scheme with or without modification.

Note: “appointed date” means the date which the SEBI may, by notification in the Official Gazette, appoint and different appointed dates may be appointed for different recognised stock exchanges.

v. **Power of Central Government to call for periodical returns or direct inquiries to be made (Section 6)**

Every recognised stock exchange shall furnish to SEBI periodical returns relating to its affairs as may be prescribed. Every recognised stock exchange and every member thereof shall preserve such books of accounts and other documents for period of not exceeding five years.

vi. **Annual reports to be furnished to Central Government by stock exchanges (Section 7)**

Every recognised stock exchange shall furnish the Central Government a copy of the annual report.

vii. **Power of recognised stock exchanges to make bye-laws (Section 9)**

9(1) Any recognised stock exchange may, subject to the previous approval of the SEBI, make bye-laws for the regulation and control of contract.

viii. **Power of SEBI to make or amend bye-laws of recognised stock exchanges (Section 10)**

10(1) The SEBI may either on a request from the governing body of a recognised stock exchange or on its own motion make bye-laws for all or any of the matters specified in section 9 or amend any bye-laws made by such stock exchange under that section.

ix. **Power to suspend business of recognised stock exchanges (Section 12)**

The Central Government is empowered to suspend the business of recognised stock exchange on an emergency situation by giving notification in the Official Gazette stating the reasons therein, for a period of not exceeding seven days and subject to such conditions as may be specified in the notification. However, in the interest of the trade or the public the said period can be extended from time to time, provided that no such period of suspension can be extended, unless the governing body of the recognised stock exchange has been given an opportunity of being heard in the matter.

x. **Conditions for listing (Section 21)**

Where securities are listed on the application of any person in any recognised stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

xi. **Delisting of securities (Section 21A)**

21A (1): A recognised stock exchange may delist the securities, after recording the reasons therefor, on any of the ground or grounds as may be prescribed under this Act, **provided** that the securities of a company shall not be delisted unless the company concerned has been given a reasonable opportunity of being heard.

21A (2): A listed company or an aggrieved investor may file an appeal before the Securities Appellate Tribunal (SAT) against the decision of the recognised stock exchange within fifteen days from the date of the decision of the recognised stock exchange, **provided** that SAT may, if it is satisfied that the company was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding one month.

xii. **Section 22 - Right of appeal against refusal of stock exchanges to list securities of public companies**

Where a recognised stock exchange refuses to list the securities of any public company or collective investment scheme, the company or scheme may appeal to the Central Government against such refusal, omission or failure, as the case may be:

- a. within fifteen days from the date on which the reasons for such refusal are furnished to it, or
- b. where the stock exchange has omitted or failed to dispose of, within the time specified in sub-section (1) of section 73 of the Companies Act, 1956 (1 of 1956) (hereafter in this section referred to as the “specified time”), the application for permission for the shares or debentures to be dealt with on the stock exchange, within fifteen days from the date of expiry of the specified time or within such further period, not exceeding one month, as the Central Government may, on sufficient cause being shown, allow.

xiii. **Section 22A - Right of appeal to Securities Appellate Tribunal against refusal of stock exchange to list securities of public companies**

Where a recognised stock exchange refuses to list the securities of any public company or collective investment scheme, the company or scheme may appeal to the SAT against such refusal, omission or failure, as the case may be:

- a. within fifteen days from the date on which the reasons for such refusal are furnished to it, or
- b. where the stock exchange has omitted or failed to dispose of, within the time specified in sub-section (1A) of section 73 of the Companies Act, 1956 (1 of 1956), (hereafter in this section referred to as the “specified time”), the application for permission for the shares or debentures to be dealt with on the stock exchange, within fifteen days from the date of expiry of the specified time or within such further period, not exceeding one month, as the Securities Appellate Tribunal may, on sufficient cause being shown, allow.

xiv. **Section 22D – Limitation**

The provisions of the Limitation Act, 1963 (36 of 1963) shall, as far as may be, apply to an appeal made to a Securities Appellate Tribunal.

**(B ) Penalties :**

Section	Contravention/Non-compliance	Penalty Prescribed
23A	Failure to furnish information, return, etc and maintain books of accounts and records.	One lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.
23B	Any person who is required under this Act or bye-laws of a recognised stock exchange to enter into an agreement with clients, fails to enter into such agreement	One lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.
23C	Any stock broker or sub-broker or a company whose securities are listed or proposed to be listed in a recognised stock exchange, fails to redress the grievances within the time stipulated by the SEBI or a recognised stock exchange	One lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.
23D	Any stock broker or sub-broker who fails to segregate securities or moneys of the client(s) or uses the securities or moneys of a client(s) for self or for any other client	Penalty not exceeding one crore rupees.
23E	If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions	Penalty not exceeding twenty-five crore rupees.
23F	If any issuer dematerialises securities more than the issued securities of a company or delivers in the stock exchanges the securities which are not listed in the recognised stock exchange or delivers securities where no trading permission has been given by the recognised stock exchange	Penalty not exceeding twenty-five crore rupees.
23G	If a recognised Stock exchanges fails to furnish the periodical returns to the SEBI or fails to amend the bye	Penalty which may extend to Twenty-Five Crores Rupees.

	laws as directed by SEBI or fails to comply with the directions of the Board	
23H	Who fails to comply with any provision of this Act, the rules or articles or bye-laws or the regulations of the recognised stock exchange or directions issued by the SEBI for which no separate penalty has been provided- Section 23H	Penalty which may extend to one crore rupees.

**Offences:**

Section	Contravention/Non-compliance	Fine Prescribed
23M(1)	Any person who contravenes the provisions of this Act or of any rules or regulations or bye-laws made thereunder, for which no punishment is provided	elsewhere in this Act Imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or both.
23M(2)	If any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders	Imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees, or both

**Conclusion:**

The Securities Contract (Regulation) Act, 1956 deals with stock exchanges, contracts in securities, and listing of securities on stock exchanges, and keeps a vigil over all the stock exchanges of India and prevents undesirable contracts in Securities market through a process of recognition and continued supervision.

