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**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

<b>DEPARTMENT : SURVEILLANCE</b>	
<b>Download Ref. No.: NSE/SURV/35548</b>	<b>Date: August 07, 2017</b>
<b>Circular Ref. No.:- 120/2017</b>	

To All NSE Members

**Sub: SEBI directions with respect to listed Shell Companies**

SEBI vide its letter bearing no. SEBI /HO/ISD/OW/P/2017/18183 dated August 7, 2017 (Copy enclosed as Annexure I) has forwarded a list of 331 shell companies as identified by Ministry of Corporate Affairs and has directed the Exchanges to identify the companies listed on their trading platform and initiate following measures :

- a. Trading in all such listed securities shall be placed in Stage VI of the Graded Surveillance Measure (GSM) with immediate effect. If any listed company out of the said list is already identified under any stage of GSM, it shall also be moved to GSM stage VI directly. Under the stage VI of GSM framework, trading in these identified securities shall be permitted only once a month under trade to trade category. Further, any upward price movement in these securities shall not be permitted beyond the last traded price and additional surveillance deposit of 200 % of trade value shall be collected from the Buyers which shall be retained with Exchanges for a period for five months.

Accordingly, securities mentioned in Annexure II shall be moving to GSM framework under Stage VI w.e.f **August 8, 2017 (Tuesday)**, i.e. these securities shall not be available for trading from tomorrow. Trading in these securities shall be permitted once a month (First Monday of the month).

- b. The shares held by the promoters and directors in such listed companies shall be allowed to be transferred by depositories only upon verification by concerned exchanges and they shall not be allowed to transact in the security except to buy securities in the said listed company until verification of credential / fundamental by Exchanges is completed.

- c. Exchanges shall initiate a process of verifying the credentials / fundamentals of such companies. Exchanges shall appoint an independent auditor to conduct audit of such listed companies and if necessary, even conduct forensic audit of these companies to verify its credentials/fundamentals.
- d. On verification, if Exchanges do not find appropriate credentials / fundamentals about existence of the company, Exchanges shall initiate the proceeding for compulsory delisting against the company, and the said company shall not be permitted to deal in any security on exchange platform and its holding in any depository account shall be frozen till such delisting process is completed.
- e. Out of the list of shell companies, if securities of any of the listed company are under suspension, the trading in such securities shall be placed under GSM Stage VI directly on revocation of suspension by Exchange.

All market participants are requested to take note of the aforementioned.

In case of any further queries, members are requested to contact the following officials:  
 Ms. Jahnvi Oza (Extn: 22406), Mr. Sareesh Koroth (Extn: 23053), Ms. Vibha Kallianpur (Extn: 25455); Direct No: 022-26598129/8166.

For National Stock Exchange of India Limited

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