

CIRCULAR

March 13, 2024

SEBI/HO/CFD/PoD-1/P/CIR/2024/016

To

All Recognised Stock Exchanges

Dear Sir/Madam,

Sub: Repeal of circular(s) outlining procedure to deal with cases where securities are issued prior to April 01, 2014, involving offer / allotment of securities to more than 49 but up to 200 investors in a financial year.

Ref: Circular No. CIR/CFD/DIL3/18/2015 dated December 31, 2015 and Circular No. CFD/DIL3/CIR/ P/2016/53 dated May 03, 2016.

1. In exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, SEBI had issued Circular No. CIR/CFD/DIL3/18/2015 dated December 31, 2015 and Circular No. CFD/DIL3/CIR/ P/2016/53 dated May 03, 2016, stating that in respect of cases under the Companies Act, 1956, involving issuance of securities to more than 49 persons but up to 200 persons in a financial year, the companies may avoid penal action if they provide the investors with an option to surrender the securities and receive the refund amount at a price not less than the amount of subscription money paid along with 15% interest p.a. thereon or such higher return as promised to the investors. This opportunity to avoid penal action was provided to the issuer companies considering the higher cap for private placement provided in the Companies Act, 2013.
2. Given that considerable time has elapsed since the repeal of the Companies Act, 1956, in exercise of the powers conferred under Section 11(1) 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 markets, it has now

been decided to repeal the aforesaid circulars and the same shall stand rescinded with effect from 6 months from the date of issue of this circular, without prejudice to the operation of anything done or any action taken under the said circulars.

3. The above said option shall be available under the circular only to those companies who have completed the entire procedure and submitted the certificate in terms of circular No. CIR/CFD/DIL3/18/2015 dated December 31, 2015 and Circular No. CFD/DIL3/CIR/P/2016/53/dated May 03, 2016, within 6 months from the date of issue of this circular.
4. Accordingly, all cases involving an offer or allotment of securities to more than the permissible number of investors in a financial year shall be dealt with in line with the provisions contained under the extant applicable laws.
5. The Stock Exchanges are advised to bring the provisions of this circular to the notice of listed entities and also to disseminate the same on their websites.
6. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework → Circulars”.

Yours faithfully,

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