

Sebi proposes new listing & disclosure requirement norms

To enhance enforceability of various regulatory provisions by listed firms, Sebi today proposed a new set of rules that would require greater disclosures by the companies and give more powers to stock exchange to check any non-compliance.

The proposed norms, to be called Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2014, would need to be followed by all listed companies, as also for listing of debentures, bonds and mutual funds on stock exchanges.

The final norms, which would be framed after taking into public comments, would replace the existing provisions for Listing Agreements that currently act as a contract between a stock exchange and the entity seeking to list on its platform.

The Securities and Exchange Board of India (Sebi) has sought public comments on the proposed norms by May 30.

Detailing the proposed norms in a 74-page document today, Sebi has brought in provisions related to powers of bourses in case of non-compliance by listed entities, empowering bourses to impose penalties on entities for violations, listing and disclosure requirements for mutual funds, among others.

"The stock exchange shall, in case of non-compliance with provisions of these regulations, initiate appropriate action against the listed entity including levying of fines, suspension, freezing of promoter shareholding etc as specified by the Board through circulars or guidelines issued in this regard from time to time," the draft norms said.

"The stock exchange shall revoke suspension, unfreeze promoter shareholding etc of the listed entity in the manner as directed by the board from time to time," it added.

The new rules would also include provisions related to the revised corporate governance framework such as requirement by companies to get shareholders' approval for related party transactions, setting up a whistle blower mechanism, elaborate disclosures on pay packages and requirement of at least one woman director on company boards.

The draft norms are also likely to include rules that would require entities to give prior intimation about their fund raising events such as preferential issue and debt issue as well as file an annual information memorandum.

Further, Sebi said that in order to ensure uniformity in disclosure norms, additional requirements have been made applicable to Small and Medium Enterprises (SMEs) as well.

These include related party disclosure and disclosure requirements while preparing the financial results, among others.

"In order to ensure uniformity in disclosure requirements, the provisions of various clauses of equity listing agreement have also made applicable to SMEs," Sebi said.

Moreover, the proposed rules may also be made applicable to non-convertible debt securities and non-convertible redeemable preference shares.

(Economic Times)