

THE GAZETTE OF INDIA
EXTRAORDINARY
PART – III – SECTION 4
PUBLISHED BY AUTHORITY
NEW DELHI, July 29, 2019

SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION

Mumbai, the 29th July, 2019

**SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND
DISCLOSURE REQUIREMENTS) (FOURTH AMENDMENT) REGULATIONS, 2019**

No. SEBI/LAD-NRO/GN/2019/28. — In exercise of the powers conferred by section 11, sub-section (2) of section 11A and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 31 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, namely,—

1. These regulations may be called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2019.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, -

- I. in regulation 17, in sub-regulation (1), after the explanation to clause (c), the following clause shall be inserted, namely, -

“(d) where the listed company has outstanding SR equity shares, atleast half of the board of directors shall comprise of independent directors.”
- II. in regulation 18, in sub-regulation (1), in clause (b), after the words “independent directors” and before the symbol “.”, the words “and in case of a listed entity having outstanding SR equity shares, the audit committee shall only comprise of independent directors”, shall be inserted.
- III. in regulation 19, in sub-regulation (1), in clause (c), after the words “independent directors” and before the symbol “.”, the words, numerals and symbol “and in case of a listed entity having outstanding SR equity shares, two thirds of the nomination and remuneration committee shall comprise of independent directors”, shall be inserted.
- IV. in regulation 20, in sub-regulation 2A, after the words “members of the Committee” and before the symbol “.”, the words, numerals and symbol “and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Stakeholders Relationship Committee shall comprise of independent directors”, shall be inserted.
- V. in regulation 21, in sub-regulation (2), after the words “members of the board of directors” and before the symbol “.”, the words, numerals and symbol “and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise of independent directors” shall be inserted.
- VI. in regulation 41, sub-regulation (3) shall be substituted with the following sub-regulation, namely, -

“(3) The listed entity shall not issue shares in any manner that may confer on any person; superior or inferior rights as to dividend vis-à-vis the rights on equity shares that are already listed or inferior voting rights vis-à-vis the rights on equity shares that are already listed:

Provided that, a listed entity having SR equity shares issued to its promoters/ founders, may issue SR equity shares to its SR shareholders only through a bonus, split or rights issue in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013.”

VII. after regulation 41, and before regulation 42, the following regulation shall be inserted, namely, -

“Other provisions relating to outstanding SR equity shares.

41A (1) The SR equity shares shall be treated at par with the ordinary equity shares in every respect, including dividends, except in the case of voting on resolutions.

(2) The total voting rights of SR shareholders (including ordinary shares) in the issuer upon listing, pursuant to an initial public offer, shall not at any point of time exceed seventy four per cent.

(3) The SR equity shares shall be treated as ordinary equity shares in terms of voting rights (i.e. one SR share shall only have one vote) in the following circumstances -

- i. appointment or removal of independent directors and/or auditor;
- ii. where a promoter is willingly transferring control to another entity;
- iii. related party transactions in terms of these regulations involving an SR shareholder;
- iv. voluntary winding up of the listed entity;
- v. changes to the Articles of Association or Memorandum of Association of the listed entity, except any change affecting the SR equity share;

- vi. initiation of a voluntary resolution process under the Insolvency Code;
- vii. utilization of funds for purposes other than business;
- viii. substantial value transaction based on materiality threshold as specified under these regulations;
- ix. passing of special resolution in respect of delisting or buy-back of shares; and
- x. other circumstances or subject matter as may be specified by the Board, from time to time.

(4) The SR equity shares shall be converted into equity shares having voting rights same as that of ordinary shares on the fifth anniversary of listing of ordinary shares of the listed entity:

Provided that the SR equity shares may be valid for upto an additional five years, after a resolution to that effect has been passed, where the SR shareholders have not been permitted to vote:

Provided further that the SR shareholders may convert their SR equity shares into ordinary equity shares at any time prior to the period as specified in this sub-regulation.

(5) The SR equity shares shall be compulsorily converted into equity shares having voting rights same as that of ordinary shares on the occurrence of any of the following events -

- i. demise of the promoter(s) or founder holding such shares;
- ii. an SR shareholder resigns from the executive position in the listed entity;
- iii. merger or acquisition of the listed entity having SR shareholder/s, where the control would no longer remain with the SR shareholder/s;

- iv. the SR equity shares are sold by an SR shareholder who continues to hold such shares after the lock-in period but prior to the lapse of validity of such SR equity shares.”

sd/-

AJAY TYAGI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnotes:

1. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were published in the Gazette of India on 2nd September 2015 vide No. SEBI/LAD-NRO/GN/2015-16/013.
2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, were subsequently amended on:
 - a) December 22, 2015 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015 vide notification no. SEBI/LAD-NRO/GN/2015-16/27.
 - b) May 25, 2016 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 vide notification no. SEBI/LAD-NRO/GN/ 2016-17/001.
 - c) July 8, 2016 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 vide notification no. SEBI/ LAD-NRO/GN/2016-17/008.
 - d) January 4, 2017 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2016 vide notification no. SEBI/ LAD-NRO/GN/2016-17/025.
 - e) February 15, 2017 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2017 vide notification no. SEBI/LAD/NRO/GN/2016-17/029.

- f) March 6, 2017 by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017 vide Notification No. LAD-NRO/GN/2016- 17/037 read with March 29, 2017 by Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017 vide notification no. SEBI/LAD/NRO/GN/2016-17/38.
- g) May 9, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 vide notification SEBI/LAD-NRO/GN/2018/10.
- h) May 30, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2018 vide notification no. SEBI/LAD-NRO/GN/2018/13.
- i) June 1, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018 vide notification no. SEBI/LAD-NRO/GN/2018/21.
- j) June 8, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 vide notification no. SEBI/LAD-NRO/GN/2018/24.
- k) September 6, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2018 vide notification no. SEBI/LAD-NRO/GN/2018/30.
- l) November 16, 2018 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2018 vide notification no. SEBI/LAD-NRO/GN/2018/47.
- m) March 29, 2019 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2019 vide notification no. SEBI/LAD-NRO/GN/2019/07.
- n) May 7, 2019 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2019, vide notification no. SEBI/ LAD-NRO/GN/2019/12.

- o) June 27, 2019 by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2019, vide notification no. SEBI/ LAD-NRO/GN/2019/22.
