

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:574
ANSWERED ON:24.11.2006
NORMS FOR DELISTING OF SECURITIES
Kumar Shri Shailendra;Prabhu Shri Suresh Prabhakar

Will the Minister of FINANCE be pleased to state:

- (a)whether the Union Government has proposed stringent norms for delisting of securities from the bourses as reported in the Hindustan Times dated October 31, 2006;
- (b)if so, the details thereof;
- (c)the details of securities delisted from the Indian bourses during each of the last 3 years alongwith details of problems faced in the process, if any;
- (d)whether there is any proposal to amend the Securities Laws (Amendment) Act, 2004;
- (e)if so, the details thereof, and
- (f)if not, the manner in which the Government proposes to enforce the new delisting norms?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. The draft delisting rules under the Securities Contracts

(Regulation) Act, 1956, have been placed on the website of the Ministry of Finance (<http://finmin.nic.in>) for public comments. The rules provide that a recognized stock exchange may delist any securities on the grounds, such as:

the company has incurred losses during the preceding three consecutive years and its networth has reduced to less than its paid-up capital;

trading in the securities of the company has remained

suspended for a period of more than six months;

the addresses of the company or any of its promoters or

any of its directors are not known or false addresses have been furnished or the company has changed its registered office in contravention of the provisions of the Companies Act, 1956.

(c):Information is being collected and shall be laid on the Table of the House.

(d): No Sir.

(e): Does not arise.

(f): The Securities Laws (Amendment) Act, 2004 amended the Securities Contracts (Regulation) Act, 1956 to provide, inter-alia, that a stock exchange may delist securities, after recording reasons therefor, on any of the grounds as may be prescribed in the rules. It empowers Central Government to make rules to provide for the grounds on which the securities of a company may be delisted from a recognized stock exchange. In pursuance to this, it is proposed to amend the Securities Contracts

(Regulation) Rules, 1957 (SCRR) to provide for the grounds for delisting.