



CAPITAL MARKETS

N. A. SHAH BULLETIN

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EXECUTIVE SUMMARY

- Going forward, issuer of listed NCRPS, Debt Securities and Securitised Debt Instruments will not be required to provide a security deposit to the stock exchange before the public offer.
- SEBI has issued regulations for the purpose of appointment of administrators to undertake sale of assets and to regulate the process of refund of monies to the investors by the defaulters against whom the SEBI has passed orders for recovery of monies.

1. Security Deposit Not Required for Listing Certain Securities

Under the extant provisions, an issuer of listed Non Convertible Redeemable Preference Shares (NCRPS), Debt Securities and Securitised Debt Instruments is required to provide a security deposit to the relevant stock exchange before the opening of subscription list. The security deposit is one percent of the amount of the securities offered for subscription to the public.

Now, the requirement of security deposit has been done away with under the relevant regulations for listed NCRPS, Debt Securities and Securitised Debt Instruments.

2. Administrator Regulations and Procedure for Refund of Monies

SEBI has issued regulations for the purpose of appointment of administrators to undertake sale of assets and to regulate the process of refund of monies to the investors by the defaulters against whom the SEBI has passed orders for recovery of monies.

A person registered with the Insolvency and Bankruptcy Board of India as Insolvency Resolution professional can be appointed as an administrator by the Recovery Officer.

An administrator can be appointed in all or any of the following scenarios:

- a. Appointment of Administrator pursuant to failure to comply with disgorgement or refund orders passed by SEBI.
- b. Sale of properties attached by the Recovery Officer of SEBI.
- c. Collection of claim documents and verification of claims of investors for the purpose of effecting refunds
- d. Refund of monies to investors pursuant to disgorgement or refund orders passed by SEBI.
- e. Recovery of disgorgement amounts directed by the Board;
- f. any act incidental or connected thereto.

These regulations will not be applicable to cases where the Securities Appellate Tribunal (SAT) or a Court has appointed an administrator or any other person for the purposes of recovery and/or repayment to investors.

The Regulations cover the following areas:

- a. Eligibility Norms for an Administrator.
- b. Terms of appointment of an Administrator

- c. Functions of the Administrator.
- d. Provisions on sale of properties and refund of monies to the investors by the Administrator.
- e. Obligations and responsibilities of the Administrator.
- f. Actions in case of default by an Administrator.

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