

**THE GAZETTE OF INDIA, EXTRAORDINARY**

**PART-II, SECTION 3, SUB-SECTION (i)**

**MINISTRY OF FINANCE**

**(Department of Economic Affairs)**

New Delhi, 9<sup>th</sup> August, 2010

**NOTIFICATION**

G.S.R.....(E).- In exercise of the powers conferred by clause (ha) of sub-section (2) of section 30 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Central Government hereby makes the following rules further to amend the Securities Contracts (Regulation) Rules, 1957, namely:-

1. (1) These rules may be called the Securities Contracts (Regulation) (Second Amendment) Rules, 2010.  
(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Securities Contracts (Regulation) Rules, 1957,-

(i) in rule 2, after clause (d), the following clause shall be inserted , namely:-

“(da) “public sector company” means a body corporate constituted by an Act of Parliament or any State Legislature and includes a government company;”

(ii) in rule 19, -

(a) in sub-rule (2),

(A) in clause (b), in sub-clause (ii),-

(I) for the second proviso, the following shall be substituted , namely :-

“Provided further that the company, referred to in sub-clause (ii), shall increase its public shareholding to at least twenty five per cent. within a period of three years from the date of listing of the securities, in the manner specified by the Securities and Exchange Board of India.”

(II) the third proviso shall be omitted;

(B) after clause (b), the following shall be inserted, namely:-

“(c) Notwithstanding anything contained in clause (b), a public sector company, shall offer and allot at least ten per cent. of each class or kind of equity shares or debentures convertible into equity shares to public in terms of an offer document.”

(b) for sub-rule (6A) , the following shall be substituted , namely:-

“(6A) Except as otherwise provided in these rules or permitted by the Securities and Exchange Board of India under sub-rule (7), all requirements with respect to listing prescribed by these rules shall, so far as they may be, also apply to a public sector company.”

(iii) for rule 19A,-

(a) in sub-rule (1), -

(A) after the words “Every listed company” and before the words “shall maintain public shareholding” the bracket and words “(other than public sector company)” shall be inserted;

(B) for the existing provisos , the following shall be substituted , namely:-

“Provided that any listed company which has public shareholding below twenty five per cent. on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, shall increase its public shareholding to at least twenty five per cent. within a period of three years from the date of such commencement, in the manner specified by the Securities and Exchange Board of India.

Explanation: For the purposes of this sub-rule, a company whose securities has been listed pursuant to an offer and allotment made to public in terms of sub-clause (ii) of clause (b) of sub-rule (2) of rule 19, shall maintain minimum twenty five per cent. public shareholding from the date on which the public shareholding in the company reaches the level of twenty five percent in terms of said sub-clause.”

(b) after sub-rule (2), the following shall be inserted, namely:-

“(3) Notwithstanding anything contained in this rule, every listed public sector company shall maintain public shareholding of at least ten per cent.:

Provided that a listed public sector company-

( a) which has public shareholding below ten per cent. on the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public

shareholding to at least ten per cent. in the manner specified by the Securities and Exchange Board of India , within a period of three years from the date of such commencement ;

(b) whose public shareholding reduces below ten per cent. after the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least ten per cent. in the manner specified by the Securities and Exchange Board of India , within a period of twelve months from the date of such reduction,.”

[Bimal Julka]

Director General (Currency) & Additional Secretary

F. No. 5/35/2006-CM

Note: Securities Contracts (Regulation) Rules, 1957 were published in the Gazette of India, Extraordinary, Part II, Section 3, page 619, dated 21.2.1957 vide SRO No. 576 dated the 21st of February, 1957 and was subsequently amended by the amendment Notification ---GSR 1096, dated 14.7.1967 published in the Gazette of India I, Part II, section 3, sub-section (i), w.e.f. 22.7.1967, G.S.R 685, dated 3.6.1972 published in the Gazette of India, Part II, section 3, sub-section (i) w.e.f. 10.6.1972, page 1556, G.S.R. to S.R. 959, dated 8.8.1972, w.e.f 12.8.1972, G.S.R. 2641, dated 1.11.1975 w.e.f. 8.11.1975, G.S.R 1083 dated 11.11.1985, w.e.f. 23.11.1985, GSR 1070 (E) dated 15.11.1988, GSR 666 (E) dated 20.7.1987, G.S.R. 870 (E) dated 13.11.1992, G.S.R. 617 (E) dated 20.9.1993 published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) w.e.f. 20.9.1993, G.S.R. 749 (E) dated 12.10.1994, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), GSR 790 (E), dated 7.11.1994, GSR 121 (E) dated 9.3.1995, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) w.e.f. 9.3.1995, G.S.R 291 (E), dated 27.3.1995, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), G.S.R. 581(E) dated 23.12.1996 published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) w.e.f 23.12.1996, G.S.R. 654 (E) dated 8.8.2000, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), G.S.R. 655 (E), dated 8.8.2000, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i), GSR 415 (E) dated 7.6.2001, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) dated 7.6.2001, G.S.R. 696 (E), dated 28.8.2003, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) dated 28.8.2003 , G.S.R. 395 (E), dated 10.06.2009, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) dated 10.06.2009 and G.S.R. ---- (E), dated 04.06.2010, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i) dated 04.06.2010.