

National Stock Exchange Of India Limited**Department: SURVEILLANCE**

Download Ref No: NSE / SURV / 44169

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To All NSE Members**Sub: Surveillance measure in respect of companies with high promoter pledge – Update 1**

This is in continuation to Exchange circular no. NSE / SURV / 44123 dated April 15, 2020. As stated in the aforementioned circular, a joint Surveillance meeting of Exchanges and SEBI was held on April 13, 2020, wherein the Exchange Circular no. NSE / SURV / 42507 dated October 24, 2019 regarding “Surveillance measure in respect of companies with high promoter pledge” was reviewed.

In this regard, it was decided that to cover the potential risk to securities, ‘encumbrance’ as per Reg. 28(3) of SEBI (SAST) Regulation 2011 as amended from time to time, shall be used for shortlisting the securities.

The current definition of encumbrance as per the above regulation is as under:

- (a) any restriction on the free and marketable title to shares, by whatever name called, whether executed directly or indirectly;
- (b) pledge, lien, negative lien, non-disposal undertaking; or
- (c) any covenant, transaction, condition or arrangement in the nature of encumbrance, by whatever name called, whether executed directly or indirectly.”

Securities previously shortlisted under the said surveillance measure in respect of companies with high promoter pledge shall continue to remain under the said measure, if they meet the above criteria as per the shareholding pattern submitted to the Exchange under regulation 31 of LODR.

Henceforth, for the purpose of short listing of securities under the said measure, the Stock Exchanges shall take into account all encumbrances viz., the sum total of all types of encumbrances (by whatever name called), as on date of shortlisting of securities.

Further, the highest value of the encumbrance, from amongst the data as available with the Stock Exchanges and the Depositories, shall be taken.

All other provisions of the aforesaid circular remain unchanged.

For National Stock Exchange of India Limited

Bireshwar Chatterjee
Vice President
Surveillance

Telephone No	Email id
+91-22-26598129 / 26598166	surveillance@nse.co.in