

DEPARTMENT: INSPECTION

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To All Members,

Sub: Increasing awareness on Rights Entitlement

SEBI vide circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 has streamlined the process to be followed in case of Rights Issue. One of the key features introduced in the process of Rights Issues was dematerialization of Rights Entitlements (REs) and ability to renounce Rights Entitlements (REs) by trading on stock exchange platform or off-market transfer through depository mechanism. REs shall be traded in the secondary market platform of stock exchanges with T+2 rolling settlement similar to equity shares.

As the launch of trading of REs in the secondary market platform of stock exchanges is very recent, it is felt that there is a need to increase awareness to guide the investors with respect to procedural and operational aspects of REs issued under Rights Issue.

In view of the same, Trading members are advised to inform all their clients about the commencement of trading in REs mentioning the ISIN of the RE and that the same shall not be mistaken for ordinary shares of the concerned company.

Additionally Trading members shall also include a disclaimer text prominently in the contract notes containing purchase of REs informing the Clients that the purchase of REs only gives them the right to participate in the ongoing Rights Issue of the concerned company by making an application with requisite application money or renounce the REs before the issue closes. REs which are neither subscribed by making an application with requisite application money nor renounced, on or before the Issue closing date shall lapse and shall be extinguished after the Issue closing date.

All members are requested to take note of the above and comply with the same.

For and on behalf of**National Stock Exchange of India Limited****Subhankar Chowdhury
Senior Manager- Inspection**

In case of any clarifications, Members may contact below offices:

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