



SEBI/HO/CFD/DCR-2/CIR/P/2020/164

September 02, 2020

To

All Trading Members and Clearing Members through Stock Exchanges

Dear Sir/Madam,

Sub: Disclosures on Margin obligations given by way of Pledge/ Re-pledge in the Depository System

1. Regulation 29 (4) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (herein after referred as "Takeover Regulations") provides that for the purposes of disclosure under regulation 29(1) and (2), shares taken by way of encumbrance shall be treated as an acquisition, shares given upon release of encumbrance shall be treated as a disposal, and disclosures shall be made by such person accordingly in such form as may be specified.
2. SEBI vide circular dated February 25, 2020 issued guidelines on acceptance of collateral from clients in the form of securities by Trading Member(TM) / Clearing Member (CM), only by way of 'margin pledge', created in the Depository system.
3. In this regard, considering the representations received and in consultation with market participants, for ease of doing business it has been decided that disclosures specified under Regulation 29(4) of Takeover Regulations, in relation to shares encumbered with TM /CM as a collateral from clients for margin obligation in the ordinary course of stock broking business are dispensed with.
4. This circular is issued in exercise of powers conferred by section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
5. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework/Circulars".

Yours faithfully,

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