

**CHIEF GENERAL MANAGER  
MARKET REGULATION DEPARTMENT  
Email:ravik@sebi.gov.in**

MRD/DSA/SE/ Cir-09 /08

April 17, 2008

**The Managing Directors/ Executive Directors  
of all Stock Exchanges**

Dear Sir / Madam,

**Sub: Interpretation of term “shareholder having trading rights” under Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006.**

1. This is with reference to term “shareholder having trading rights” under Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006.
2. In order to ensure that at least fifty-one percent of equity share capital of recognised stock exchange is held by the public , it is clarified that the term “shareholder having trading rights” mentioned in the aforesaid regulations would mean as under:

*The term “shareholder having trading rights” would mean a shareholder who has a trading interest in the stock exchange, whether directly or indirectly through a person having trading rights.*

*Explanation:*

*A shareholder having a trading interest “indirectly” in relation to a person having trading rights, would be understood in the same manner as the term “associate” is in relation to a shareholder having trading rights under regulation 2(1)(b) of the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006.*

3. This circular is issued in exercise of powers conferred by sub-section (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, read with Section 12A of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**D RAVIKUMAR**