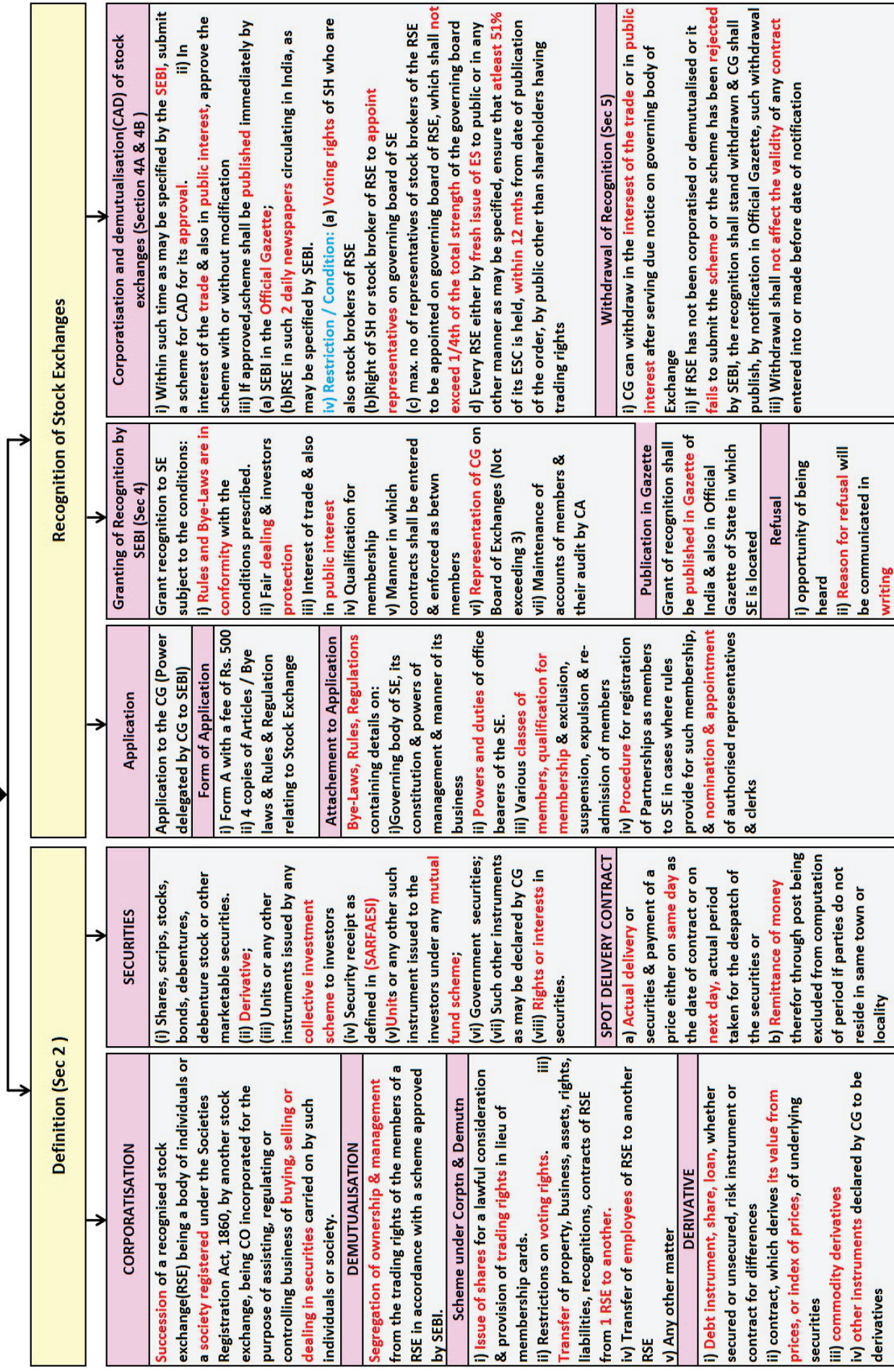


Securities Contract (Regulation) Act, 1956 (Chart 1.14)



Securities Contract (Regulation) Act, 1956 (Chart 1.15)

Powers of Various Authorities

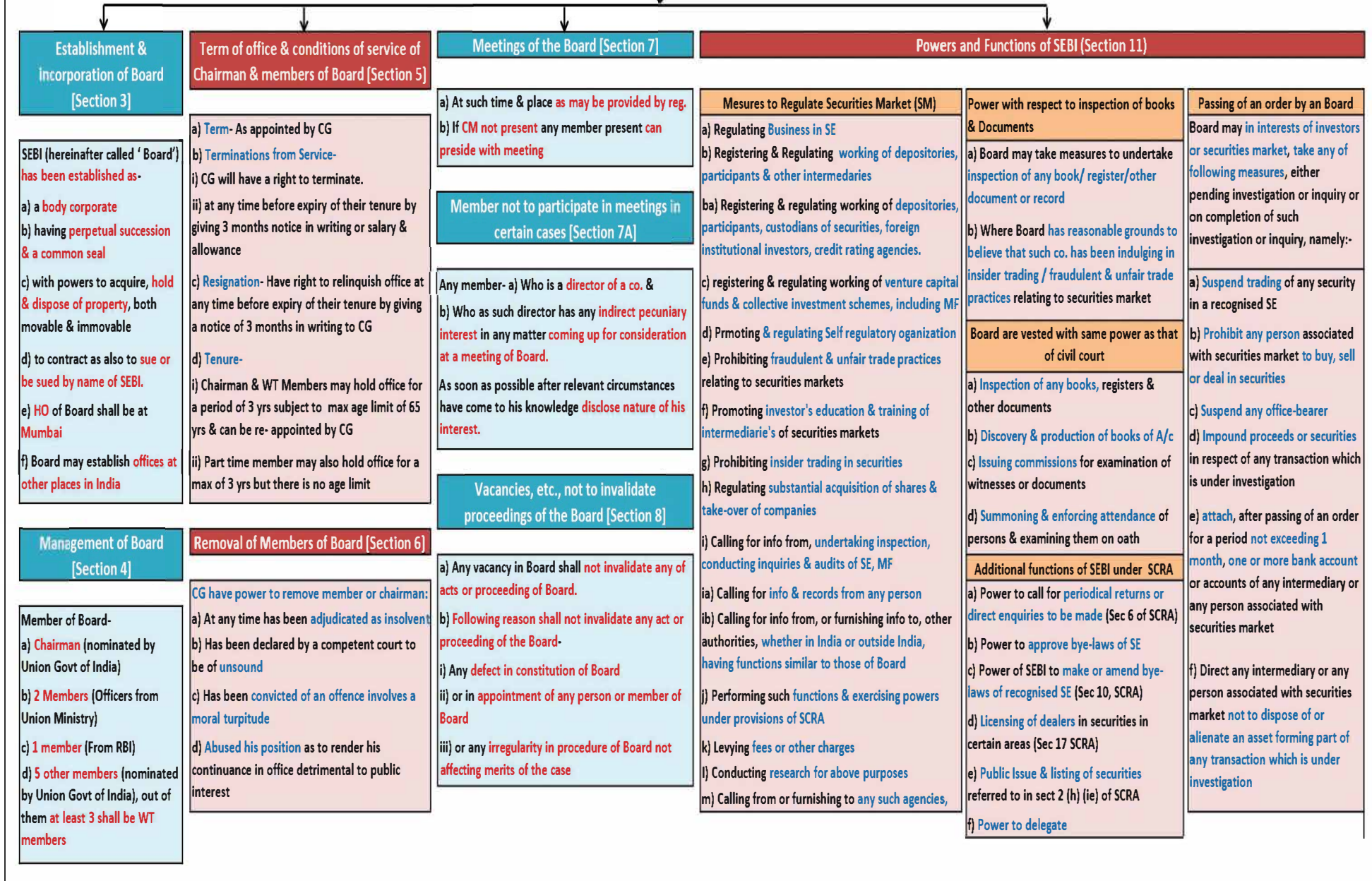
Power of Central Government to call for Information (Section 6)	Power of CG to direct rules to be made or to make rules. (Sec 8)	Power to RSE to Make Bye-Laws (Section 9)	Power of SEBI to make or amend bye-laws of RSE (Sec 10)	Power of CG to supersede governing body of a RSE. (Sec 11)
i.)RSE should furnish periodical returns to SEBI in the prescribed format relating to its current affairs. ii.)RSE & member thereof has to maintain and preserve books of accounts for a period not exceeding 5 yrs & these books may be inspected by SEBI at any point of time. iii.)Order in writing call for information or explanation relating to affairs of an Exchange or its member & appoint one or more inquiry officers who submits report to SEBI. iv.)Every member is bound to provide information to Enquiry officer or SEBI representative who are looking into the affairs of the Exchange.	i.)After consultation with the governing bodies of SE,CG by order in writing, together with a statement of the reasons direct RSE to make any rules or amend any rules within a period of 2 months from the date of the order. ii.)RSE fails or neglects to comply with any order CG may make the rules for or amend the rules. iii.) Penalty for Non-Compliance of Sec 8 shall attract Rs. 25 Crore u/s 23G. Clearing corporation (CC) (Sec 8A) i.) Prior approval of the SEBI for transfer of duties & functions of a clearing house(CH) to a clearing corporation(CC) , being a CO incorporated under the Co Act, 2013 for: (a) Periodical settlement of contracts & differences (b) Delivery of & payment for, securities; (c) Any other matter incidental to, or connected with, such transfer. ii.)CC for the purpose of transfer of the duties and functions make bye-laws & submit the same to the SEBI for its approval. iii.)SEBI in the interest of trade & also in the public interest , grant approval to the bye-laws submitted.	i.)RSE may subject to the previous approval of the SEBI, make bye-laws for the regulation & control of contracts. ii.)Such bye- laws may provide for:(a) Opening & closing of markets & regulation of the hrs of trade b.)CH for periodical settlement of contracts & differences, delivery & payment of securities,passing on of delivery orders & the regulation & maintenance of such CH. c.)Regulation or prohibition of blank transfers . d)number & classes of contracts for settlements or differences paid through CH. e.)Regulation, or prohibition of badlas or carry-over facilities f.)Fixing, altering or postponing of days for settlements (g)Regulation of taravani business including the placing of limitation. (h)Fixing of scale of brokerage & other charges (i)Listing of securities on SE including any security for the purpose of dealings & the suspension or withdrawal and the suspension or prohibition of trading in any specified securities.	i) SEBI in writing received by it in this behalf from RSE after consultation with the governing body of SE & after recording its reasons make bye-laws for all or any of the matters specified in section 9 or amend any bye-laws. ii.)RSE objects to any bye-laws made or amended under this section by SEBI it may, within 2 months , apply to the SEBI for revision & giving an opportunity to be heard,revise the bye-laws so made or amended,shall be published and shall become effective. iii.) Penalty for Non-Compliance of Sec 8 shall attract penalty of Rs. 25 Crore u/s 23G Power to suspend business of RSE.(Sec 12) i.) Emergency has arisen CG suspend such of RSE business for such period not exceeding 7 days & in interest of trade or the public interest extend suspension by like notification, from time to time ii.)No notification extending the period of suspension shall be issued unless governing body has heard in the matter.	Power of CG to supersede governing body of a RSE. (Sec 11) i.)CG may serve a written notice that CG is considering the supersession for the reasons specified in the notice & after giving an opportunity to be heard. ii.)Notification in the Official Gazette , declare supersession & may appoint any person exercise and perform all powers & duties & where more persons than one are appointed, may appoint one of such persons to be chairman & another to be the vice-chairman . iii.)Effect of Supersession:Notification in OG & ensure foll. a.)From the date of the notification , cease to hold office as such members. b)Persons appointed may exercise & perform all powers & duties of the governing body which has been superseded. Power of SEBI to issue directions (Section 12A) i)In the interest of investors , or orderly development of securities market or ii.)To prevent the affairs of any RSE or CC providing trading or clearing or settlement facility in respect of securities, being conducted in a manner detrimental to the interests of investors or securities market or iii.)To secure the proper management , it may issue such directions, a) To any stock exchange or clearing corporation or agency. b)To any company whose securities are listed or proposed to be listed
Power of RSE to make rules restricting voting rights, etc(Sec 7A) i.)Restriction on Voting Rights . ii.)Each member one vote only , irrespective of his share of the PSC. iii.)Restriction on the right of a member to appoint another person as his proxy to attend & vote at a meeting. iv.)such incidental, consequential and supplementary matters. v.)No rules made or amended referred to in (i) to (v) shall have effect until they have been approved by CG vi.)CG may make such modifications as it thinks fit& rules as approved be deemed to have validly .				

Securities Contract (Regulation) Act, 1956 (Chart 1.16)



CONTRACTS AND OPTION IN SECURITIES	LISTING OF SECURITIES	Miscellaneous	Penalties
<p>Contracts in notified areas illegal in certain circumstances (Section 13)</p> <p>i.) CG having regard to the nature or the volume of transactions may by notification in OG, such State or States or area or with member of such area & every contract in such State or States or area, which is entered into after the date of the notification shall be illegal.</p> <p>ii.) Provided that any contract entered into between members of two or more recognised stock exchanges in such State or States or area, shall be legal with such terms & conditions & with prior approval of SEBI</p>	<p>Section 21, 21A, 22A, 22F</p> <p>i.) Comply with the conditions of the listing agreement with that stock exchange.</p> <p>ii.) a.) May delist the securities, after recording the reasons.</p> <p>b.) Cannot be delisted unless Co concerned has been given a reasonable opportunity of being heard.</p> <p>c.) Listed company or an aggrieved investor may file an appeal before SAT within 15 days from the date of the decision of RSE & provisions of sections 22B to 22E of this Act, shall apply.</p> <p>d.) Allow appeal to be filed for an extended period of 1 mth only if there's sufficient cause.</p> <p>iii.) After giving an opportunity of being heard,</p> <p>(a) vary or set aside the decision or</p> <p>(b) SAT sets aside the decision of RSE or grants the permission, SE shall act in conformity with the orders of the SAT.</p> <p>iv.) Appeal shall be dispose within 6 months from the date of receipt of the appeal.</p> <p>v.) Aggrieved by decision of SAT shall appeal to SC within 60 days and it may be extended for further period not exceeding 60 days on sufficient cause.</p>	<p>Title to dividends (Section 27)</p> <p>i.) holder of any security retain any dividend irrespective of that the said security has been transferred, unless the transferee who claims the dividend from the transferor has lodged the security and all other documents relating to the transfer with Co for being registered in his name within 15 days of the date on which the dividend became due.</p> <p>ii.) Period shall be extended —</p> <p>a) In case of death of the transferee</p> <p>b) In case of loss of the transfer deed by theft or any other cause beyond the control of the transferee and</p> <p>c) In case of delay in the lodging of any security and other documents relating to the transfer due to causes connected with the post</p> <p>Act not to apply in certain cases (Sec 28)</p> <p>(i) Gvt, RBI, any local authority or any corporation set up by a special law.</p> <p>(ii) any convertible bond or share warrant or any option or right [Convertible Debentures, Preference shares, ESOP, etc.] entitles the person in whose favour any of the foregoing has been issued on the basis of the price agreed upon when the same was issued.</p>	<p>Section 23A, 23B, 23C</p> <p>i.) Failure to furnish information, return, etc & maintain books of accounts and records required by Listing Agreement, fails to enter into agreement with clients as required by law, stock broker or sub- broker fails to redress the grievances- 1 lakh Rs. for each day during which such failure continues or 1 crore whichever is less.</p> <p>Section 23D</p> <p>Stock broker or sub-broker who fails to segregate securities or moneys of the client(s) or uses the securities or moneys of a client(s) for self or for any other client- not exceeding 1 cr</p> <p>Section 23E, 23F, 23G</p> <p>Penalty not exceeding 25 crore Rs-</p> <p>i.) fails to comply with the listing or delisting conditions</p> <p>ii.) dematerialises securities more than the issued securities or securities which are not listed where no trading permission has been given</p> <p>iii.) Fails to furnish the periodical returns to SEBI or fails to amend bye laws as directed by SEBI or fails to comply with the directions of Board</p> <p>Section 23H</p> <p>Fails to comply with any provision, rules or articles or bye-laws or regulations of RSE or directions issued by the SEBI for which no separate penalty has been provided- Penalty which may extend to 1 crore Rs.</p>
<p>Additional trading floor (Section 13A)</p> <p>i.) establish additional trading floor with the prior approval of the SEBI in accordance with the terms and conditions.</p> <p>ii.) trading ring or trading facility offered by a RSE outside its area of operation to enable the investors to buy & sell securities through such trading floor</p>	<p>Members may not act as principals in certain circumstances (Sec 15)</p> <p>i.) No member shall in respect of any securities enter into any contract as a principal with any person other than a member of RSE, unless he has secured the consent or authority of such person and discloses in the note, memorandum or agreement of sale or purchase that he is acting as a principal</p> <p>ii.) Consent or authority otherwise than in writing shall secure written confirmation within 3 days from the date of the contract.</p> <p>iii.) No such written consent shall be necessary for closing out any outstanding contract entered, if the member discloses in the note, memorandum or agreement of such closing out that he is acting as a principal.</p> <p>Licensing of dealers in securities in certain areas. (Sec 17)</p> <p>i.) No person shall carry on the business of dealing in securities except under the authority of a licence granted by the SEBI in this behalf.</p> <p>ii.) Restrictions imposed in relation to dealings in securities shall not apply to doing of anything by or on behalf of a member of any RSE.</p>		
<p>Power to prohibit contracts in certain cases (Sec 16)</p> <p>CG to prevent undesirable speculation in specified securities in any State or area may, declare that no person in the State or area specified in the notification shall with permission of CG, enter into any contract for the sale or purchase of any security specified in notification except manner specified in notification</p>			

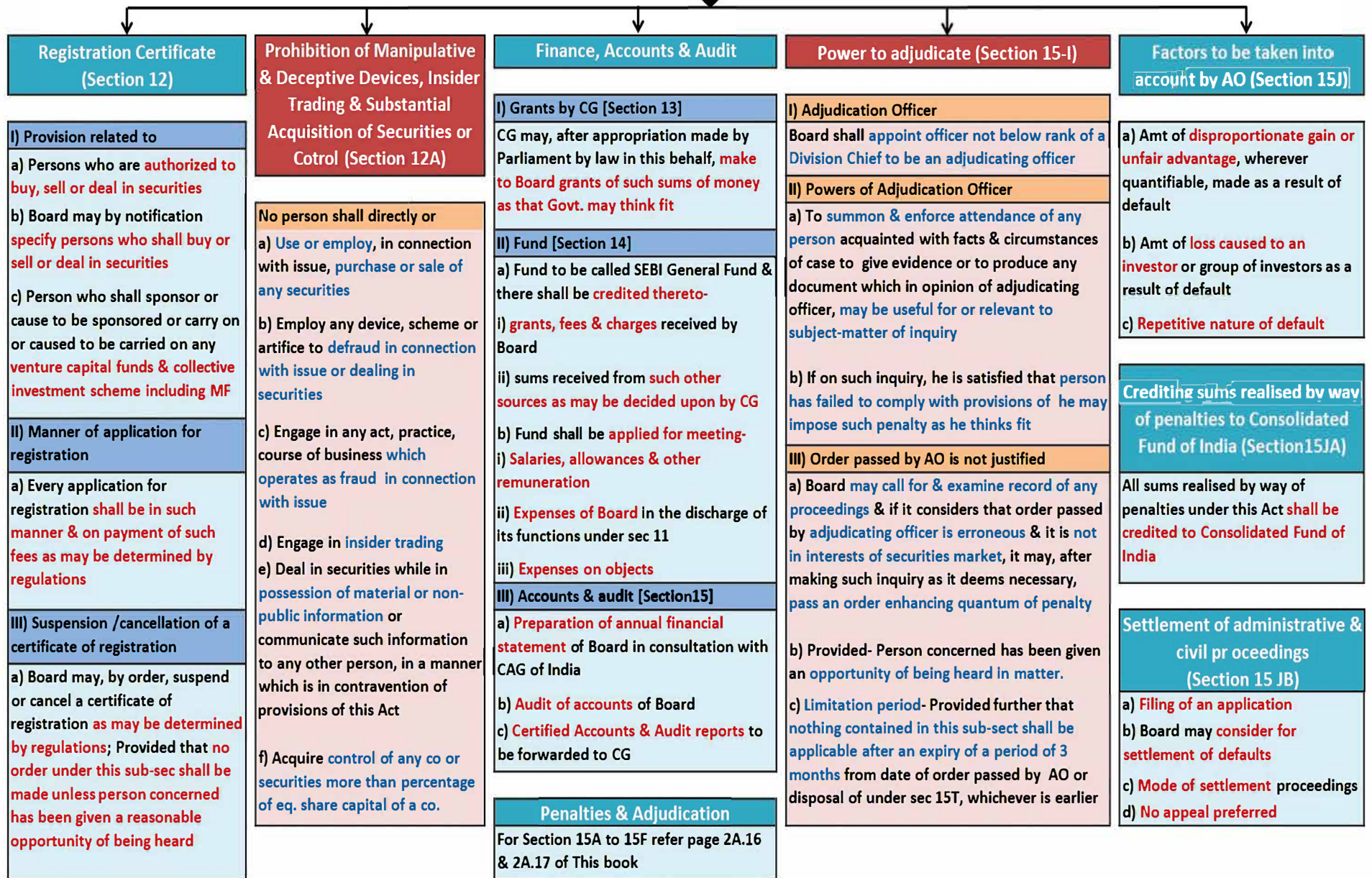
The Securities & Exchange Board of India Act, 1992 (Chart 2A.34)



The Securities & Exchange Board of India Act, 1992 (Chart 2A.35)

Board to Regulate or Prohibit Issue of Prospectus, Offer Document or Advertisement Soliciting Money for Issue of Securities (Section 11A)	Collective Investment Scheme (11AA)	Investigation (section 11C)			Cease & Desist Proceedings (Section 11D)
<p>a) Specify, by regulations Matters relating to issue of capital, transfer of securities & other matters incidental there to</p> <p>b) by general or special orders</p> <p>i) Prohibit any co. from issuing prospectus, any offer document, or advertisement soliciting money from public for issue of securities</p> <p>ii) Specify conditions subject to which prospectus, such offer document or advertisement, if not prohibited, may be issued</p>	<p>I) Requisite conditions:-</p> <p>a) Contributions or payments made by investors, are pooled & utilized for purposes of scheme or arrangement</p> <p>b) Such contributions or payments are made with a view to receive profits, income, produce or property</p> <p>c) Property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed</p> <p>d) Investors do not have day-to-day control over mgt & operation of scheme</p> <p>II) Exceptions:-</p> <p>a) Co-operative society registered or a society being registered or deemed to be registered</p> <p>b) Deposits are accepted by NBFC</p> <p>c) Contract of insurance to which Insurance Act applies</p> <p>d) Providing for any Scheme, Pension Scheme or Insurance Scheme</p> <p>e) Deposits accepted u/s 58A of the Co Act, 1956 & deposits accepted by Co. declared as Nidhi or a mutual benefit society</p> <p>f) Falling within meaning of Chit business</p> <p>g) Contributions made in MF</p>	<p>I) Grounds for issue of an order of investigation</p> <p>a) Transactions in securities are being dealt with in a manner detrimental to investors or securities market</p> <p>b) Any intermediary or person associated with securities market has violated any provisions of this Act</p> <p>II) Furnishing of relevant documents to investigating authority</p> <p>a) Every manager, managing director, officer & other employee of co.</p> <p>b) Every person associated with securities market to preserve &</p> <p>c) To produce to Investigating Authority or any person authorised by it in this behalf</p> <p>III) Period of custody</p> <p>a) Investigating Authority(IA) may keep in its custody any books, registers, produced for 6 months & thereafter shall return same to any intermediary or any person associated with securities market</p> <p>b) IA may call for any book, register, other document & record if they are needed again</p> <p>IV) Examination on oath</p> <p>Any person, directed to make an investigation, may examine on oath, any manager, managing director, officer & other employee associated with securities market</p>	<p>V) On failure</p> <p>If any person fails without reasonable cause or refuses</p> <p>a) To produce books</p> <p>b) To furnish any information</p> <p>c) To appear before IA personally or to answer any question which is put to him</p> <p>d) To sign notes of any examination</p> <p>Person shall be punishable with-</p> <p>a) Imprisonment- which may extend to 1 yr or</p> <p>b) fine- which may extend to 1 Cr Rs. Or</p> <p>c) With both and</p> <p>d) Also with a further fine which may extend to 5 lakh Rs. for every day after first during which failure or refusal continues</p> <p>VI) Notes of examination to be used as examination</p> <p>Notes of any examination shall be taken down in writing & shall be read over to, or by, & signed by, person examined, & may thereafter be used in evidence against him</p> <p>VII) Impounding of documents</p> <p>IA has reasonable ground to believe that books may be destroyed, mutilated, altered, falsified or secreted IA may make an application to Magistrate or Judge of such designated court in Mumbai, as may be notified by CG for an order for seizure of such books, registers, other documents & record</p>	<p>VIII) Demand of services of other officers</p> <p>Authorized officer may requisition services of any police officer or any officer of CG, or of both, to assist him for all with respect to impounding of documents</p> <p>IX) Order of court</p> <p>a) To enter, with such assistance, as may be required, where such books are kept</p> <p>b) To search that place or those places in manner specified in order;</p> <p>c) To seize books, it considers necessary for purposes of investigation</p> <p>X) Impounded documents will remain in custody of IA</p> <p>IA shall keep in its custody books, seized under this sec for such period not later than conclusion of investigation as it considers necessary & thereafter shall return same to co & inform Magistrate or Judge of Designated Court of such return</p>	<p>a) If Board finds, after causing an inquiry to be made, that any person has violated, or is likely to violate, any provisions of this Act, it may pass an order requiring such person to cease & desist from committing or causing such violation</p> <p>b) Provided that Board shall not pass such order, unless Board has reasonable grounds to believe that such co. has indulged in insider trading or market manipulation</p>
<p>Power to Issue Directions (Section 11B)</p> <p>a) In interest of investors, or orderly development of securities market</p> <p>b) To prevent affairs of any intermediary in a manner detrimental to interest of investors or securities market; or</p> <p>c) To secure proper management of any such intermediary or persons</p>					

The Securities & Exchange Board of India Act, 1992 (Chart 2A.36)



The Securities & Exchange Board of India Act, 1992 (Chart 2A.37)

Establishment, Jurisdiction, Authority & Procedure of Securities Appellate Tribunal (SAT)

Establishment of Securities Appellate Tribunals (Section 15K)

a) CG shall establish a Tribunal to be known as SAT to exercise jurisdiction, powers & authority conferred on it by or under this Act

Composition of SAT (Section 15L)

SAT shall consist of a Presiding Officer & such no. of Judicial Members & Technical Members as CG may determine

Qualification for appointment as Presiding Officer or Member of SAT (Section 15M)

- a) Is, or has been, a Judge of Supreme Court or a Chief Justice of a High Court or a Judge of High Court for at least 7 years, in case of Presiding Officer; &
- b) Is, or has been, a Judge of High Court for at least 5 years, in case of a Judicial Member
- c) In case of a Technical Member-
 - i) Is, or has been, a Secretary or an Additional Secretary in Ministry or Department of CG or SG
 - b) Is a person of proven ability, integrity & standing having special knowledge & professional experience, of not less than 15, in financial sector including securities market or pension funds or commodity derivatives or insurance

Appointment of judicial member (Section 15MA)

Presiding Officer & Judicial Members of SAT shall be appointed by CG in consultation with Chief Justice of India or his nominee

Appointment of technical member (Section 15MB)

Technical Members of SAT shall be appointed by CG on recommendation of a Search-cum-Selection Committee

Validity of appointment of Presiding officer & members of SAT (Section 15MC)

- a) No appointment of Presiding Officer, a Judicial Member or a Technical Member of SAT shall be invalid merely by reason of any vacancy or any defect in constitution of Search cum- Selection Committee.
- b) Disqualification of members- A member or part time member shall not be appointed as Presiding Officer or Member of SAT, during his service or tenure as such with Board or with such Authorities, as case may be, or within 2 years from date on which he ceases to hold office as such in Board.
- c) Effect of holding of office by officer or members on commencement of Finance Act, 2017.

Tenure of office of Presiding Officer & other Members of SAT (Section 15N)

- a) Presiding Officer or other Member of SAT shall hold office for a term of 5 yrs from date & shall be eligible for reappointment for another term of max 5 years
- b) Provided that no Presiding Officer or other Member shall hold office after he has attained age of 70 years

Salary & allowances & other terms & conditions of service of Presiding Officers (Section 15-O)

a) Salary & allowances payable to Presiding Officer and other Members of a SAT shall be such as may be prescribed

Filling up of vacancies (Section 15P)

- a) CG shall appoint another person to fill vacancy
- b) Proceedings may be continued before SAT from stage at which vacancy is filled

Resignation & removal (section 15Q)

- a) Resignation by notice in writing- Presiding Officer shall, unless he is permitted by CG to relinquish his office sooner, continue to hold office-
 - i) Until expiry of 3 months from date of receipt of such notice or
 - ii) Until a person duly appointed as his successor enters upon his office or
 - iii) Until expiry of his term of office
 Whichever is the earliest
- b) Removal of Presiding officer/ Judicial member/ Technical member
 - i) Is, or at any time has been adjudged as an insolvent
 - ii) Has become physically or mentally incapable
 - iii) Has been convicted of any offence which involves moral turpitude
 - iv) Abused his position as to render his continuation in office detrimental to public interest
- c) CG authorized to regulate procedure of investigation

Orders constituting Appellate Tribunal to be final & not to invalidate its proceedings (Section 15R)

No order of CG appointing any person as Presiding Officer or a Member of a SAT shall be called in question in any manner on ground merely of any defect in constitution of a SAT

Staff of SAT (Section 15S)

- a) CG shall provide SAT with such officers & employees as that Govt. may think fit.
- b) Officers & employees of SAT shall discharge their functions under general superintendence of Presiding Officer
- c) Salaries & allowances of officers of SAT shall be such as may be prescribed

Appeal to SAT (Section 15T)

- a) Appeal shall be filed within a period of 45 days from date on which a copy of order made by Board/ AO/ IRDA as case may be, & it shall be in such form & be accompanied by such fee as may be prescribed
- b) On receipt of an appeal SAT may, after giving an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside order appealed against
- c) SAT shall send a copy of every order made by it to Board as case may be the parties to the appeal & to concerned AO
- d) Appeal filed before SAT shall be dealt with within 6 months from date of receipt of appeal

Procedure & powers of SAT (Section 15U)

I) Powers-

- a) Summoning & enforcing attendance of any person & examining him on oath
- b) Requiring discovery & production of documents
- c) Receiving evidence on affidavits
- d) Issuing commissions for examination of witnesses or documents
- e) Reviewing its decisions
- f) Dismissing an application for default or deciding it ex parte
- g) Setting aside any order of dismissal of any application for default or any order passed by it ex parte
- II) On application of any of parties & after notice to parties, & after hearing such of them, or on his own motion without such notice, Presiding Officer of SAT may transfer any case pending before one Bench, for disposal, to any other Bench
- III) If a Bench of SAT consisting of 2 members differ in opinion, they shall state point or points on which they differ, to Presiding Officer of SAT & such point or points shall be decided according to opinion of majority of members of SAT who have heard case, including those who first heard it

Right to legal representation (Section 15V)

Appellant may either appear in person or authorise one or more CA or CS or CMA or or case before SAT

Limitation (Section 15W)

Provisions of Limitation Act, 1963 shall, apply to an appeal made to a SAT

Presiding Officer, Members & staff of SAT to be public servants (Section 15X)

Civil Court not to have jurisdiction (Section 15Y)

No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter to determine & no injunction shall be granted by any court in respect of any action taken in pursuance of any power conferred by or under this Act

Appeal to Supreme Court (Section 15Z)

- a) Any person aggrieved by any decision of SAT may,
- b) File an appeal to Supreme Court within 60 days from date of communication of decision or order of SAT to him

The Securities & Exchange Board of India Act, 1992 (Chart 2A.38)

Power of CG to issue directions [Section 16]

a) Board shall, in exercise of its powers or performance of its functions, **be bound by such directions as CG** may give in writing to it from time to time

Power of CG to supersede Board (Section 17)

I) CG may supersede Board-

a) **On account of grave emergency**, Board is unable to discharge functions & duties

b) Board has persistently made **default in complying with any direction issued by CG**

c) **Default in discharge of functions & duties imposed**

d) Circumstances exist which render it **necessary in public interest so to do**

II) Effect of publication of notification of superseding Board

a) All members shall, as from date of supersession, **vacate their offices as such**

b) All powers, functions & duties exercised or discharged by or on behalf of Board, **shall be exercised by such person as CG may direct;**

c) All **property owned or controlled by Board shall, until Board is reconstituted vest in CG**

Returns & reports (Section 18)

- a) **Furnishing of returns & reports by Board to CG**
- b) **Report of previous FY by Board**
- c) Report to be **presented before Parliament**

Appeals (Section 19)

- a) **Appeal to CG**
- b) **No appeal after expiry of limitation**
- c) Appeal shall be made **in prescribed form with a copy of an order**

Bar of jurisdiction (Section 20A)

a) **No order passed by Board or AO under this Act shall be applicable** except as provided in section 15T or section 20, and

b) **No civil court shall have jurisdiction** in respect of any matter which Board or AO is empowered by, or under, this Act to pass any order, &

c) **No injunction shall be granted by any court or other authority in respect of any action taken in pursuance of any order passed by Board or AO by, or under, this Act**

Members, officers & employees of Board to be public servants (Section 22)

All members of Board **shall be deemed, to be public servants** within meaning of sec 21 of the IPC

Protection of action taken in good faith (Section 23)

No suit, prosecution or other legal proceedings **shall lie against-**

- a) **Central Government** or
- b) **Board** or
- c) Any **officer of CG** or
- d) Any **member, officer or other employee of Board**

Offences [Section 24]

a) Without prejudice to any award of penalty by AO, if any person contravenes or attempts to contravene, he shall be **punishable with imprisonment for a term which may extend to 10 years, or with fine, which may extend to 25 Cr Rs. or with both**

b) If any person fails to pay penalty or fails to comply with any of his directions or orders, punishable with **imprisonment for a term which shall not be less than 1 month but which may extend to 10 yrs, or with fine, which may extend to 25 Cr. Rs or with both**

Composition of certain offences (Section 24A)

Any offence punishable under this Act, not being an offence punishable with imprisonment only, or with imprisonment & also with fine, be compounded by a SAT or a court before which such proceedings are pending

Power to grant immunity (Section 24B)

a) **Full & True Disclosure:-**
CG is satisfied, that any person, who is alleged to have **violated any of provisions** of this Act made thereunder, **has made a full & true disclosure in respect of alleged violation**

b) No Prosecution / Penalty:-

Immunity can be granted-

- i) from **prosecution** or
- ii) from **imposition of any penalty under this Act with respect to alleged violation**

c) Pending Proceeding:-

No such immunity shall be granted by CG in cases where proceedings for prosecution for any such offence **have been instituted before date of receipt of application for grant of such immunity**

d) Withdrawal of Immunity:-

Immunity granted can be withdrawn by CG, if it is satisfied that such person had, **not complied with condition on which immunity was granted or had given false evidence**

Cognizance of offences by courts (Section 26)

No court shall take cognizance of any offence punishable under this Act

The Securities & Exchange Board of India Act, 1992 (Chart 2A.39)

Special Courts (Section 26A)

I) Establishment of Special Court-

CG may, for purpose of providing **speedy trial of offences** under this Act, by notification, **establish or designate as many Special Courts as may be necessary**

II) Composition:-

It shall consist of a **single judge who shall be appointed by CG with concurrence of Chief Justice of High Court** within whose jurisdiction judge to be appointed is working

III) Qualification for appointment:-

A person shall not be qualified for appointment as a judge of a Special Court unless he is, **immediately before such appointment, holding office of a Sessions Judge or an Additional Sessions Judge, as case may be**

Appeal & revision (Section 26C)

High Court may exercise, all powers as if a Special Court **within local limits of jurisdiction of High Court**

Transitional provisions (Section 26E)

a) Any offence committed under this Act, which is triable by a Special Court shall, **until a Special Court is established, be taken cognizance of & tried by a Court of Session**

Offences by companies (Section 27)

I) Where an offence under this Act has been committed by a Co.

- Every person **who at time offence was committed was in charge of**, & was responsible to, Co. for conduct of business of Co, as well as
- Co, shall be deemed to be guilty of offence** & shall be liable to be proceeded against & punished accordingly.

II) Exemption:-

- If he **proves that offence was committed without his knowledge** or that he had exercised all due diligence to prevent commission of such offence

Recovery of amounts (Section 28A)

Recovery Officer shall proceed to recover from following modes-

- Attachment & **sale of person's movable property**
- attachment of **person's bank accounts**
- Attachment & **sale of person's immovable property**
- Arrest of person** & his detention in prison
- Appointing a receiver** for management of person's movable & immovable properties

Power to make rules (Section 29)

I) CG may, by notification, make rules for purposes of this Act

- Such rules may provide for all or any of following matters, namely-
 - Term of office** & other conditions of service of Chairman & members
 - Additional functions** that may be performed by Board
 - Accounts** of the Board
 - Salaries & allowances** & other terms & conditions of service
 - procedure for the **investigation of misbehaviour or incapacity**
 - Form in which an **appeal may be filed before SAT** under sec 15T & fees payable
 - Form & manner in which **returns & report to be made to CG**

Rules & regulations to be laid before Parliament (Section 31)

Every rule & regulation made shall be laid, **before each House of Parliament**, while it is in session, **for a total period of 30 days** which may be comprised in **1 session or in two or more successive sessions**, and if, before expiry of session immediately following session or successive sessions aforesaid, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be

Application of other laws not barred (Section 32)

Provisions of this Act shall be in addition to, & **not in derogation of, provisions of any other law for time being in force**

Power to remove difficulties (Section 34)

- Power-** CG may, by order, **published in Official Gazette**
- No order shall be made under this sec **after expiry of 5 years** from commencement of this Act

Validation of certain acts (Section 34A)

Any act or thing done or purporting to have been done under the principal Act, in respect of calling for info from, or furnishing info to, other authorities, **whether in India or outside India**, having functions similar to those of Board & in respect of **settlement of administrative & civil proceedings**, shall, for all purposes, **be deemed to be valid**

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (Chart 2B.16)

Definitions

Initial Public Offering

When an **unlisted co. makes either a fresh issue of securities or an offer for sale of its existing securities or both for first time to public**. This paves way for listing & trading of issuer's securities.

Further Public Offer

Is when an **already listed co. makes either a fresh issue of securities to public or an offer for sale to public, through an offer document**. An offer for sale in such scenario is allowed only if it is made to **satisfy listing or continuous listing obligations**.

Rights Issue

When a listed co. which **proposes to issue fresh securities to its existing shareholders as on a record date**. Rights are normally **offered in a particular ratio to number of securities held prior to issue**. This route is best suited for companies who would like to raise capital without diluting stake of its existing shareholders unless they do not intend to subscribe to their entitlements.

Bonus issue

When an issuer makes an issue of securities to its existing shareholders as on a record date, **without any consideration from them**, it is called a bonus issue. Shares are issued **out of Company's free reserve or share premium account in a particular ratio to number of securities held on a record date**.

Private Placement

Is an issue of **shares or of convertible securities by a co. to a select group of persons** under Section 42 of Companies Act, 2013 which is **neither a rights issue nor a public issue**. This is a **faster way for a co. to raise equity capital**.

Qualified Institutions Placement

means **allotment of eligible securities by a listed issuer to qualified institutional buyers on private placement basis** in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009

CONDITIONS FOR PUBLIC ISSUES AND RIGHT ISSUE

When can a Public Issue be made

- Every Co. needs funds for its business. **Funds requirement can be for short term or for long term**
- Capital **can be raised through private placement of shares, public issue, right issue etc**
- Public issue means raising funds from public. Promoters of Co. may have plans for Co., which may require infusion of money
- Main purpose of public issue, amongst others, is to raise money through public & get its shares listed at any of recognized stock exchanges in India**

Entry Norms for Public Issue

- Unlisted Companies**
Unlisted Co's are **those public limited Companies which are presently not listed at any of recognized stock exchanges in India**. Shares of such Co's are therefore not traded at any stock exchanges in India

b) Listed Companies

Listed Co's are those **which are presently listed on any one or more recognized Stock Exchange in India**. Securities of such companies are traded on such stock exchange where they are traded.

Steps Involved to opt for Initial Public Offering (IPO)

- Appointing a **Merchant Bank**
- Registration of **Offer Documents**
- Thereafter offer document is **deemed to have been cleared by SEBI**
- Marketing of issue**
- after closure of subscription list, merchant banker should inform, **within 3 days of closure, whether 90% of amt has been subscribed or not. If it is not subscribed up to 90%, then underwriters should bring shortfall amt within 60 days**

Pre-Requisites for a Co. to be eligible to opt for IPO with respect to SEBI

- An issuer may make an initial public offer, if
 - They have a **net tangible assets of at least 3 cr Rs in each, of preceding 3 full yrs, of which not more than 50% are held in monetary assets**
 - It has a **track record of distributable profits** which deals with dividends to be declared or paid by a co. for any FY **only out of profits, for at least 3 out of immediately preceding 5 years**
 - It has a **net worth of at least 1 crore Rs in each of preceding 3 full yrs**
 - Aggregate of proposed issue & all previous issues made in same FY in terms of issue size **does not exceed 5 times its pre-issue NW as per audited balance sheet of preceding FY**
 - If it has **changed its name within last 1 yr, at least 50 % of revenue for preceding 1 full yr has been earned by it from activity indicated by new name**
- An issuer not satisfying conditions so mentioned above may make an IPO if issue is made through **book-building process & issuer undertakes to allot, at least 75% of net offer to public, to qualified institutional buyers & to refund full subscription money if it fails to make said minimum allotment to qualified institutional buyers**
- An issuer may make an **initial public offer of Convertible Debt Instruments without making a prior public issue of its equity shares & listing thereof**
- Issuer shall **not make an allotment if No. of prospective allottees is less than 1000**
- No issuer shall make an IPO if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive eq shares like ESOP/ESPS

BOOK BUILDING ROUTE

Meaning

- It is essentially a process used by **co's raising capital through Public Offerings- both IPOs or FPOs to aid price & demand discovery**
- It is a mechanism where, during period for which book for offer is open, **bids are collected from investors at various prices, which are within price band specified by issuer**

Book Building Process

- Issuer specifies **number of securities to be issued & price band for bids**
- Issuer also **appoints syndicate members with whom orders are to be placed** by investors
- Syndicate members input orders into an **'electronic book'**
- This process is called **'bidding' & is similar to open auction**
- It normally **remains open for a period of 5 days**
- Bids have to be **entered within specified price band**
- Bids can be revised by **bidders before book closes**
- On close of book building period, **book runners evaluate bids on basis of demand at various price levels**
- Book runners & Issuer **decide final price at which securities shall be issued**.
- Numbers of shares are fixed, issue size **gets frozen based on final price per share**.
- Allocation of securities is made to successful bidders. **Rest get refund orders**.

Requirements for a Public Issue by a Listed Co are as follows:-

- Limit of issue size**
- On change of name**
- On failure of satisfying conditions**

PRICING IN PUBLIC ISSUE

1) In case of an IPO following additional conditions apply

- If **issue price is Rs. 500 or more** then Co may **fix face Value below Rs. 10 per share but not lower than Rs 1 per share**.
- If issue price is **less than Rs. 500** then Co must have a **Fv of Rs. 10 per share**.

2) Minimum offer to Public

- 25% of issue size if post issue capital of co calculated at offer price is less than or equal to Rs 1,600 crores.**
- Such percentage of each class of eq shares equivalent to a value of **Rs. 400 cr.**, if post issue capital of co calculated at offer price is **more than Rs. 1,600 cr but less than Rs. 4,000 cr**
- 10% of issue size if post issue capital of co calculated at offer price is above Rs.4,000 cr**

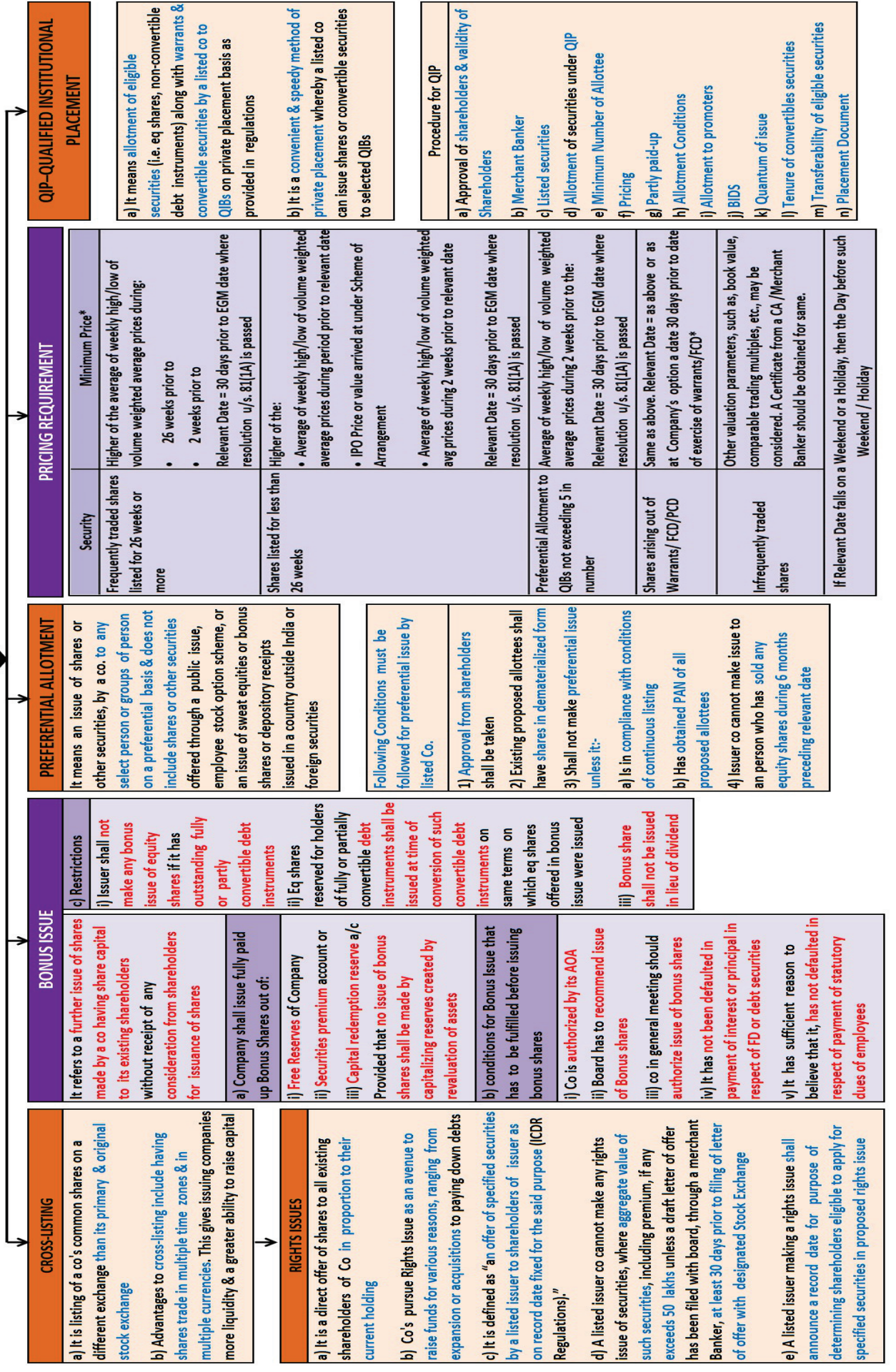
3) Promoters' Contribution

- In case of an **IPO, minimum contribution should not be less than 20% of post issue capital**
- In case of **further public offer**, it should be **either to extent of 20 % of proposed issue size or to extent of 20% of post-issue capital**
- In case of a **composite issue**, either to extent of **20% of proposed issue size or to extent of 20% of post-issue capital excluding rights issue component**

4) Lock in Period

- following are the Lock-in requirements at the time of IPO
- Minimum Promoter Contribution shall be **locked-in for 3 yrs** from commencement of commercial production or **date of allotment, whichever is later**.
 - Promoters holding in excess of minimum Promoter's contribution shall be **locked-in for 1 yr from allotment** subject to some exceptions
 - In case of an IPO, entire pre-issue capital of an Unlisted Co subject to certain exceptions is **locked in for 1 year from date of allotment in IPO**

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (Chart 2B.17)



SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (Chart 2C.08)

Features of the SEBI (LODR) Regulations, 2015

- a) Effective from **01st Dec, 2015**
- b) Regulations have provided broad principles for **periodic disclosures by listed entities** & also have incorporated principles for corporate governance they have been **formed on lined with OECD**
- c) structured & designed in such a way so that they are **aligned with Companies Act, 2013**
- d) Pre-listing as well as **post listing requirements** have been **incorporated in Listing Regulations**
- e) Obligations which are applicable to **specific types of securities** have been **incorporated in separate chapters**

Listing Regulations have been sub-divided into two parts

- a) **Substantive provisions** incorporated in main body of Regulations
- b) **Procedural requirements** in form of schedules to Regulations

Common Obligation of Listed Entities

- I) **Regulation 6:** Compliance Officer & his Obligations
 - a) A listed entity shall appoint a **qualified CS as Compliance Officer**
 - b) He shall be responsible for **ensuring conformity with regulatory compliance, co-ordination & reporting to Board**
- II) **Regulation 7:** Share Transfer Agent
 - listed entity shall appoint a **share transfer agent** or manage share transfer facility in house

Regulation 24- Corporate Governance Requirements with Respect to Subsidiary of Listed Entity

- a) **Atleast 1 Independent Director** on Board shall be a Director on Board of Unlisted Material Subsidiary
- b) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding to less than 50 % or cease exercise of **control over subsidiary** without passing a **SR in its GM** except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal
- c) Selling, disposing and leasing of assets amounting to **more than 20% of assets of material subsidiary on an aggregate basis during a FY** shall require prior approval of shareholders by way of **SR**

Quarterly Compliance- Listed Entity

- I) **Regulation 13(3):**- Grievance Redressal Mechanism
 - listed entity shall file with recognized SE on a quarterly basis, **within 21 days from end of each quarter**, a statement giving number of investor complaints pending
- II) **Regulation 27(2):**- Other Corporate Governance Requirements
 - Listed entity shall submit quarterly compliance report on corporate governance **within 15 days from close of quarter**
- III) **Regulation 31(1):**- Holding of Specified Securities & Shareholding Pattern
 - a) One day **prior to listing of its securities on stock exchange(s)**
 - b) On a **quarterly basis**, within **21 days** from end of each quarter; &
 - c) Within 10 days of any capital restructuring of listed entity resulting in a change exceeding 2 % per cent of total paid-up share capital
- IV) **Regulation 33(3):**- Financial Results
 - Listed entity shall submit quarterly & year-to-date standalone financial results to the SE **within 45 days** of end of each quarter, other than last quarter
- V) **Regulation 32(1):**- Statement of Deviation(S) Or Variation(S)
 - listed entity shall submit to SE following statement(s) on a **quarterly basis**
 - a) **Indicating deviations**, if any
 - b) **Indicating category wise variation**

Prior Intimation of Board Meeting

- I) **Regulation 29(1):** Financial Results
 - At least 5 days in advance
- II) Other Matters **Regulation 29(2)**
 - Following Intimation shall be required to be made at least **2 working days in advance-**
 - a) Proposal for **Voluntary Delisting** by listed entity from SE
 - b) Fund raising by way of further public offer, rights issue, American Depository Receipts/Global Depository Receipts etc
 - c) Declaration/recommendation of dividend, issue of convertible securities carrying a right to subscribe to equity shares or passing over of dividend
 - d) Proposal for declaration of bonus securities
 - e) Proposal for Buyback of Securities
- III) **Regulation 29(3):** Prior Intimation
 - listed entity shall give intimation to SE at least **11 working days** before any of following proposal
 - a) Any alteration in form or nature of any of its securities that are listed on SE or in rights or privileges of holders thereof
 - b) Any alteration in date on which, interest on debentures or bonds, or redemption amt of redeemable shares or of debentures or bonds, shall be payable

- IV) **Regulation 42(2):** Record Date or Date of Closure of Transfer Books
 - Listed entity shall give notice in to SE of record date specifying purpose of record date, at least **7 working days**
- V) **Regulation 42(3):** Dividend
 - listed entity shall recommend or declare all dividend and/or cash bonuses At least **5 working days** before record date
- VI) **Regulation 46(3):**- Website
 - Listed entity shall update any change in content of its website **Within 2 working days** from date of such change in content

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (Chart 2C.09)

Annual/ Yearly Compliances

- I) Regulation 33(3): Financial Result**
Listed entity shall submit audited standalone financial results for FY, along with audit report **within 60 days from end of FY**
- II) Regulation 34: Annual Report**
Listed entity shall submit annual report to SE **within 21 working days of it being approved & adopted in AGM**
- III) Regulation 36(2): Documents & Information to Shareholders**
Listed entity shall send annual report to holders of securities **not less than 21 days before AGM**

Corporate Governance

- following reports are submitted to SE
- a) Quarterly Compliance Report – to be submitted **within 15 days from end of quarter**
- b) Compliance Report to be submitted **within 6 months from end of FY – may be submitted along with 2nd quarter report**
- c) **Annual Compliance Report**

Role of Compliance Officer

- a) Listed Company shall ensure **KMP, Directors, Promoters** complies with obligations
- b) Compliance Officer ensure listed Co. confirms with regulatory provisions in letter & spirit
- c) Co-ordination with – Board & SE
- d) Report to – Board & Stock Exchange
- e) Ensure – Correct, Authentic, Comprehensive info is filed
- f) Monitor email id for grievance redressal
- g) Determining materiality of information to be reported to stock exchange
- h) Report to Board about compliance
- i) Ensure compliance with SS 1(Board Meeting) & SS 2(General Meeting)
- j) Provide guidance to director about their Duties
- k) Assist board in conduct of affairs of Company
- l) Assist & Advise board in complying with CG & best practices
- m) Facilitate meeting / represent company

Types of Committees under LODR Regulation

- I) Audit Committee**
 - a) shall have **minimum 3 directors as members**
 - b) **2/3 of members of audit committee shall be independent directors**
 - c) All members shall be financially literate & **at least 1 member shall have accounting or related financial management expertise**
 - d) **Chairperson of audit committee shall be an Independent Director**
 - e) **Company Secretary shall act as secretary to audit committee**
 - f) **Meetings of Audit Committee**
 - i) **At least 4 times in a year & not more than 120 days shall elapse between two meetings**
 - ii) **Quorum- 2 members or 1/3rd of members of audit committee, whichever is greater, with at least 2 Independent directors**
- II) Nomination & Remuneration Committee**
 - a) shall comprise of **at least 3 directors**
 - b) All directors of shall be **Non-Executive Directors**
 - c) At least **50 % of directors shall be independent directors**
 - d) Chairperson of nomination & remuneration committee shall be an **independent director**
- III) Stakeholders Relationship Committee**
 - a) SRC specifically look into mechanism of redressal of grievances of shareholders, debenture holders & other security holders
 - b) Chairperson shall be a **Non-Executive director**
 - c) **BOD shall decide other members of this committee**
- IV) Risk Management Committee**
 - a) **BOD shall constitute a Risk Management Committee**
 - b) Majority of members shall consist of **members of BOD**
 - c) **Chairperson shall be a member of BOD & senior executives of listed entity may be members of committee**
 - d) **BOD shall define role & responsibility & may delegate monitoring & reviewing of risk management plan to committee**
 - e) Provisions of this regulation shall be **applicable to top 100 listed entities**, determined on basis of market capitalization, as at end of immediate previous FY