

Securities and Exchange Board of India Act, 1992

The SEBI Act, 1992 was enacted to empower SEBI with statutory powers for

- (a) protecting the interests of investors in securities,
- (b) promoting the development of the securities market, and
- (c) regulating the securities market.

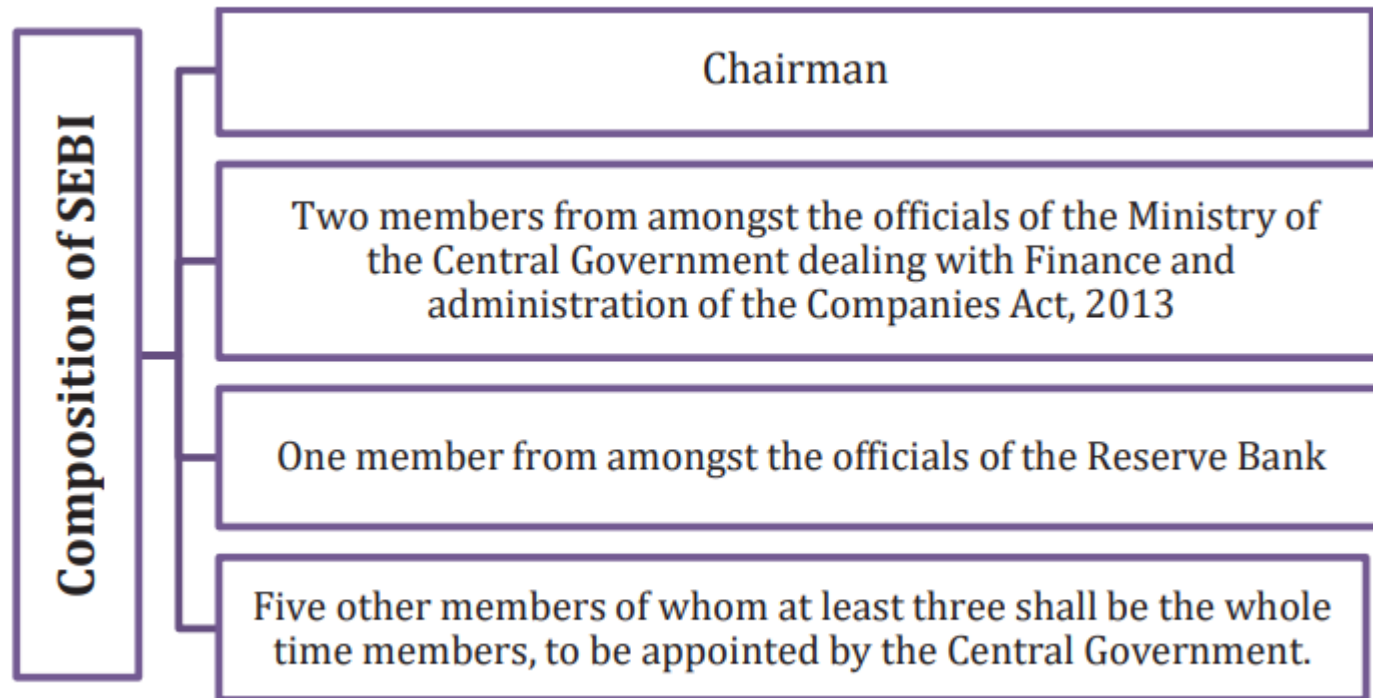
Its regulatory jurisdiction extends over corporates in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with securities market.



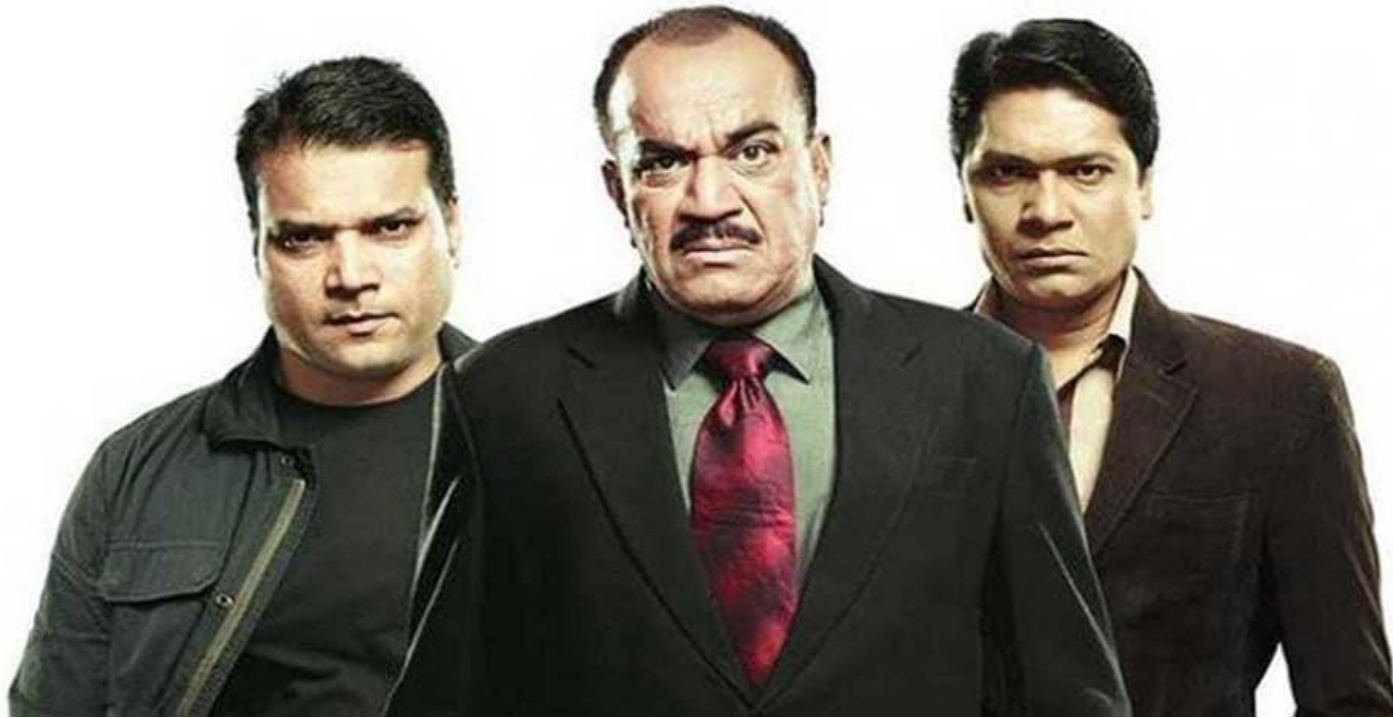
OBJECTIVE OF SEBI

- To **protect** the interests of investors in securities,
- To **promote** the development of, and
- To **regulate**, the securities market and for matters connected therewith or incidental thereto

COMPOSITION OF SEBI



Investigations



Grounds for Investigation

- The transactions in securities are being dealt with in a manner detrimental to the investors or the securities market;
- any intermediary or any person associated with the securities market has violated any of the provisions of this Act or the rules or the regulations made or directions issued by SEBI thereunder
- it may, at any time by order in writing, direct any person specified in the order to investigate the affairs of such intermediary or persons associated with the securities market and to report thereon to SEBI

Duty of officers to produce Accounts and Records

Powers of Investigating Authority

To examine on oath

To take notes on examination

Seizure of Records

Where in the course of an investigation, the Investigating Authority has reasonable ground to believe that the books, registers, other documents and record of, or relating to any, any intermediary or any person associated with securities market in any manner may be destroyed, mutilated, altered, falsified or secreted, the Investigating Authority may make an application to the Magistrate or Judge of such during noted court in Mumbai, as may be notified by the Central Government for an order for the seizure of such books, registers, other documents and records

REGISTRATION OF INTERMEDIARIES

The Act provides that the following intermediaries are required to obtain a registration certificate from SEBI to buy, sell or deal in securities:

Underwriter –

Portfolio Manager

- Investment Adviser
- Depository Participant
- Custodian of Securities

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- Foreign Institutional Investor
 - Credit Rating Agency
 - Such other intermediary Stock-Broker
 - Sub-Broker
 - Share Transfer Agent
 - Banker to an issue different market policy,
 - Trustee of Trust Deed
 - Registrar to an Issue
 - Merchant Banker

PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING ETC.

- use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;
- engage in insider trading;
- deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder
- acquire control of any company or securities more than the percentage of equity share capital of a company whose securities are listed or proposed to be listed on a recognized stock exchange in contravention of the regulations made under this Act

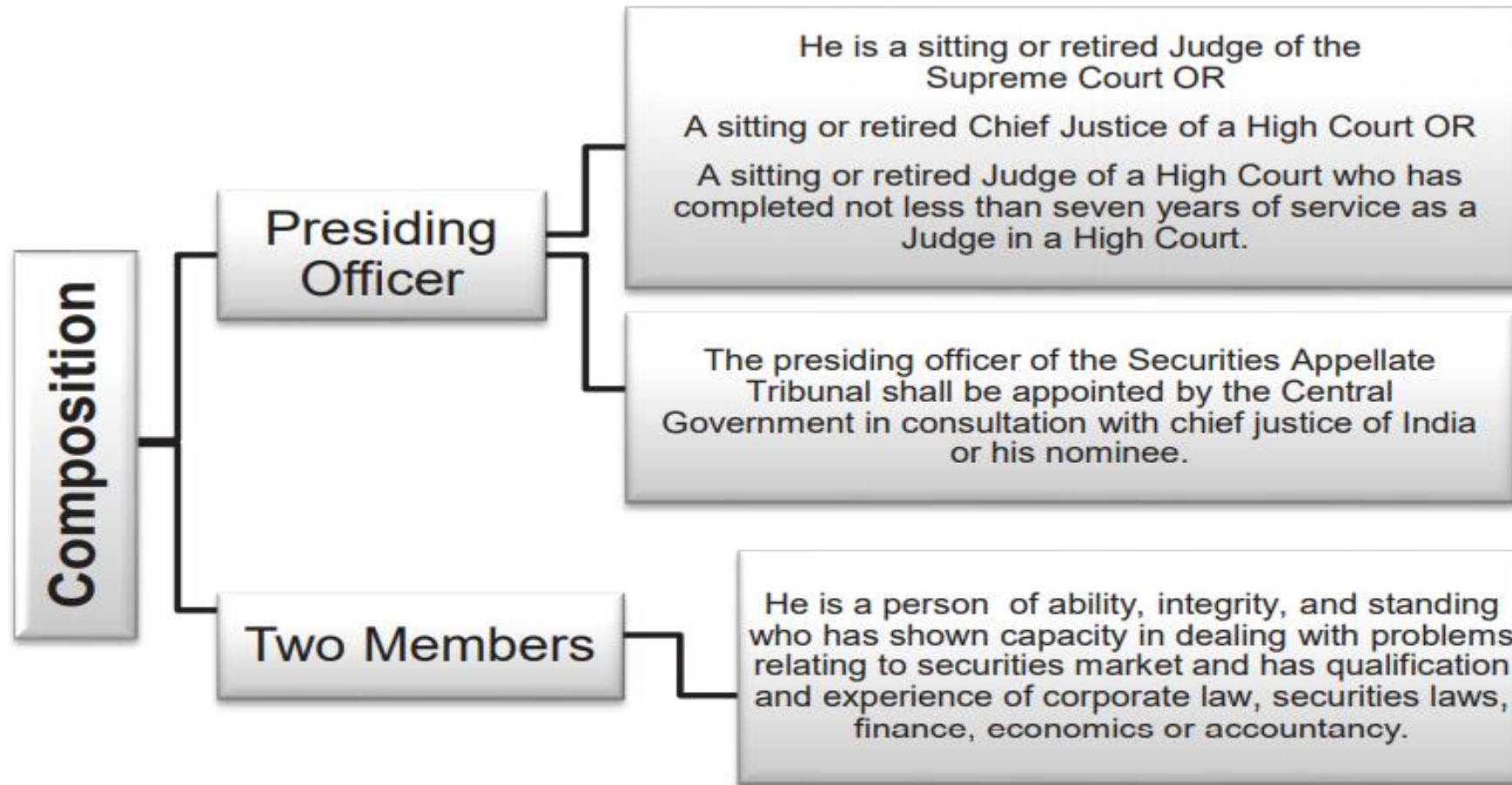
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- employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognized stock exchange

PENALTIES AND ADJUDICATION

SI No.	Section	Particulars
1.	Section 15A	Failure to furnish information, return, etc.
2.	Section 15B	Failure by any person to enter into agreement with clients
3.	Section 15C	Failure to redress investors' grievances
4.	Section 15D	Default in case of Mutual Funds
5.	Section 15E	Failure to observe rules and regulations by an asset management company
6.	Section 15F	Default in case of stock brokers
7.	Section 15G	Insider Trading
8.	Section 15H	Non-Disclosure of Acquisition of Shares and Takeovers
9.	Section 15HA	Fraudulent and unfair trade practices
10.	Section 15HB	Contravention where no separate penalty has been provided
11.	Section 15I	Adjudications
12.	Section 15J-15JA	Factors to be taken into account by the adjudicating officer
13.	Section 15JB	Settlement of administrative and civil proceedings

Composition of the Tribunal, the Securities Appellate Tribunals

The composition of the Tribunal, the Securities Appellate Tribunals shall consist of a Presiding Officer and two other members to be appointed by the Central Government by notification.

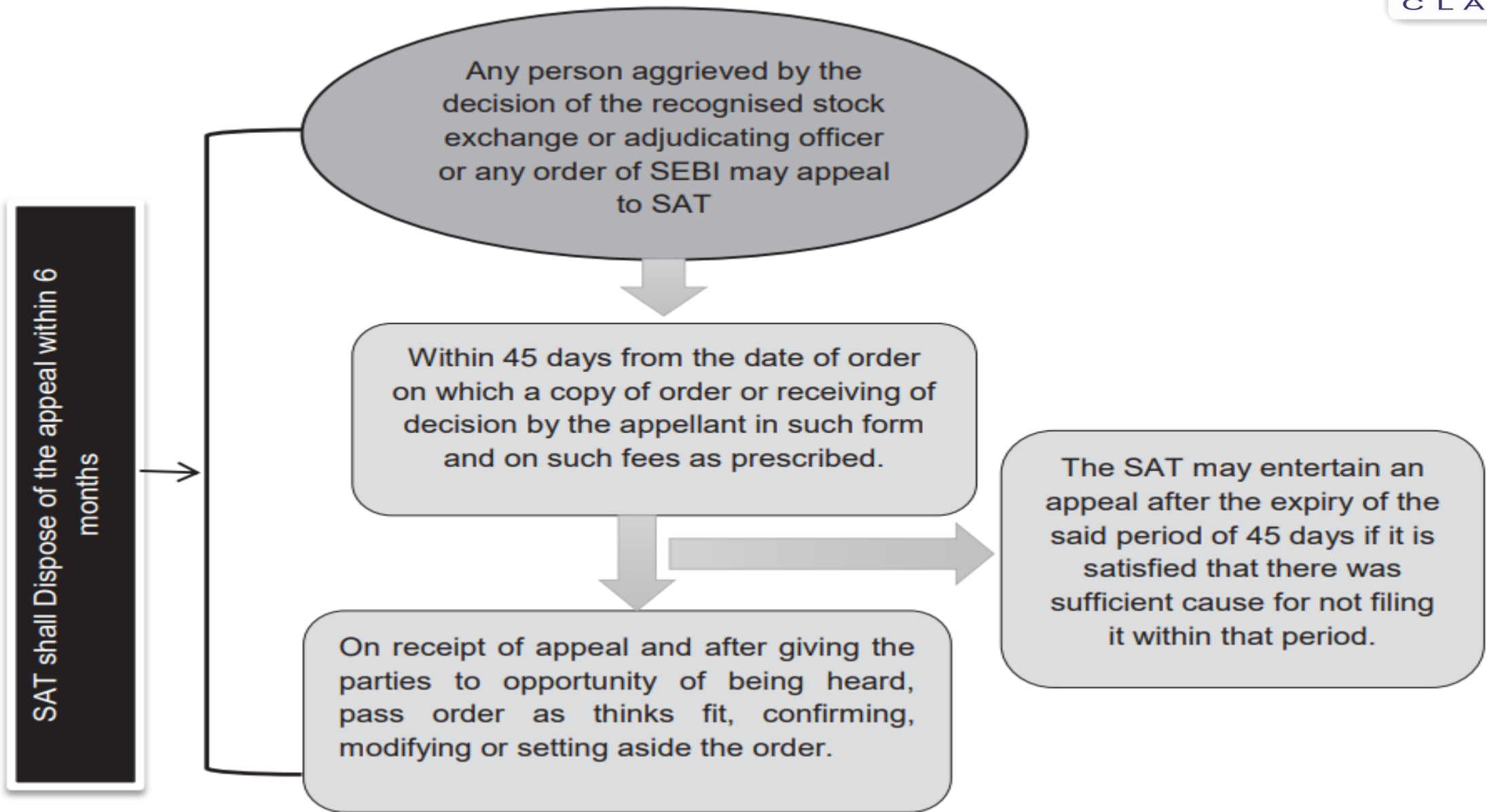


Tenure of Officer of Presiding Officer and Other Members

The Presiding Officer and every other member of Securities Appellate Tribunal shall hold office for a term of five years from the date he enters upon his office and is eligible for reappointment.

provided that the person attaining the age of **sixty eight years** cannot hold office as the presiding officer of Securities Appellate Tribunal.

Also a person who has attained the age of **sixty two years** cannot hold office as member of Securities Appellate Tribunal.



Powers of SAT

- summoning and enforcing the attendance of any person and examining him on oath;
- requiring the discovery and production of documents;
- receiving evidence on affidavits;
- issuing commissions for the examination of witnesses or documents;
- reviewing its decisions;
- dismissing an application for default or deciding it ex parte;
- setting aside any order of dismissal of any application for default or any order passed by it ex parte;
- any other matter which may be prescribed.

CONSENT ORDER

1. Consent Order means an order settling administrative or civil proceedings between the regulator and a person (Party) who may prima facie be found to have violated securities laws.
2. Consent Order provides flexibility of wider array of enforcement and remedial actions which will achieve the twin goals of an appropriate sanction, remedy and deterrence without resorting to litigation, lengthy proceedings and consequent delays.
3. actions include issuing directions such as remedial orders, cease and desist orders, suspension or cancellation of certificate of registration and imposition of monetary penalty under the respective statutes and action pursued or defended in a court of law/tribunal.
4. Criminal action involves initiating prosecution proceedings against violators by filing complaint before a criminal court.
5. **Consent order is a remedial measure for settling civil proceedings initiated by SEBI.**
6. . These regulations do not provide for settling proceedings which are under criminal in nature.

ROLE OF COMPANY SECRETARY

1. Right to Legal Representation
2. Any person aggrieved (the appellant) may either appear in person or authorise one or more chartered accountants or company secretaries (PCS) or cost accountants or legal practitioners or any of its officers to present his or its case before the Securities Appellate Tribunal (SAT)
3. The Securities and Exchange Board of India (SEBI) also recognises the Company Secretary as the Compliance Officer and authorises practising company secretaries to issue various certificates under its Regulations.
4. Further, practising Company Secretaries are also authorised to certify compliance of conditions of corporate governance in case of listed companies.