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

#### Definition (Sec 2)
- **CORPORATISATION**
  - Succession of a recognised stock exchange (RSE) being a body of individuals or a society registered under the Societies Registration Act, 1860, by another stock exchange, being CO incorporated for the purpose of assisting, regulating or controlling business of buying, selling or dealing in securities carried on by such individuals or society.
- **DEMUTUALISATION**
  - Segregation of ownership & management from the trading rights of the members of a RSE in accordance with a scheme approved by SEBI.
  - Scheme under Corp's & Sema
    - I. issue of shares for a lawful consideration & provision of trading rights in lieu of membership cards.
    - II. Restrictions on voting rights.
    - iii. Transfer of property, business, assets, rights, liabilities, recognitions, contracts of RSE from 1 RSE to another.
    - iv. Transfer of employees of RSE to another RSE.
    - v. Any other matter.
- **DERIVATIVE**
  - I. Debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences.
  - ii. contract, which derives its value from prices, or index of prices, of underlying securities.
  - iii. commodity derivatives.
  - iv. other instruments declared by CG to be derivatives.

#### Securities
- **SECURITIES**
  - (i) Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities.
  - (ii) Derivative.
  - (iii) Units or any other instruments issued by any collective investment scheme to investors.
  - (iv) Security receivable as defined in ‘SARFAESI’.
  - (v) Units or any other such instrument issued to the investors under any mutual fund scheme.
  - (vi) Government securities.
  - (vii) Such other instruments as may be declared by CG.
  - (viii) Rights or Interests in securities.

#### Application
- **Application**
  - Application to the CG (Power delegated by CG to SEBI).
  - Form of Application
    - I. Form A with a fee of Rs. 500.
    - II. 4 copies of Articles / Bye laws & Rules & Regulation relating to Stock Exchange.
    - III. Security Agreement as per SEBI's circular.
    - IV. Units or any other such instrument issued to the investors under any mutual fund scheme.
    - V. Government securities.
    - VI. Such other instruments as may be declared by CG.
    - VII. Rights or Interests in securities.
  - **Attachment to Application**
    - Bye-Laws, Rules, Regulations containing details on:
      - Governing body of SE, its constitution & powers of management & manner of its business.
      - Powers and duties of office bearers of the SE.
      - Various classes of members, qualification for membership & exclusion, suspension, expulsion & re-admission of members.
      - Procedure for registration of Partnerships as members to SE in cases where rules provide for such membership & nomination & appointment of authorised representatives & clerks.

#### Granting of Recognition by SEBI (Sec 4)
- **Form of Application**
  - I. Rules and Bye-Laws are in conformity with the conditions prescribed.
  - II. Fair dealing & Investors protection.
  - III. Interest of trade & also in public interest.
  - IV. Qualification for membership.
  - V. Manner in which contracts shall be entered & enforced as between members.
  - VI. Representation of CG on Board of Exchanges (Not exceeding 3).
  - VII. Maintenance of accounts of members & their audit by CA.

#### Corporatisation and demutualisation (CAD) of stock exchanges (Section 4A & 4B)
- I. Within such time as may be specified by the SEBI, submit a scheme for CAD for its approval.
- II. In interest of the trade & also in public interest, approve the scheme with or without modification.
- III. If approved, scheme shall be published immediately by (a) SEBI in the Official Gazette.
- (b) RSE in such 2 daily newspapers circulating in India, as may be specified by SEBI.
- (IV) Restriction / Condition:
  - (a) Voting rights of SH who are also stock brokers of RSE.
  - (b) Right of SH or stock broker of RSE to appoint representatives on governing board of SE.
  - (c) Max. no of representatives of stock brokers of the RSE to be appointed on governing board of RSE, which shall not exceed 1/4th of the total strength of the governing board.
  - (d) Every RSE either by fresh issue of ES to public or in any other manner as may be specified, ensure that at least 51% of its ESC is held, within 24 mths from date of publication of the order, by public other than shareholders having trading rights.

#### Withdrawal of Recognition (Sec 5)
- I. CG can withdraw recognition after serving due notice on governing body of Exchange.
- II. If RSE has not been corporatised or demutualised or it fails to submit the scheme or the scheme has been rejected by SEBI, the recognition shall stand withdrawn & CG shall publish, by notification in Official Gazette, such withdrawal.
- III. Withdrawal shall not affect the validity of any contract entered into or made before date of notification.

#### Spot Delivery Contract
- A. Actual delivery or securities & payment of a price either on same day as the date of contract or on next day, actual period taken for the despatch of the securities or
- Remittance of money therefor through post being excluded from computation of period if parties do not reside in same town or locality.
## Securities Contract (Regulation) Act, 1956 (Chart 1.16)

### Contracts and Option in Securities
- Contracts in notified areas illegal in certain circumstances (Section 13)
  1. CG having regard to the nature or the volume of transactions may by notification in O&G, such State or States or area or with members 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.
  2. 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.
- Power to prohibit contracts in certain cases (Section 16)
  - 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 have permission of CG enter into any contract for the sale or purchase of any security specified in the notification except manner specified in notification.

### Listing of Securities
- Additional trading floor (Section 13A)
  1. Establish additional trading floor with the prior approval of the SEBI in accordance with the terms and conditions.
  2. 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.

### Miscellaneous
- Licensing of dealers in securities in certain areas (Section 27)
  1. 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.
  2. 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.

### Penalties
- Title to dividends (Section 27)
  1. 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.
  2. Period shall be extended—
     a) in case of death of the transferee
     b) in case of loss of the transfer deed by theft or any other cause beyond the control of the transferor and
     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.
  3. Act not to apply in certain cases (Section 28)
  - (i) GST, Rbi, any local authority or any corporation set up by a special law.
  - (ii) Any convertible bond or share warrant or any option or right (Convertible Debentures, Preference shares, ESOP, etc.)
  - (iii) Entities 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.

### Additional Information
- Section 23A, 23B, 23C
  - 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.

- Section 23D
  - Penalty not exceeding 25 crore Rs. if fails to comply with the listing or delisting conditions.

- Section 23E, 23F, 23G
  - Delivers shares or debentures in dematerialised form before the physical delivery of such shares or debentures.

- Section 23H
  - 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.
The Securities & Exchange Board of India Act, 1992 (Chart 2A.34)
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)
- CG shall establish a Tribunal to be known as SAT to exercise jurisdiction, powers & authority conferred on it by or under this Act.

### Appointment of judicial member (Section 15MA)
- CG shall appoint another Presiding Officer or Member of SAT in case of a Technical Member ceases to hold office as such in Board.
- Technical Members of SAT shall be appointed by CG on recommendation of a Search-cum-Selection Committee.
- No appointment of Presiding Officer, a Judicial Member or a Member of SAT, during his service or tenure as such with Board or with any Authorities, as case may be, or person to fill vacancy or under this Act.

### Appointment of technical member (Section 15MB)
- Technical Members of SAT shall be appointed by CG on recommendation of a Search-cum-Selection Committee.
- 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)
- 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.

### Salary & allowances & other terms & conditions of service of Presiding Officers (Section 15O)
- Salary & allowances payable to Presiding Officer and other Members of SAT shall be such as may be prescribed.

### Terms & Conditions of Service of Members of SAT (Section 15P)
- Terms & conditions of service of Members of SAT shall be such as may be prescribed.

### Tenure of office of Presiding Officer & other Members of SAT (Section 15N)
- Successor enters upon his office or term of max 5 years.

### Resignation & removal (section 15Q)
- Resignation by notice in writing.
- Resignation of Presiding Officer shall, unless he is permitted by CG to relinquish his office sooner, continue to hold office.
- Provided that no Presiding Officer shall be eligible for reappointment for another term of not less than 5 years after he has attained age of 70 years.

### Retirement or resignation (Section 15R)
- No order of CG appointing any person as Presiding Officer or a Member of SAT shall be called in question in any manner on ground merely of any defect in constitution of a SAT.

### Orders constituting Appellate Tribunal to be final & not to invalidate its jurisdiction (Section 15F)
- CG shall appoint another person to fill vacancy.
- Proceedings may be continued before SAT from stage at which vacancy is filled.

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

### Appeal to SAT (Section 15T)
- 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, shall be in such form & be accompanied by such fee as may be prescribed.
- 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.
- 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.

### Appeal filed before SAT shall be dealt with within 6 months from date of receipt of appeal
- Appeal filed before SAT shall be dealt with within 6 months from date of receipt of appeal.

### Right to legal representation (Section 15V)
- Appeal may either appear in person or authorize one or more CA or CS or CMA or in 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 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 confered by or under this Act.

### Appeal to Supreme Court (Section 15Z)
- Any person aggrieved by any decision of SAT may, file an appeal to Supreme Court within 60 days from date of communication of decision or order of SAT to him.
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.

1) 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

The Securities & Exchange Board of India Act, 1992

Power of CG to issue directions [Section 16]

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

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

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

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

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

Cognizance of offences by courts (Section 26)

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

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
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.
   a) 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
   b) Co, shall be deemed to be guilty of offence & shall be liable to be proceeded against & punished accordingly.

II) Exemption:
   a) 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:
   a) Attachment & sale of person’s movable property
   b) attachment of person’s bank accounts
   c) Attachment & sale of person’s immovable property
   d) Arrest of person & his detention in prison
   e) 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
   II) Such rules may provide for all or any of following matters, namely-
       a) Term of office & other conditions of service of Chairman & members
       b) Additional functions that may be performed by Board
       c) Accounts of the Board
       d) Salaries & allowances & other terms & conditions of service
       e) procedure for the investigation of misbehaviour or incapacity
       f) Form in which an appeal may be filed before SAT under sec 1ST & fees payable
       g) Form & manner in which returns & report to be made to CG

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)

a) Power- CG may, by order, published in Official Gazette
b) 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.
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 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

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

Quarterly Compliance - Listed Entity

I) Regulation 13(3): Grievance Redressal Mechanism
   Listed entity shall file a 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 exchanges(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(1): 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 amount 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