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## Section - A

- 1) SEBI  
Government of India set off the Securities & Exchange Board of India (SEBI) on April 12, 1988 on the basis of the recommendations of high powered Committee on Stock Exchange reforms headed by C.S. Patel. The members of the Board of Management of the SEBI comprised those drawn from professions, brokers, merchant bankers, investor finance ministers, etc.
2. The Securities Contract (Regulation) Act 1956 also known as SCRA is an Act of the Parliament of India enacted to prevent undesirable exchanges in securities and to control the working of stock exchange in India. It came into force on 28 February.
3. According to Hastings, "stock exchange or securities market comprises all the places where buyers and sellers of stocks and bonds or their representative undertake transaction involving the sale of securities."



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#### 4. De-Listing

De-Listing means removal of the securities of a listed company from the official list of a stock exchange. De listing differ from suspension or withdrawal & admission to dealings of listed securities which is only for a limited period.

#### 5. Voting power on major issues:

Voting power includes electing directors and proposals for fundamental change affecting the company, such as mergers or liquidation

ownership in a portion of the company!

Previously we .

discussed a corporate liquidation where bondholders and preferred shareholders are paid first. However when business thrives common shareholders own a piece of something that has value.



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6. Right issue method:

Where the shares of an existing company are offered to its existing shareholders it is known as right issue. Under this method the existing company issues to its existing shareholders in proportion to the number of shares already held by them.

The relevant guideline issued by the SEBI in this regard are as follows:

- i) Right issue shall be made only by listed companies.
- ii) Underwriting as to right issue is optional and appointment of Registrar is compulsory.
- iii) Right share shall be issued only in respect of fully paid share.
- iv) Letter of offer shall be ~~disclosed~~ disclosed as per SEBI requirement.
- v) A minimum subscription of 90 per cent of the ~~size~~ shall be received.
- vi) No reservation is allowed for right issue as regards FCD and PCD.



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Section - C

## 7 Function of SEBI

Definition:

Government of India set up the Securities & Exchange Board of India (SEBI) on April 12, 1988 on the basis of the recommendation of high powered committee on stock exchange reforms. Headed by U. S. Patil. The members of the board of management of the SEBI comprised those drawn from professional brokers, merchant bankers, investor Finance minister etc.

Under the SEBI Act:

Under section 11(1) of the SEBI Act.

Following are the power and the function of the SEBI designed to protect and promote the interest of investors in securities and thereby allow for the promotion and the development of the securities market in regulated manner.  
Stock exchange regulation:

SEBI is empowered to regulate the business in stock exchange and any other securities market. It works to prohibit fraudulent and unfair trade practices in securities. For protection of



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Stock brokers regulation: SEBI is empowered to register and regulate the working of stock brokers, sub-brokers, share transfer agent banks, to an issue trustees & trust deeds registrars, to an issue merchant bank, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities market in any manner.

CIS Regulation: SEBI works to regulate the working of collective investment schemes (CIS) including mutual fund. For this purpose it promotes, and regulates self regulatory organization.

Investor protection: SEBI is empowered to initiate all the step for promoting investor education and training of intermediaries in securities market.

Other:

- i) Levying fee or other charges for carrying out the purpose of section 11 of the Act.
- ii) conducting research for the above purpose.
- iii) performance other such functional may be prescribed by SEBI.



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Prescribed by the Government.

Section 17 of the Act empowers the Central Government to supersede SEBI and exercise all the above powers under the following circumstances.

- i) Where on account of grave emergency SEBI is unable to discharge the Function and duties any provision of Act
- ii) Where the SEBI persistently defaults in complying with any directions issued by the Central Government under Act.
- iii) Where on the discharge of the Function and duties under the Act and as a result of such default the financial position of SEBI or its Administration has deteriorated.
- iv) Where the public interest is to be served.