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**Topic: ROLE AND RESPONSIBILITIES
OF MANAGING DIRECTORS**

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INTRODUCTION

It is common practice that Board of directors appoints one of its members to manage the affairs of the company as a whole time officer and call him the managing director.

As per sec2(54) of the companies Act 2013, a "Managing director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of director, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of Managing director, by whatever name called.

DUTIES AND LIABILITIES OF MANAGING DIRECTOR

- Act in accordance with AOA of the company.**
- Pursue the best interests of the stakeholders of the company in good faith and to promote the objects of the company.**
- Use independent judgement to exercise his duties with reasonable care and skill.**
- Always be aware of conflict of interest situation and should try to avoid conflicts.**
- Ensure that adequate deliberations are held in connection with related party transaction.**
- Ensure confidentiality of sensitive proprietary information, commercial secrets, technologies, unpublished price to be maintained and should not be disclosed unless approved by the board or required by law.**

- **Not assign his office and any assignment so made shall be void.**

POWER OF MANAGING DIRECTOR

- **To have the power to administer the operations of the company pursuant to policies, law, AOA, resolution of meetings, as well as relevant regulation.**
- **To have the power to issue orders and carry out any act as necessary and appropriate in order to satisfactorily carry out the functions under article.**
- **To consider the recruitment , appointment, transfer, as well as to determine remuneration and welfare benefits of employees.**
- **To have the power to issue regulations on the company's operation.**
- **To grant and or delegate powers to other person to perform specific tasks on behalf of the Managing director.**
- **To promote and develop adherence to good conduct, legal compliance, ethics and culture in the company's business operations.**
- **To carry out any other act as entrusted by the BOD and or executive committee.**

***SEBI(SECURITIES EXCHANGE BOARD OF INDIA)**

SEBI established in 1988, to regulate the function of security market. SEBI is the regulator for the security market in India owned by the government of India.

It is a separate legal entity and act as a watch dog. The main purpose of SEBI is to protect the interest of investors,

develops code of conduct for intermediaries , regulate stock exchange, prevent malpractices and etc.

FUNCTIONS OF SEBI

We can divide the functions into three parts which are as follows:

- 1. Protective functions**
- 2. Developmental functions**
- 3. Regulatory functions**

*** Protective functions**

- It prohibits fraudulent and unfair trade practices
- Promotion of fair practices
- Undertaking steps for investor's protection
- Controlling insider trading and imposing penalties for bad mal practices(purchase and sale a public traded company's securities while in possession of material information that is not yet public information like merger, acquisition and etc).

*** Developmental function**

- Ensuring training of intermediaries of stock market
- Protect interest of the investors
- Facilitating flexibility in the working of capital market

*** Regulatory function**

- Registration and regulation of brokers and sub brokers
- Registration of corrective investment scheme and mutual funds
- Conducting enquiries and audit of stock exchange and intermediaries
- Regulate portfolio exchange

POWER OF SEBI IN CAPITAL MARKET

- **Power to call periodical returns from recognized stock exchange**
- **Power to control and regulate stock exchange**
- **Power to levy fees or other charges for carrying out the purpose of regulation**
- **Power to direct enquiries to be made in relation to affairs of stock exchange or their members**
- **Power to make and amend bye- laws of recognized stock exchange**
- **Power to grant registration to market intermediaries**
- **It could inspect the accounting books of the recognized stock exchange in the country**
- **It could call for periodical return from stock exchange**
- **It could constrain companies for getting listed on any stock exchange**
- **It could also handle the registration of stock broker**

OBJECTIVE OF SEBI

- **Protection - To guide, educate and to protect the right and interest of the investor.**
- **Competitive and professional- To make the intermediaries like merchant bankers, brokers etc**
- **Prevention of malpractices**
- **Balancing- To establish a balance between statutory regulation and self regulation by the security industry**

- **Orderly functioning- To promote orderly functioning- of stock exchange and securities industry by regulating them**