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INTRODUCTION

The SEBI is the regulator of the securities and commodity market in India which is owned by the government of India. It was established in 1992 through the SEBI act,1992. In 1992 it has given legal status now it is a corporate body having separate legal existence and perpetual succession.

The SEBI Act was amended in 2002 to further strengthen the capital market regulator and enhancing the penalty limits would deter evaders and bolster confidence of investors in SEBI and its role as securities market regulator.

In the light of growing number of financial scams and reggings in the securities markets, it is maintained by the critics that SEBI has failed in regulating the stock exchanges preventing specific frauds, monitoring public issues and post public issues and checking the mass disappearance of a number of companies hence the basic object of the

SEBI has a market regulator is defeated. People have stopped putting money in securities market.

REASONS FOR ESTABLISHMENT OF SEBI

- **Stock market dealing were growing but lot of malpractices also started with this. (like insider trading, price rigging unofficial premium on new issues and etc.)**
- **People started losing faith in stock exchange.**
- **Government needed to set up a regulatory body.**
- **Protection of interest of investors in securities market.**
- **To promote the development of securities market.**

FUNCTIONS OF SEBI

We can devide the functions of SEBI in three ways:

- **Protective functions**
- **Regulatory functions**
- **Developmental functions**

Protective functions- These functions are performed by SEBI to protect the interests of investors and other financial participants.

- **Checking price rigging**
- **Prevent insider trading**
- **Promote fair practices**
- **Create awareness among investors**
- **Issuing guidelines for 'disclosure and investor protection'.**
- **Introduction of electronic data filing and retrieval system.**
- **A code of conduct for mutual fund intermediaries.**
- **Guidelines for risk management system for mutual fund in order to eliminate or minimize the risks in operations of mutual funds.**
- **Rationalization of depository charges for investors. (Depository means a company formed and registered under the companies act and which has been granted a certificate of registration, issued by the SEBI, containing the**

conditions of buying, selling or dealing in securities.)

- **Fast redressal of investors complaints by SEBI.**

Regulatory functions- These functions are performed to keep a check on the functioning of the business in the financial market.

- **Register and regulate credit rating agency.**
- **Levying of fees and charges.**
- **Registration of brokers, sub brokers and etc.**
- **Conducting inquiries and audit of exchanges.**
- **Designing guidelines and code of conduct for the proper functioning of financial intermediaries and corporate.**
- **Levy penalties against individual and corporate in the matters related to market manipulation, insider trading and fraudulent practices.**
- **Inspections of stock exchanges and their subsidiaries.**

Developmental functions- These functions are performed for the development of securities market.

- **Introduction of straight through processing on the securities market.**

- **Review of various regulations from time to time to strengthen the securities markets.**
- **Step by step procedure for registration of mutual funds, venture capital fund and foreign venture capital investors put on SEBI website for transparency and to expedite registration process.**
- **Conduct training programs to intermediaries.**
- **Promotion of fair trading and reduction of malpractices.**
- **Carry out research work.**
- **Encouraging self regulating organisation.**

POWER OF SEBI

- **Regulating the business in stock exchange and any other security markets.**
- **Registering and regulating the working of venture capital funds and collective investment schemes.**
- **Promoting and regulating self regulatory organisation.**

- **Prohibiting fraudulent and unfair trade practices relating to securities markets.**
- **Regulating substantial acquisition of shares and takeover of companies.**
- **Performing such functions and exercising such powers as may be delegated to it by the Central Government.**
- **Levying fees and other charges for carrying out the above purpose.**
- **Registering and regulating the working of the intermediaries such as stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds registrar to an issue, merchant bankers underwriters, portfolio managers, investment advisers and other intermediaries who may be associated with securities market in any manner.**
- **Calling for information from undertaking inspection and conducting inquiries and audits of the stock exchange ,mutual funds, other person associated with the securities market, intermediaries and self regulatory organisation in the securities market.**
- **Calling for information and record from any bank or any other authority or board or corporation established or constituted by or under any Central state or provincial Act in**

respect of any transaction in securities which is under investigation or inquiry by SEBI.

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