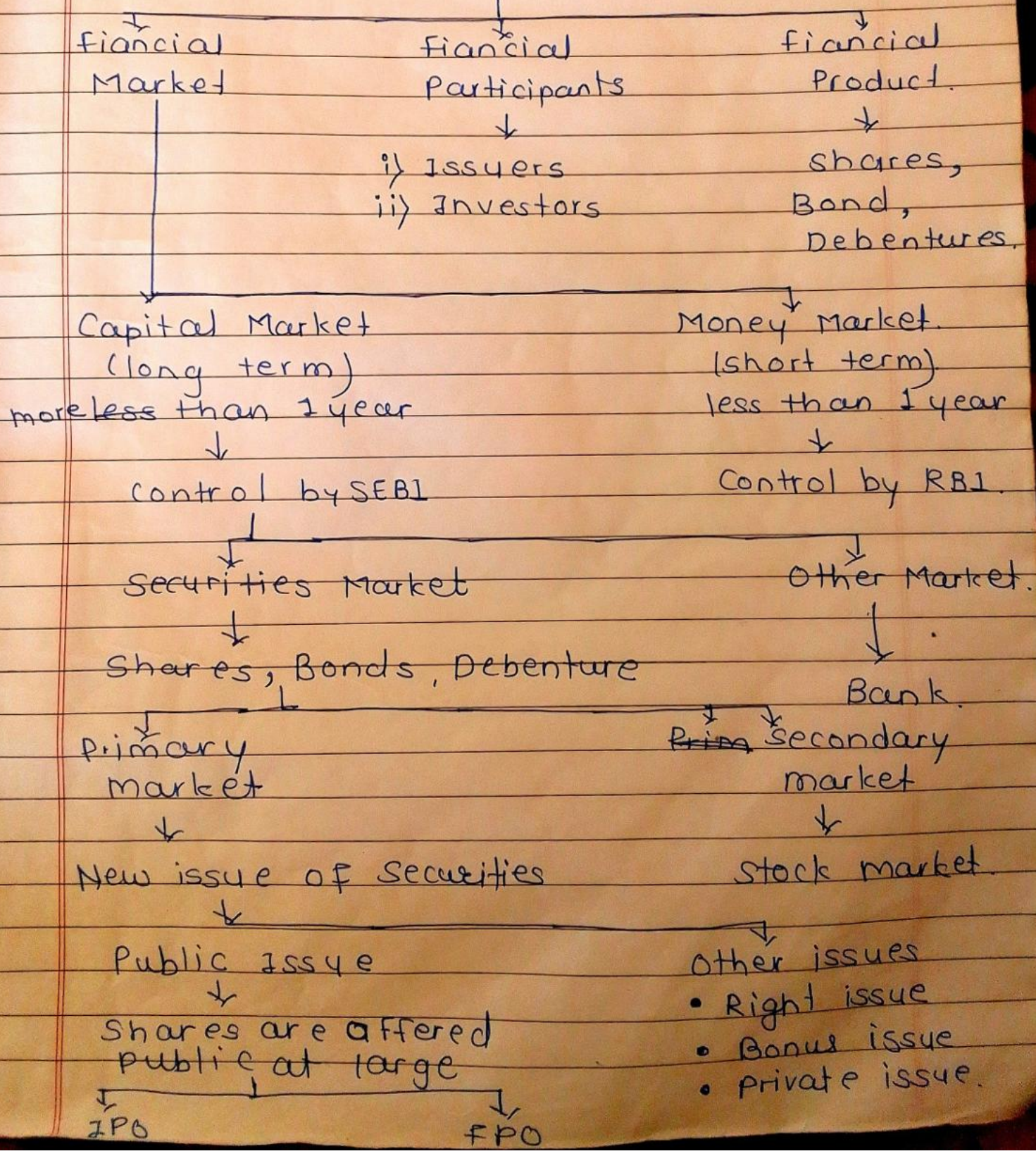


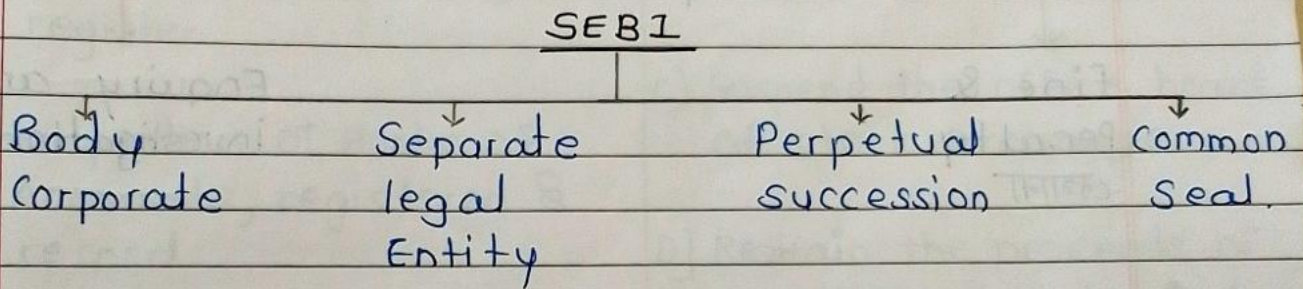
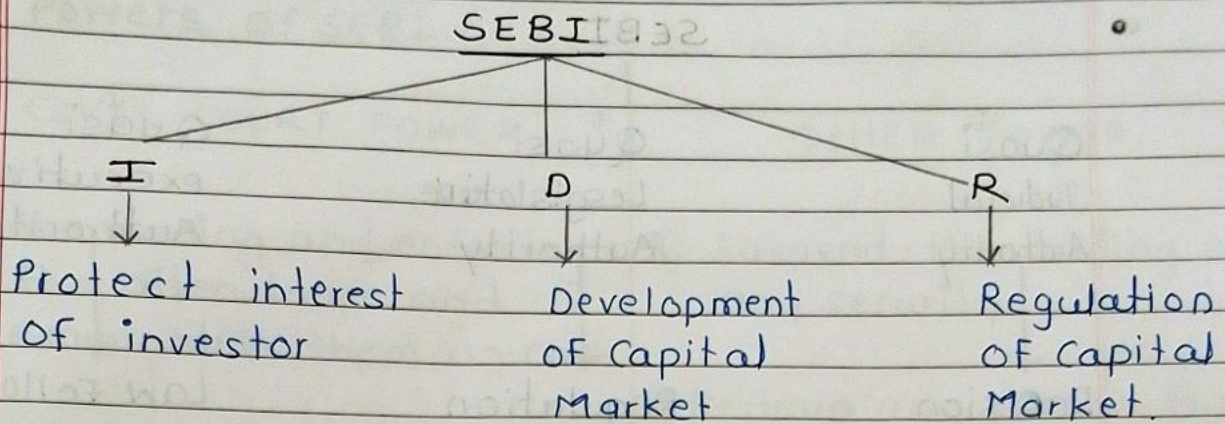
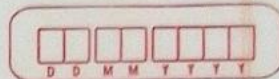
Introduction

• Financial System.

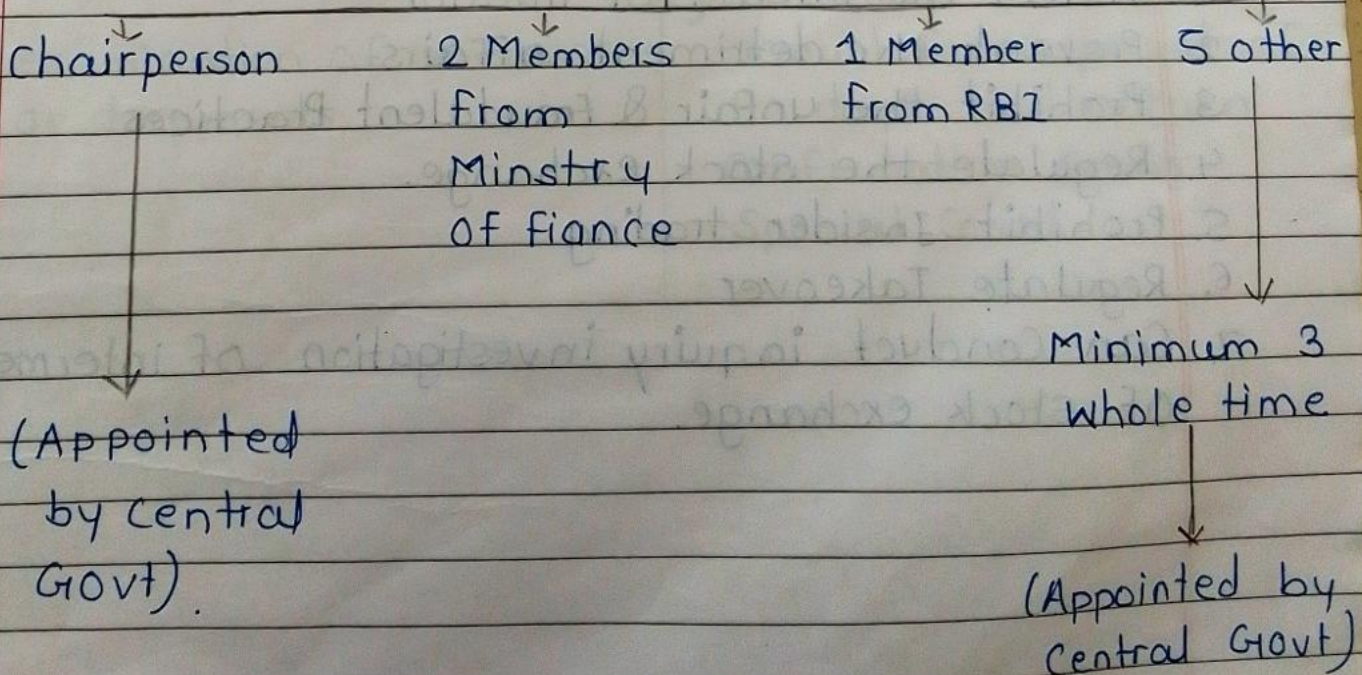
Fund flows from surplus unit to deficit unit.



SEBI ACT 1992



Composition OF SEBI



• Head office of SEBI : MUMBAI.

SEBI

Quasi
Judicial
Authority

Decision
Dena

fine &
Penalty
जमाना

Quasi
Legislative
Authority

Regulation
Making
power.

Quasi
executive
Authority

Law follow
करवाना

Enquiry and
investigation.

• Section 11 → Functions of SEBI.

1. Protect the interest of investor
2. Prevent the detriment affairs
3. Prohibit the unfair & fraudulent Practices.
4. Regulate the stock exchange.
5. Prohibit Insider trading
6. Regulate Takeover
7. Can Conduct inquiry investigation of intermediary of stock exchange.

• Section 11(A) → Regulate or Prohibit of Prospectus.

1) Prospectus shall be filled with SEBI at least 30 days before filling with ROC.

2)

SEBI MAY

Confirm the Prospectus & can regulate the issue and allotment of securities.

Can set aside the prospectus or prohibit the issue of prospectus.

Can modify or specify the terms and condition.

• Section 11(B) → Power to issue direction.

Direction to

ISSUER
(I)

INVESTOR
(I)

INTERMEDIARY
(I)

Grounds ⇒

- 1) To protect the interest of investor
- 2) To prevent detriment affairs in the market
- 3) To secure the proper management of the intermediary.

• Section 11(c) → Investigation.

Grounds ⇒

A] 1) Affairs are detrimental to the investor or Securities market.

2) failed / violation of rules and regulation.

3) failed to comply with direction.

B] Duty to Produce Books of Accounts and record

i Officer in charge (Manager, MD, Director) to preserve and produce such books of Accounts, Records documents as demanded by investigation authority.

c] Inspection of Books of accounts, records, document by investigation authority.

D] custody :

investigation authority may keep in its custody any, books, register, documents for 6 months.

E] seizure of records :

Investigation authority may seize the Books of account after making an application to magistrate or judge of such designated court.

f) failed to provide Books of accounts, register or fail to furnish any information such person shall be liable to imprisonment upto 1 year or fine may extend to 1 Cr or Both.

- Section 11(D) Cease & Desist Order.

i IF any person has violated or likely to violate any provisions of SEBI act made there under SEBI may pass cease & desist from causing such action.

ii SEBI cannot pass cease & Desist order in respect of listed company or proposed listed company unless insider trading or market manipulation had taken place.

- Section 11 (AA) Collective Investment Scheme (CIS)

- CIS must be registered with SEBI.

- CIS like a mutual fund.

• Penalties

15 A Accounts

- Failed to
- furnish any information
 - file any return
 - maintain books of Account.

- At least ₹ 1,00,000/-
- extend to ₹ 1 lakhs per day
- maximum of ₹ 1 crore

15 B Broker → Intermediary

IF any intermediary failed to enter into an agreement with client

Penalty (same as 15A)

15 C Complaint.

IF any person fails to redress (to solve) the investors grievances (complaint)

Penalty (same as 15(A))

^{imp}
15 D DeWanna Mutual Fund

- Failed to →
- Registered with SEBI.
 - Issue units or refund of application money
 - list the units of Mutual Fund
 - investment as per the terms of issue

Penalty → (same as 15(A))

ISE estate → Asset management company.

failed to

- Registered with SEBI
- follow Rules & regulations of SEBI.

→ Same as ISA - Penalties

ISEA AIF - Alternate investment fund

InvIT → Infrastructure Investment Trust

REIT → Real Estate Investment Trust

↳ failed to

- Registered with SEBI
- Follows Rules & Regulations of SEBI.

Penalty → Min 1 lakhs

extend to ₹ 1 lakhs per day

Maximum 1 crore or 3 times of amount gain (whichever is higher)

ISEB Investor advisor or Research analysis

↳ failed to comply the rules & regulations

Penalty → Same As ISA.

* 15F
Imp

Failure of Broker

failed to a) issue contract Note as specified stock exchange.

Penalty : 1 lakhs at least / maximum 1 crore.

b) Delivery Security or fails to transfer the fund.

Penalty : Same as (ISA)

c) charges excess brokerage as specified in regulation.

penalty : ₹ 1 lakhs which may extend to 5 times of excess brokerage

* 154 Galat Trade

Imp

- If any person who either on his own behalf or behalf of any person deals in securities on the basis of Unpublished price sensitive information (UPSI).

- Communication of UPSI with or without his request.

- Procure or counselling any UPSI from insider support.

Penalty : Min 10 lakhs
extend to 25 crore
3 times of profit earned } whichever higher

ISW No disclosure of acquisition of share.
Penalties same as ISG.

ISHA Ha fraud hua,
Fraudulent & unfair trade practices.

Penalties → Min ₹ 5 lakhs
extended to 25 crore } whichever higher
3 times of Profit

ISHAA Ha alteration kiya,
Alteration, destruction of records & failure
to protect electronic database of SEBI.

Penalties → Min 1 lakhs
extend to ₹ 10 crore } whichever higher.
3 time of Profit

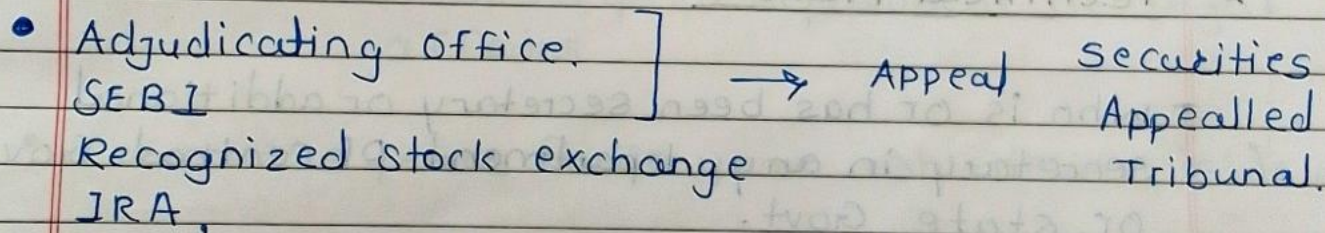
★ Adjudicating Authority

- Appointed by SEBI.
- Not below the rank of division chief.
- To hold inquiry of investigation.
- Power same as SEBI.
- Penalty → Give opportunity of being heard.

Factors to be Considered

- Amount of gain or unfair advantages as a result of default.
- Amount of loss caused to an investor
- Repetative Nature of default.
- Public Interest.

* All Penalties transfer to Consolidated Fund of India



Securities Appellate Tribunal.

- Constituted by Central Government by Notification in Official gazed.
- To accept, the appeal against the order of SEBI, AO, RSE.
- Constitution → Presiding officer
 Judicial Member
 Technical Member.

* Presiding officer

- sitting or retired Judge of India Supreme Court
- sitting or retired Chief Justice of high Court
- sitting or retired judge of high court having experience of 7 year:

* Judicial Member

- who is or has been judge of high Court for a period of 5 years.

* Technical Member

- who is or has been secretary or additional secretary in any department of central Govt or state Govt.

- who is a person of ^{or} ability integrity and standing & having 15 years of experience in economic Accounting finance law etc.

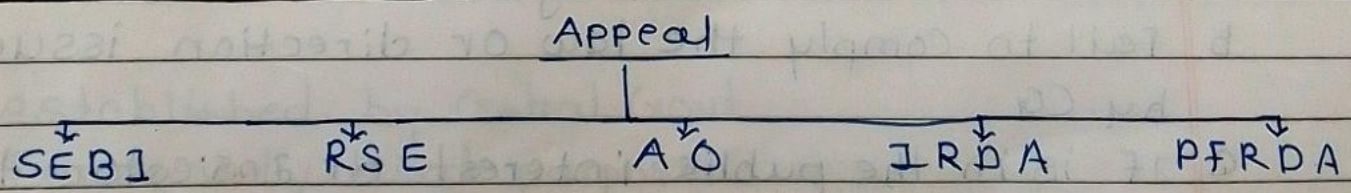
* Appointment

- Presiding & Judicial Member

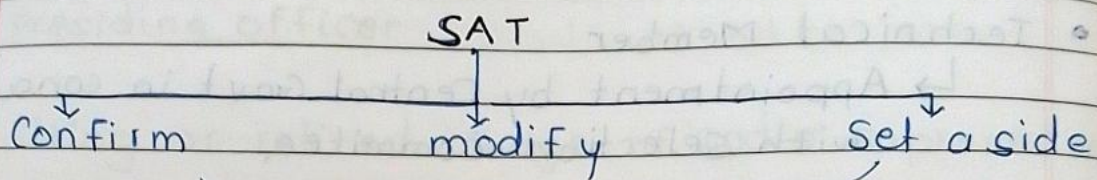
↳ Appointment by CG in Consultation with the chief Justice of India.

- Technical Member T.A2.
↳ Appointment by Central Govt in consultation with selection committee.
- Selection Committee
- Chairperson → Presiding officer.
- Member → Secretary of Department of economic affair
- Member → secretary of department of financial affairs.
- member → Secretary of department of legal affairs.
- Term → 5 years & 70 year whichever is lower

* Appeal Procedure



- Appeal to SAT - within 45 days from receipt of order.
- May Grant extension in case of sufficient ground e.g Covid



- Disposal of appeal within 6 months from filing of appeal.
- Appeal against SAT - Supreme Court within 60 days & extension of 60 days more on sufficient cause.

• Power of Central Government.

- Direction → Give direction to SEBI in writing
- Supersead → Take off powers for 6 months
- Immunity →

↳ Grounds

- SEBI unable to discharge the function
- fail to comply the law or direction issues by CG.
- if is in the public interest or investor the test

term → CG by notification in official gazette can Supersead for the period of 6 months

Effect of the order

All members shall vacant their office and all the powers & funⁿ of SEBI shall be discharged

by such person authorised by Central Govt. All the property shall rest with CG.

• Immunity

- If any person violated the rules & regulation of Securities law & made Full disclosure of violation before investigation.
- SEBI will give recommendation
- Application for such purpose shall be given before proceeding for the prosecution.
- Central Govt may grant the immunity & if Satisfied.
- Central govt may withdraw the immunity.

• Special Court

- established by Central Govt.
- for speedy trial purpose
- Consisting single Judge → session Judge or additional session Judge
- Appointment after consultation with chief Justice of high court
- It covers all the offences.

• Consent Order :

- Order is given by SEBI with the consent of party is in default.
- No-appealable
- Without litigation.
- Outside court settlement.

• Recovery of Penalty.

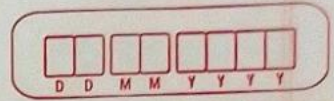
- Failed to Penalty.
- Failed to follow the direction of SEBI for refund of money.
- Failed to follow the direction of disgorgement order settlement.

→ Attach Bank Account

→ Attachment of movable & immovable property

→ Arrest & detension

Appoint a receiver for managing the proceeds of SEBI.



• Compounding of offence

