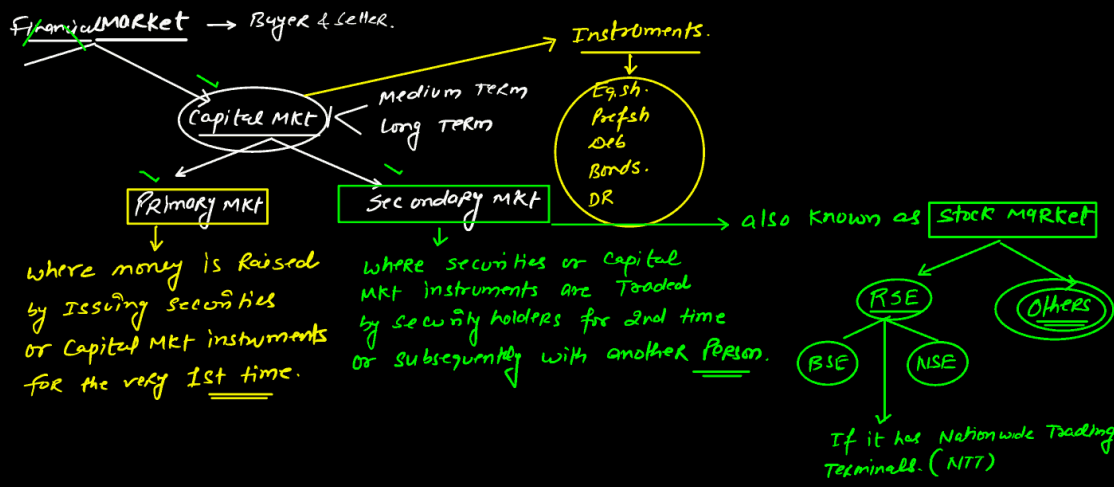
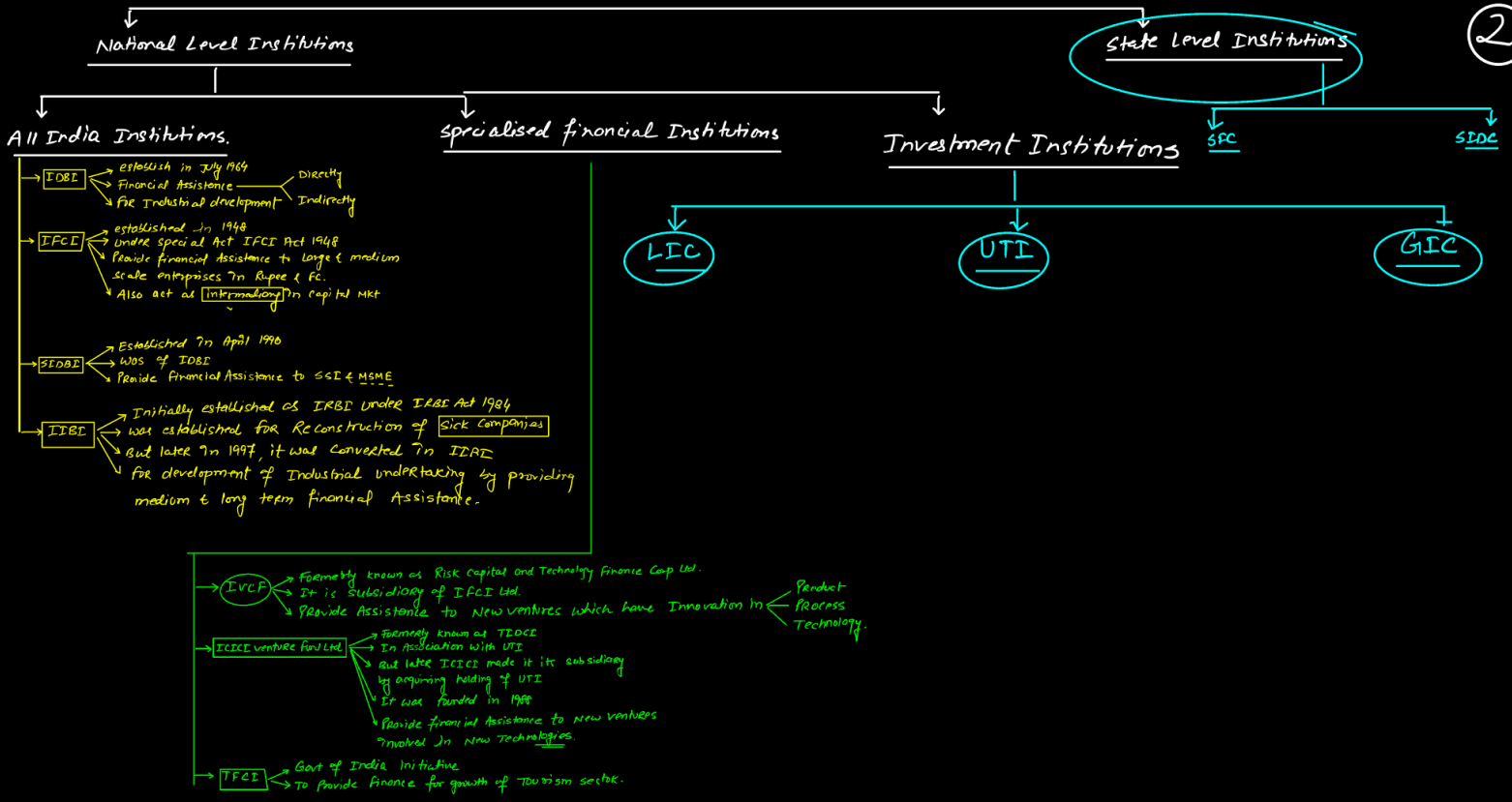


Securities Laws and Capital Market Revision



Institutions

2



Reg 6(1) of ICDR 2018

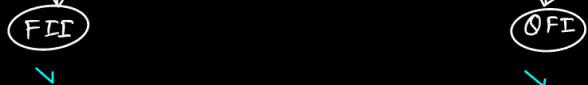
If any company announces IPO/FPD at Fix Price → ₹10/share
 then 50% of Issue shall be acquired by QIB.
 (upto)

Reg 6(2) of ICDR 2018

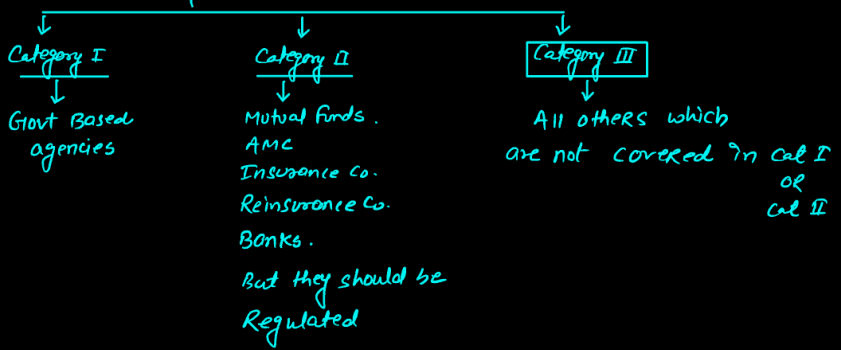
If Co. announces any IPO/FPD on Book Building basis
 then offer to QIB shall be at least 75% of Issue
 Price Band
 ₹10 - ₹12
 Floor Price Cap Price

Foreign Portfolio Investors

- should comply with SEBI (FPI) Reg 2014
- should be Registered under SEBI (FPI) Reg 2014
- will be considered as Capital Mkt Intermediary.



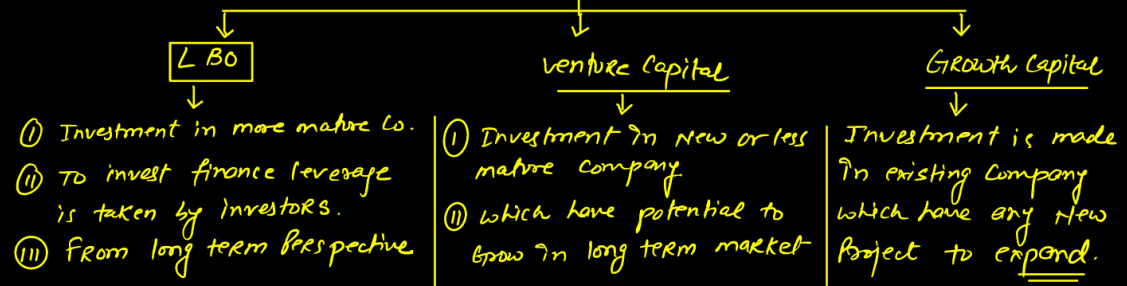
Categories of FPI



Private Equity

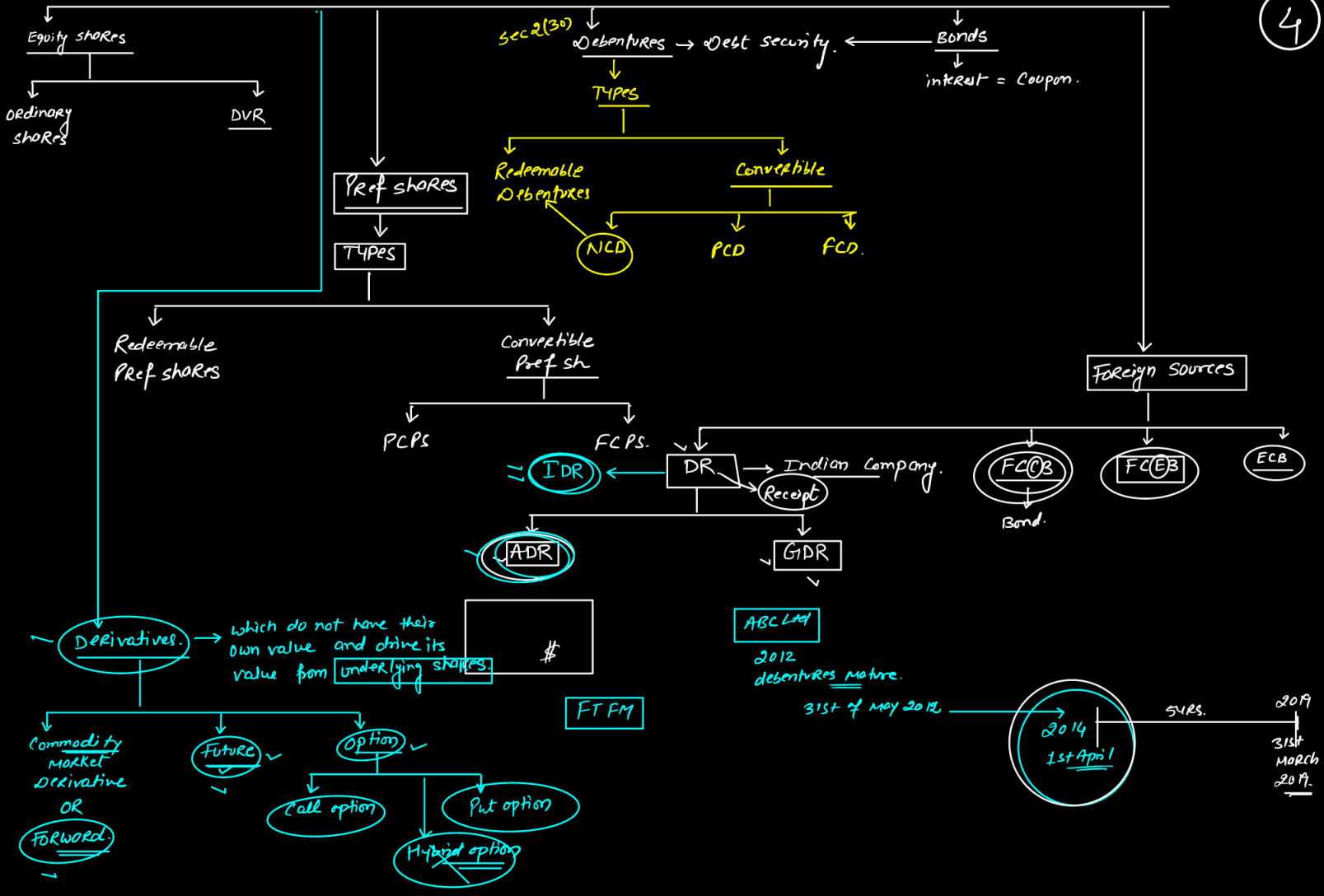
- when invest is made in a Company which is privately held.
- OR
- by acquiring shares of Publicly held Company from General SHs and making it Private

TYPES



Capital Market Instruments → Securities by issue of which money can be raised by Corporates/Govt

4



Capital Market Instrument

SHARES

Equity shares

- Represent ownership in company
- Have no preference for dividend or repayment of capital.
- High Risk and High Returns.

Types of Eq. share

Ordinary Eq. sh.
OR
Eq. sh with same Rights

Eq. sh with differential voting Right & dividend etc.

Conditions to issue DVR.

Pref shares

- Have Preference over Eq. SH w.r.t dividend & Repayment of Capital
- Receive dividend at fixed Rate.

Types of Pref shares

Cummulative OR non cummulative

Participating OR non Participating.

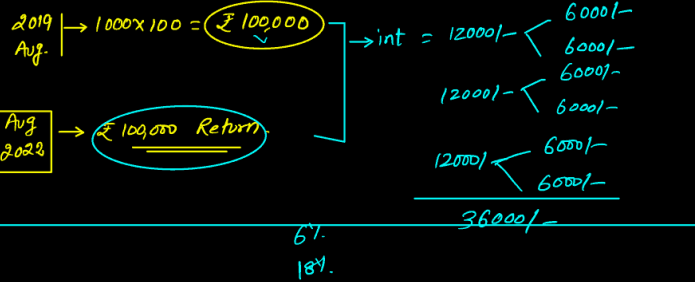
Convertible OR Redeemable

Bonds

- Debt Securities.
- Fixed maturity Period
- fixed int Rate also called as **Coupon Rate**
- Can be issued by Govt or by Pvt Corporations.

Payable monthly
Quarterly
Half yearly
Yearly basis.

Eg: 1000 Bond of ₹ 100 each with MP of 3 YRS at int of 12% p.a payable half yearly



Q1. Company A issues 1000 Bonds to Mr. B @ ₹ 50 each.
 Int Rate = 8% p.a.
 MP = 5 YRS
 at Maturity = Bonds are optionally convertible in to Eq. sh of Co. B
 at a Rate of ₹ 400 / share.
 Suppose at MP → Market Price — (i) 200 / share
 (ii) 500 / share

they should belong to same group

6

Answer

(i) Amount of expenditure by Mr B = 1000 Bonds x ₹ 50 = ₹ 50,000/-

(ii) Interest Receivable = ₹ 50,000 x 8% x 5 YRS
 $4000 \times 5 = ₹ 20,000/-$

(iii) On maturity period whether to convert or Redeem

(i) when Market Price = ₹ 200 / share (₹ 50 shares)

Conversion = $\frac{₹ 50,000}{₹ 400} = 125 \text{ shares.}$

The bond holder shall not opt to convert his bonds into shares as some shares are available in Mkt at cheap rate.

(ii) when Market Price = ₹ 500 / share

125 shares against 1000 Bonds.
 100 shares from market

Mr. B shall convert his bonds into Eq. shares as he will be able to get it at cheap rate from company and can also sell into market at profit.

Depository Receipts

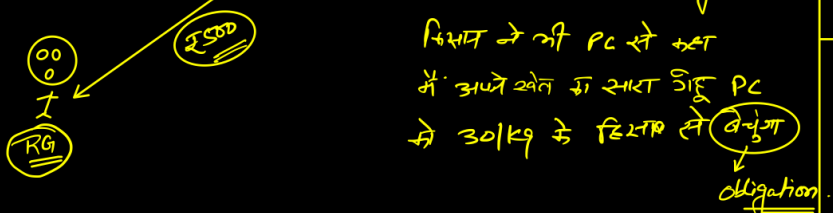
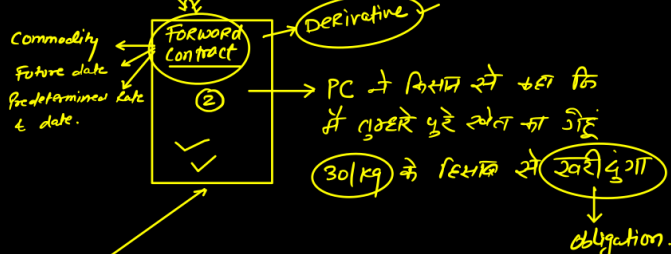
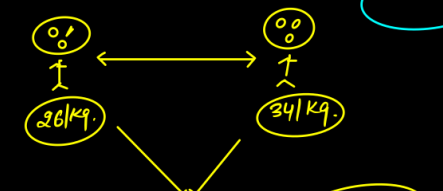
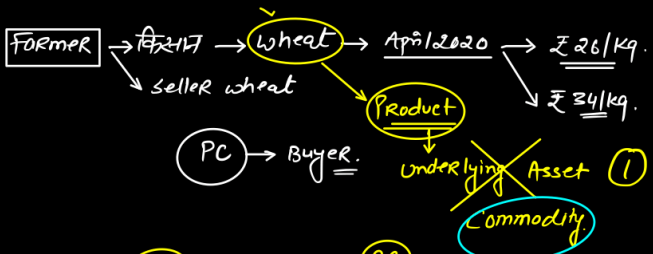
Derivative Instruments.
Debt security by Interest bearing
They do not have their own value rather value of DR depends on underlying shares of respective company.

ADR/GDR

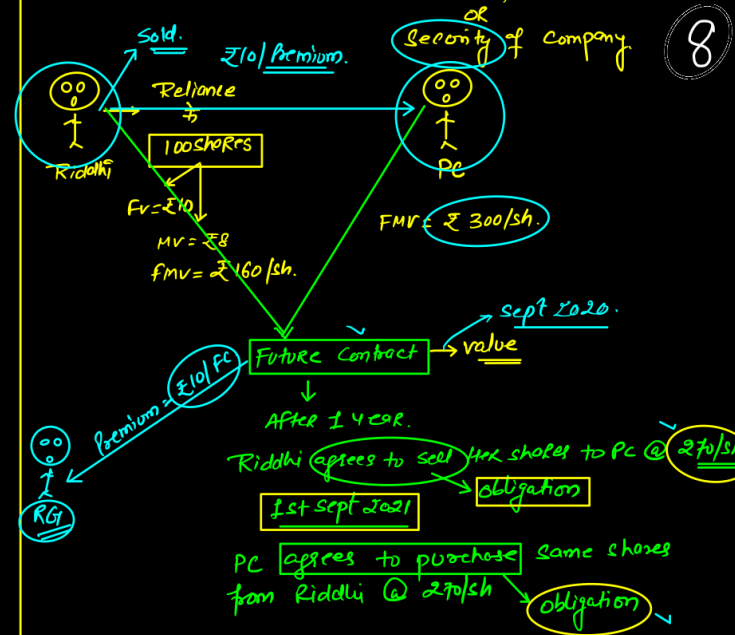
IDR

Issued by Indian Co.
Foreign currency denominated
Issued to Non Resident
Can be Traded in International
Stock Market and foreign
Stock MKT
on maturity, Indian Company
will issue its Eq. sh to
the Holder of ADR/GDR.

Issued by Co. Incorporated outside India
Rupee denominated.
Issued to Resident of India.
Can be traded in India Stock
Market
on maturity Co. incorp. outside India will
issue its Eq. sh against IDR.



Future Contract → Derivative → UA = Shares of Co. or Security of Company (8)



On 1st Sept 2021

MV = ₹ 220/sh	MV = ₹ 400/sh
₹ 50/sh Profit to PC & ₹ 20/sh Profit to Riddhi	₹ 130/sh Profit to PC and ₹ 130/sh Profit of Riddhi.

Option → is also derivatives in which underlying Asset is securities
 → Right of one Party will be obligation of other Party.
 → It comes with a **Premium** → which is actual cost of Buyer of **option**



option + Premium = ₹15 → 255/-
 + share = ₹240
 MV = ₹250 (Actual value) → 250/- + 15/- = 265/-

Buyer of Put option have Right to sell his shares to seller of Put option and seller of Put option have obligation to buy shares at same rate

Shares
Debentures

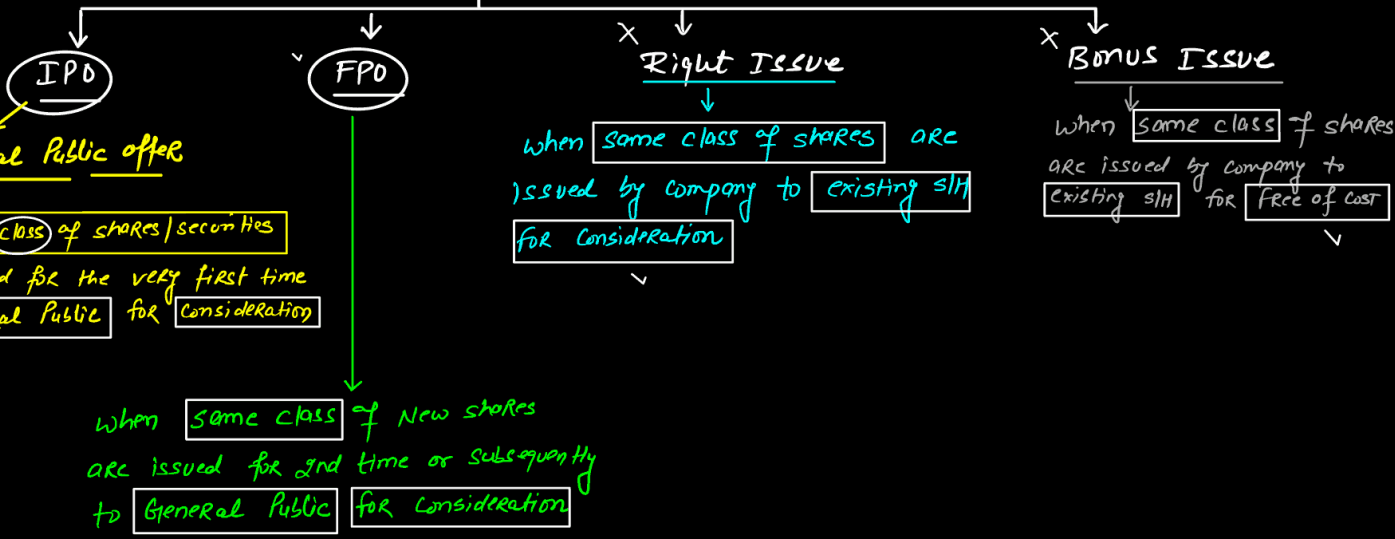
Primary Market

→ where ^{New} securities of any company are issued in Mkt for **very first time**.

(10)

HERE securities are sold by **Company** itself

ISSUER



IPO

Initial Public offer

When a class of shares/securities are issued for the very first time to General Public for consideration

FPO

When same class of New shares are issued for 2nd time or subsequently to General Public for consideration

Right Issue

When same class of shares are issued by company to existing SH for consideration

Bonus Issue

When same class of shares are issued by company to existing SH for free of cost

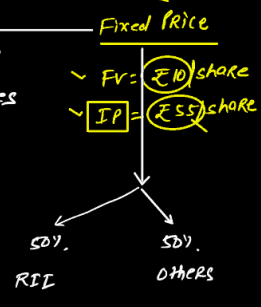


SEBI (ICDR) Reg 2009
SEBI (ICDR) Reg 2018
SEBI (LDR) Reg 2018
SEBI

Stock Exchange

FV = ₹1 - ₹10 - ₹100
Issue Price of shares in IPO/FPO

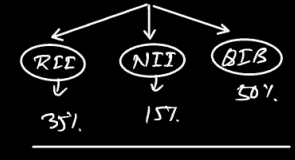
In this method, the issuer company simply fix the Issue price of shares to be issued in public offer.
on the basis of valuation done by independent valuer.

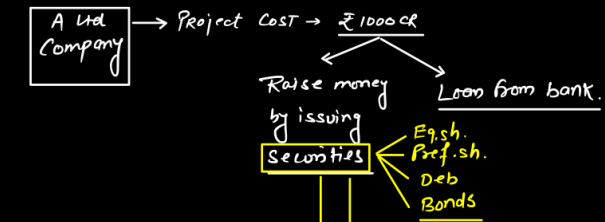


Reg 6
Book Building Process

Sometimes it is difficult to determine Issue Price. In such scenario the issuer company may adopt Book Building Process in which instead of deciding a fix price, Price Band and Floor Price will be decided.

if Reg 6(1) of ICDR 2018 Complied





Fixed Price Method

Issue Price will be determined by Company (Issuer) in consultation with MB/BR

Book Building Process

No fix price is determined by Co. Rather a price band is decided between floor price and cap price.

Process

- ① Appoint **intermediaries**:
 - Stock Broker.
 - Merchant Banker
 - Book Runner
 - Syndicate Banker
 - Under writer
 - Banker to Issue
 - Registrar to Issue
- ② Prepare DRAFT of offer document/Prospectus/RUP
- ③ DRAFT shall be filed with SEBI/SE/ROC
- ④ Enter into Listing Agreement with concerned stock Exchange and obtain in-principle approval.
- ⑤ Advertisement before opening of Issue
- ⑥ Before open of Issue, all necessary documents including application form shall be distributed to all branches of Bankers & Brokers
- ⑦ On opening of Issue, applicant will submit the electronic/physical form along with Bid or application money to Banker. or ASBA
- ⑧ after closure of Issue, Analysis will be done by MB and basis of allotment will be decided.
- ⑨ on finalisation, allotment of securities or Refund shall be initiated.

On finalisation of Bid Price, final Prospectus shall be filed with SEBI/SE/ROC disclosing final Price of Issue.

Anchor Investor → QIB who purchase Lumpsum shares in Co.

How much shares shall be allotted to such AI, shall be decided by Co.

But subject to following Conditions

13

200 CR

if Total allotment to all such Anchor Investors \leq ₹ 250 CR

Not more than 2 AI shall be allowed to invest up to ₹ 10 CR.

Min 2 AI & Max 15 AI shall be allowed to Invest

$> ₹ 10 CR \leq ₹ 250 CR$

but subject to minimum Investment by one AI atleast ₹ 5 CR.

300 CR > 250 CR

if Total allotment to all such Anchor Investors $>$ ₹ 250 CR

For 1st 250 CR

Min 5 AI & Max 15 AI should be there

for remaining ₹ 50 CR

Max additional 10 AI can be there but each AI shall Invest at least

₹ 5 CR.

ASBA

Application Supported by Blocked Amt

Now a days instead of applying for shares in IPO by paying through DD/cheque. Rather they would like to block their Application money in their bank A/c itself so that Investors dont have to worry about refund or delay thereof. Apart from that one more benefit is that Investor can still earn interest on the amount blocked in his own A/c.

SCSB

Self certified syndicate Bank

Any Bank who wish to provide ASBA facility

file certificate → SEBI

will intimate abt its

designated Branches

→ Where ASBA facility can be availed by Investors.

Controlling Branch

→ which control the ASBA process & all DB.

Process

A/c Holder

intimate about IPO application & amt to be blocked

Bank

through SEBI authorised website system

RTA

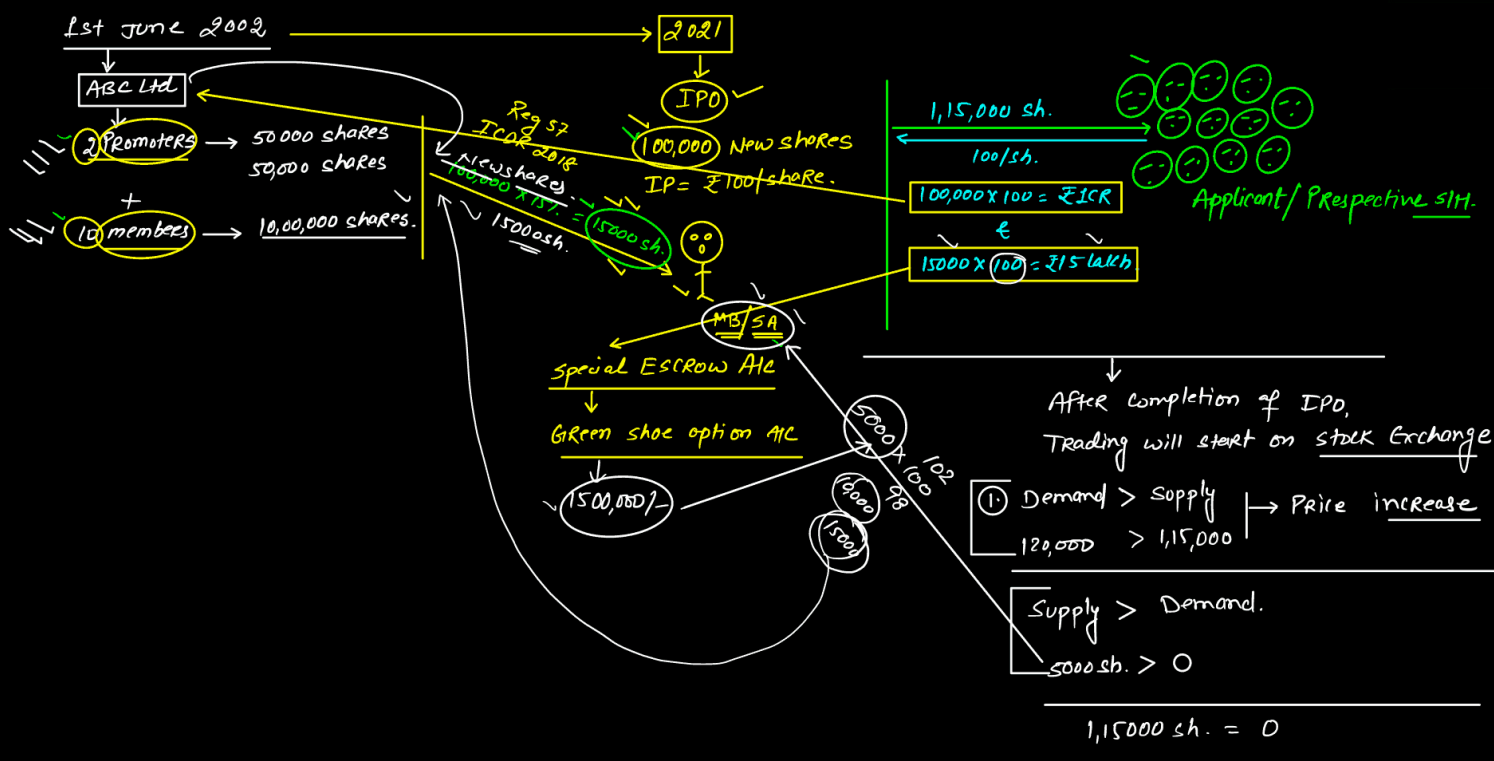
Decide

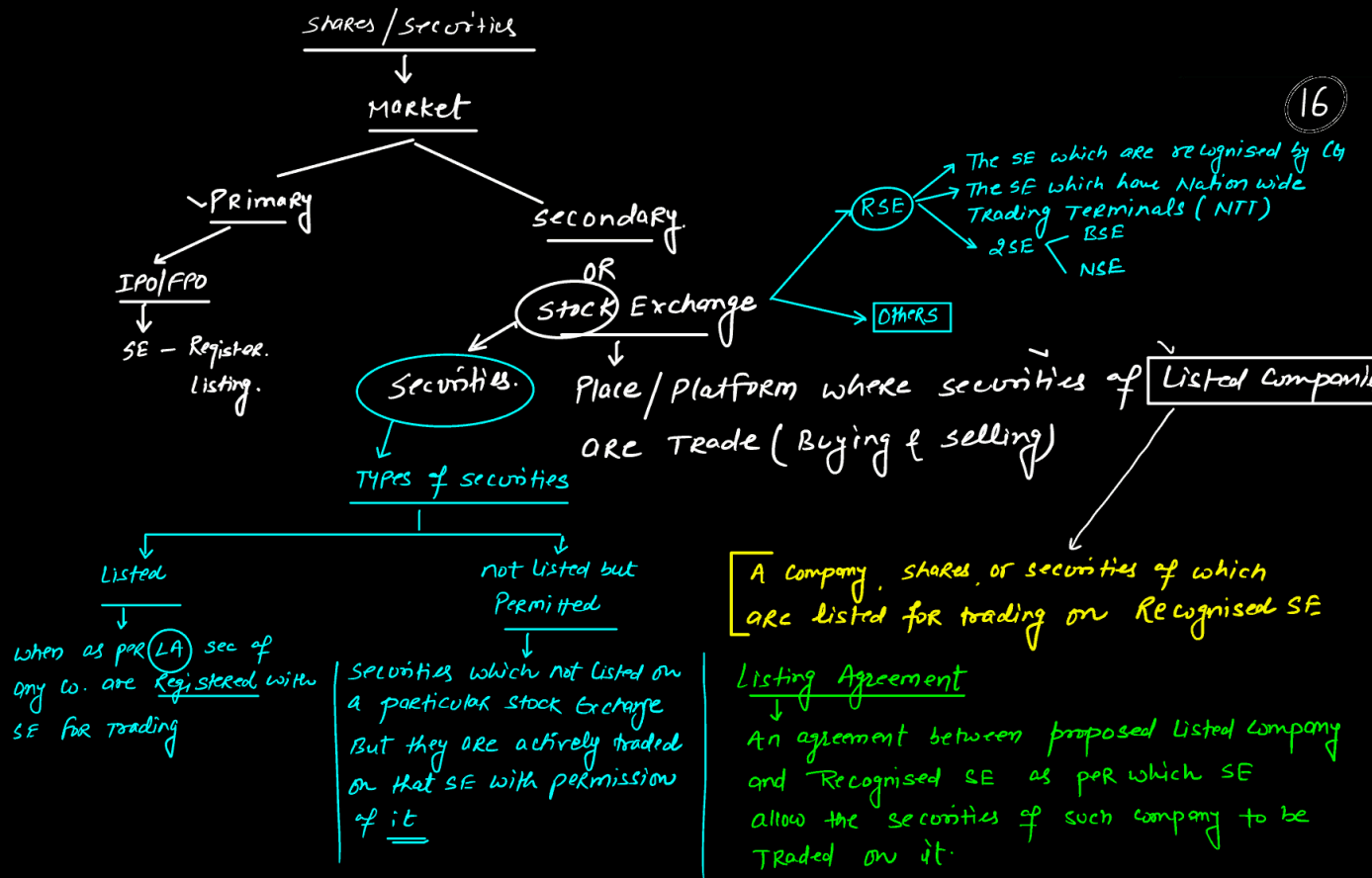
Whether to allot shares

OR to Reject application

if shares will be allotted to Investor
↓
Blocked amt will be transferred to Issuer Company

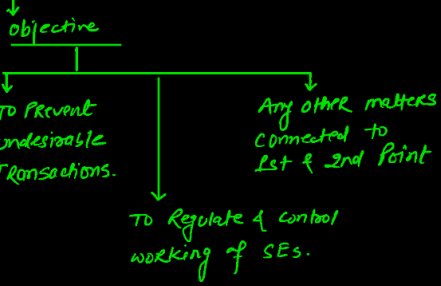
if issue withdrawn/failed → by issuer co.
if application withdrawn → by Applicant
if application Rejected → by RTA
↓
The Amt blocked shall be unblocked and released to A/c holder.





Securities (Contract Regulation) Act 1956

Supported by Securities Contract Reg Rules 1957



Applicability

Geographically
 To whole of India.
 w.e.f 20th Feb 1957

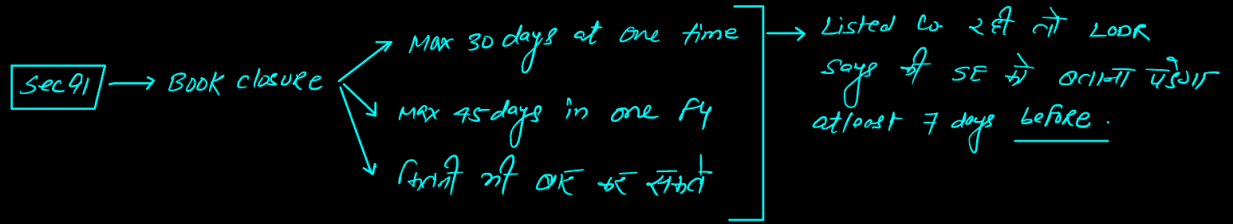
on all securities except as notified by Govt.
 and also applicable on all companies except as notified by Govt.

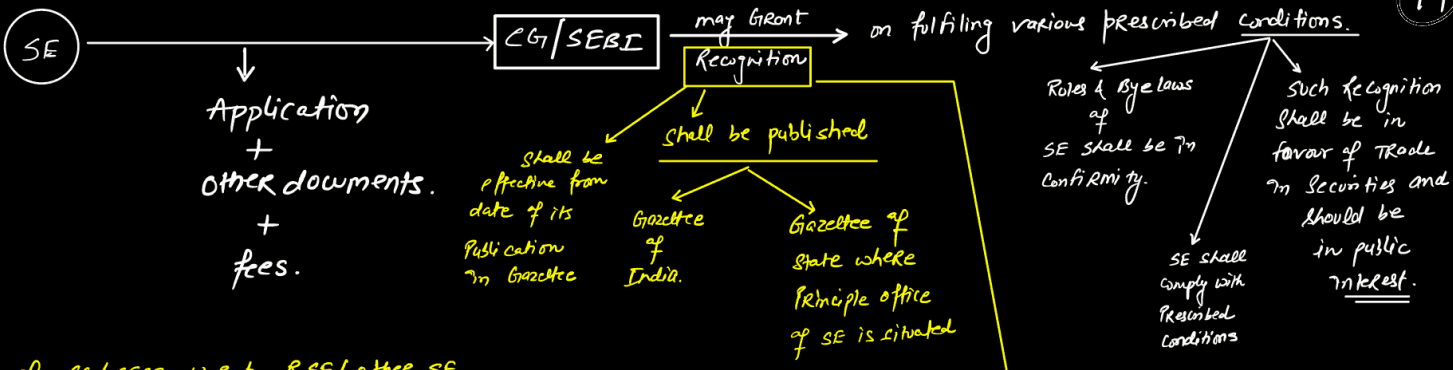
Non-applicability

- Govt
- RBI
- LA
- Corporates incorporated under special law/Act
- ✓ Convertible Bonds
- ✓ Share Warrant
- ✓ Any option/right attached to C.B & S.W.

Book closure → closing the Books of Companies for a period

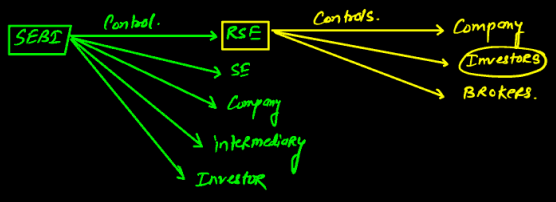
Record date → date on which records are closed



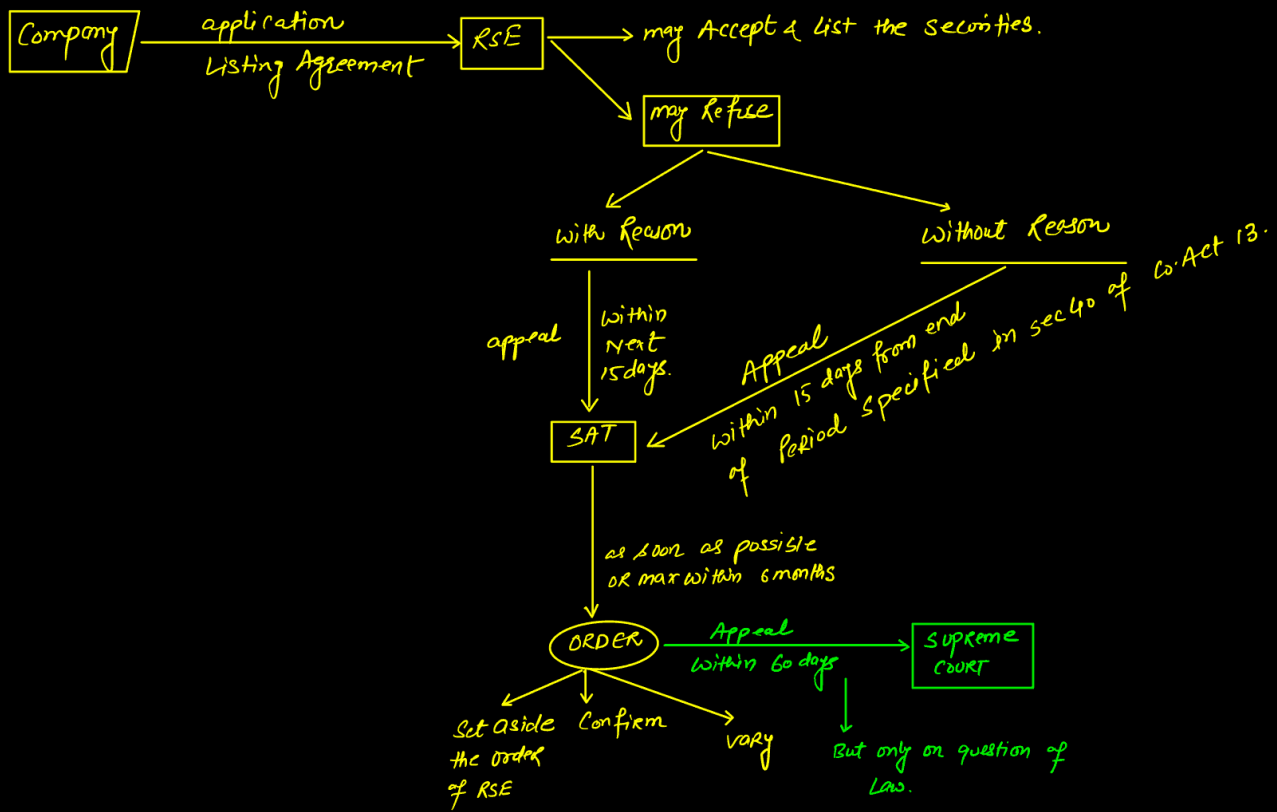


Power of CG/SEBI w.r.t. RSE/other SE

- (i) To call for **Returns.** → in public interest and to prevent unfair trading in securities. CG/SEBI
- (ii) Can make Rules to Govern SE
- (iii) To supersede Companies.
- (iv) To Suspend Business
- (v) Can Issue Directions. → Can take any of these actions as and when required
- (vi) Can prohibit Control → Every SE shall maintain B/A for atleast 5 yrs.



Listing of securities



Power of SEBI

To make/amend Bye-Laws and Rules of RSE in Interest of public

To make Regulations for any purpose relevant to this Act.

Adjudicating Power

SEBI may appoint any officer (Rank atleast Division chief) as **Adjudicating officer**

To make enquiries and to impose penalties

Power of adjudicating officer

- may issue summons
- may enforce attendance
- may call for any documents and evidences.
- may impose **Penalty**

things to be considered by AO
↓
Amt involved
nature of Repitition.

General Penalty

Imprisonment up to 10 YRS OR fine up to ₹ 25 CR OR Both

Penalty for not complying with order of AO.

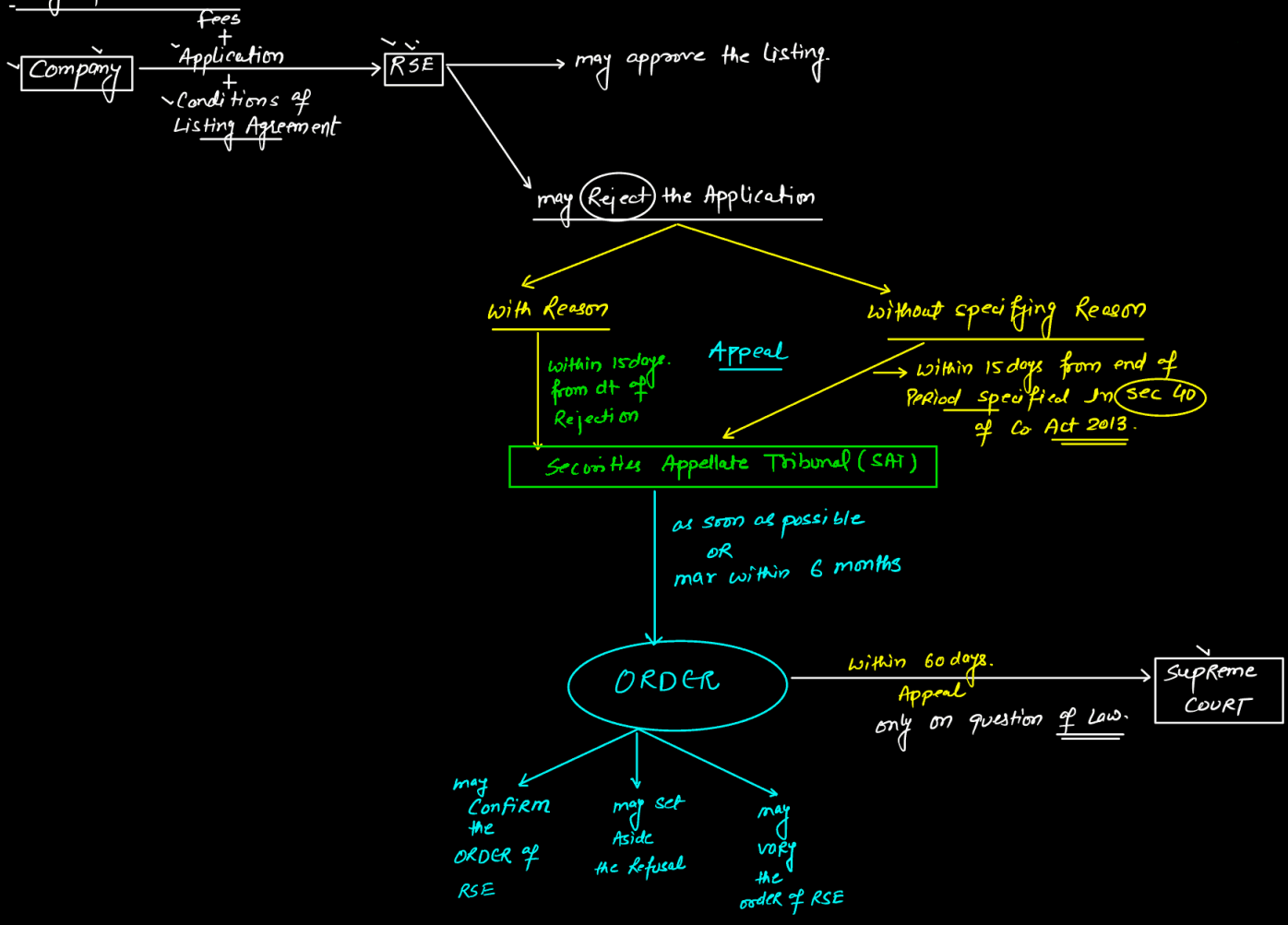
Imprisonment min = 1 month. OR max = 10 YRS

OR Both.

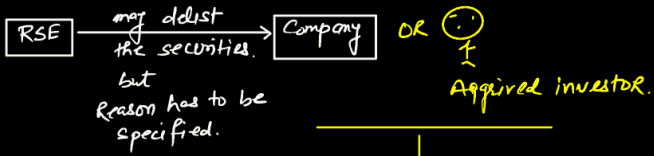
Either Suo Moto or Request of Governing body
And such Rules made by SEBI shall be **Published** in O.G. to inform public at large.
↳ date of publication shall be effective date for such Rules and Bye-laws.

→ If Governing body have any objection w.r.t New Rules OR Bye laws then It may apply to SEBI within 2 months from dt of Publication to Revise such Rules after giving opportunity of being heard

Listing of Securities.



Delisting of securities.



Within 15 days from order of RSE
SAT may extend the period of appeal by one month.

SAT

→ as soon as possible but within 6 months.

ORDER

Confirm

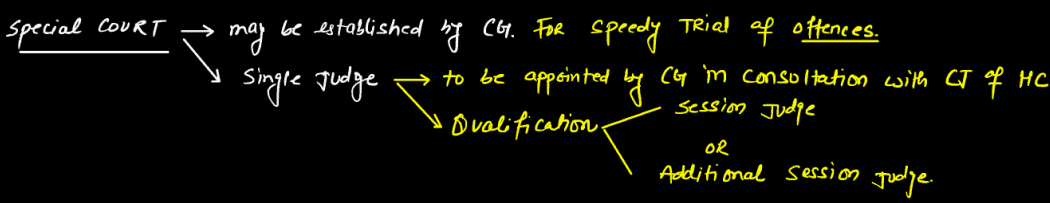
Set Aside

VOID

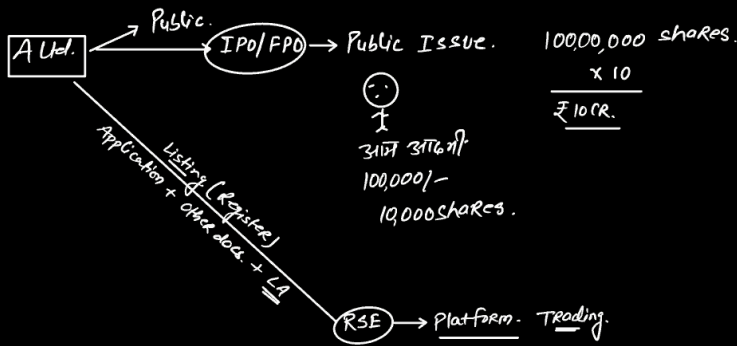
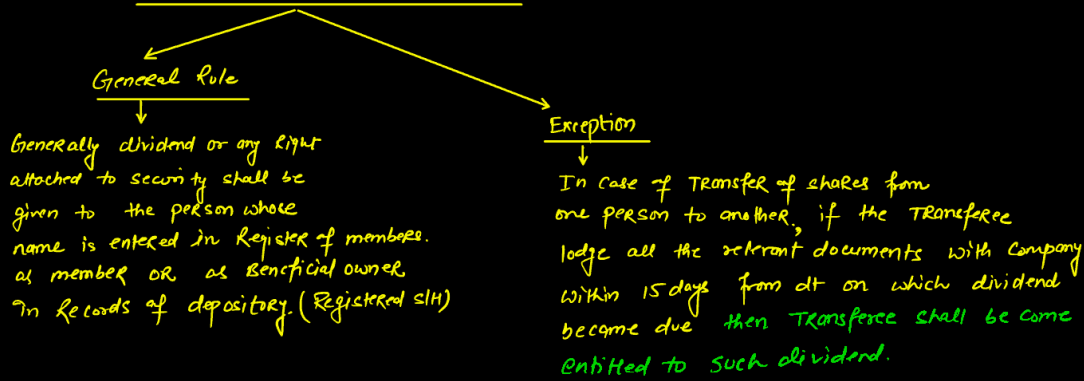
Appeal. Within 60 days. additional 60 days.

only on question of Law.

Supreme Court



Entitlement to Receive Dividend



Insider Trading → Sale/ Buy. of Securities.

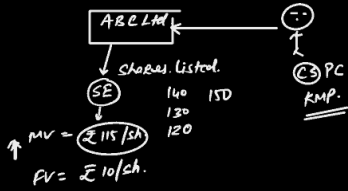
To Trade in securities on the basis of Insider information of Company.



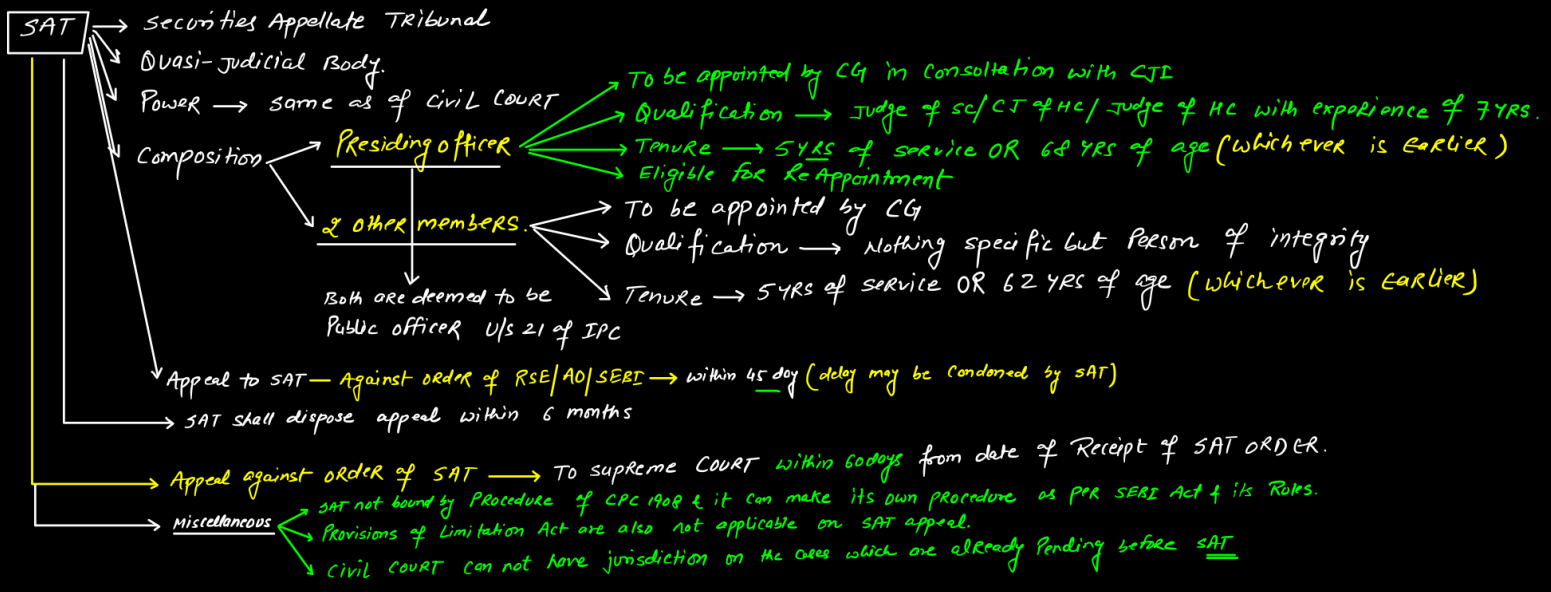
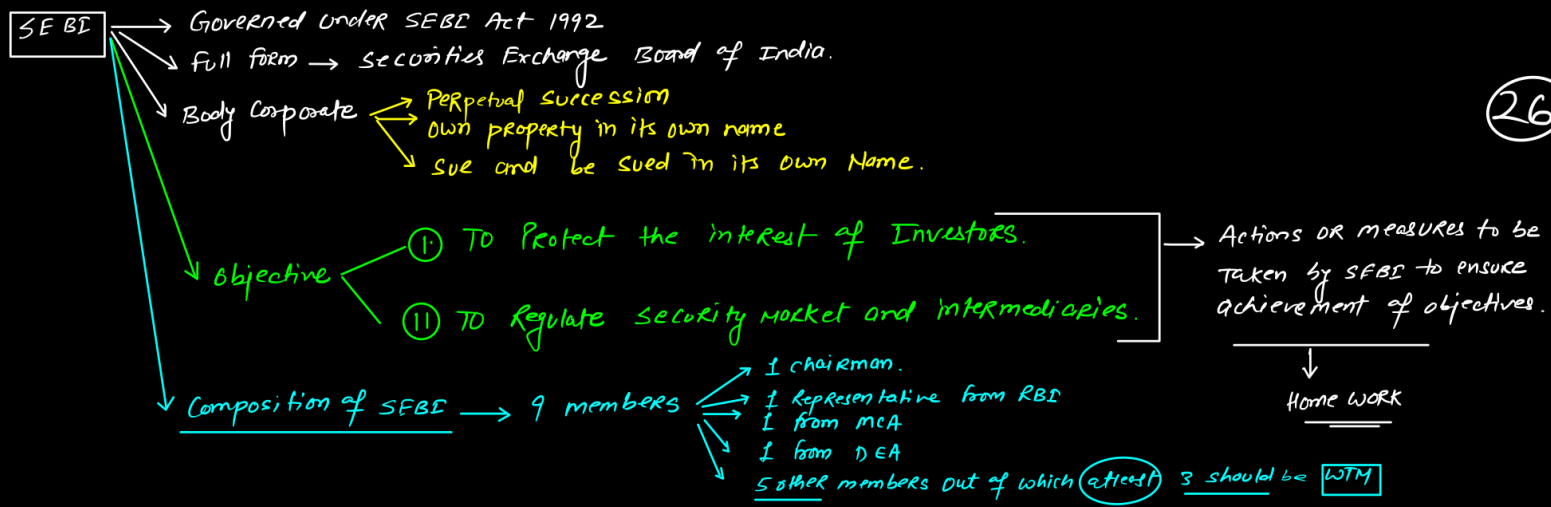
Unpublished price sensitive information

$MV = 150 \times 10,000 \text{ sh} = 1,500,000/-$
 $1,150,000$
 $4,50,000/-$
 $1,50,000$
 $6,00,000/-$

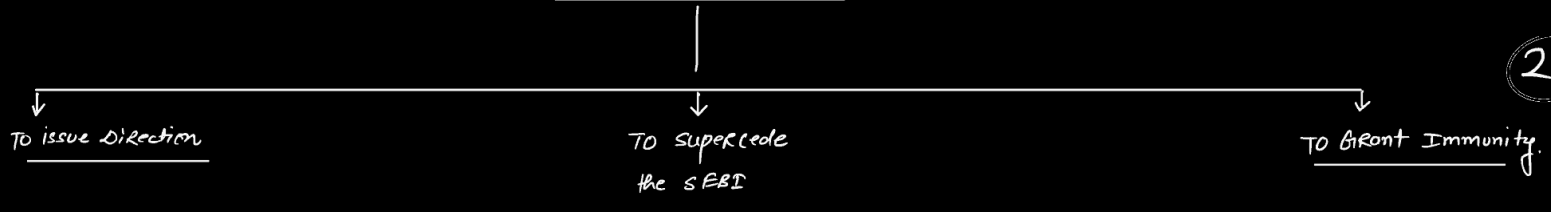
2 months.



$115 \times 10,000 \text{ sh} = 1,150,000/-$
 $10,000 \times 15 = 1,50,000$



Power of Central Govt Under SEBI Act 1992



To issue Direction

To supersede
the SEBI

To Grant Immunity

Depository → definition u/s 2(c) → A Company incorporated under Co. Act 2013 and Registered with SEBI under SEBI Act 1992

↓

An organisation which help investors to convert their physical shares into electronic form

Depository Participant → An intermediary which act as agent between Depository and Investors.

↓

Bank | FI | STOCK BROKER etc. can become d.p.

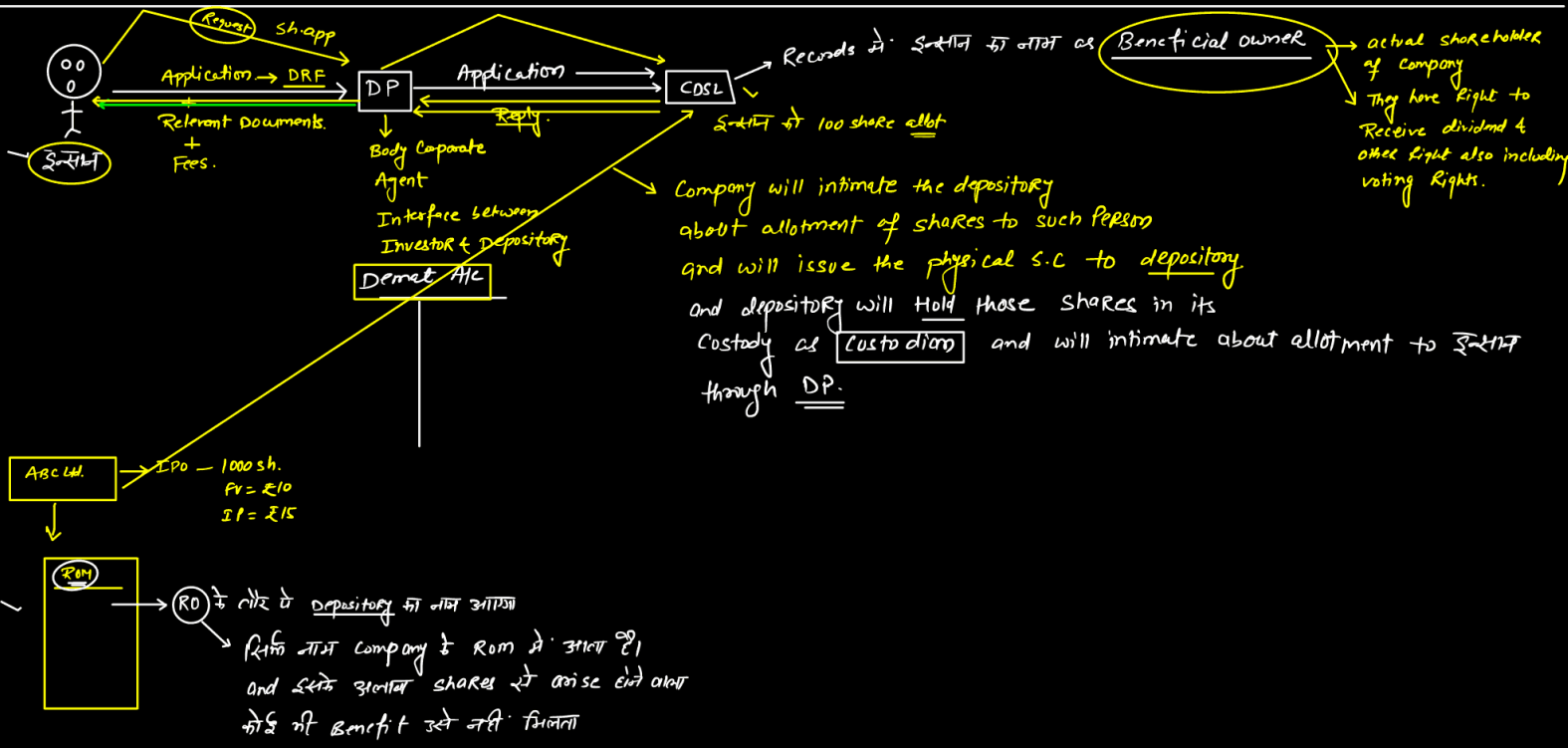
Depository

↓

Get securities in
electronic form
deal through it

Custodian → Get securities in
safe custody in 2-27

Depository system → Governed by Depositories Act 1996.
 Regulations → SEBI (Depositories & Participants) Reg 1996.
 defined U/s 2(c) of Depositories Act 1996
 An **Organisation** which is **incorporated** under Co. Act 2013. and Registered with SEBI as per SEBI Act 1992.
 ↓
 Company
 ↓
 Features some as of any other Incorporated Association.
 Currently there are 2 depositories in India.
 → **CDSL** → Central Depository Services Ltd.
 → **NSDL** → National Securities Depository Ltd.

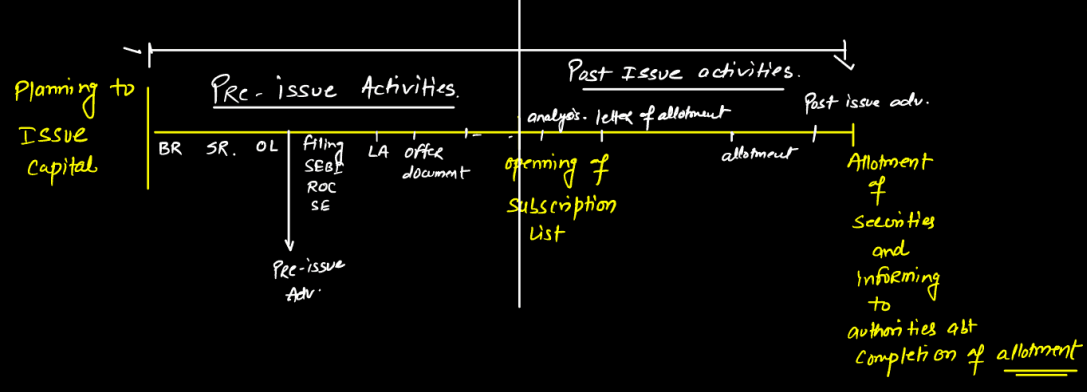
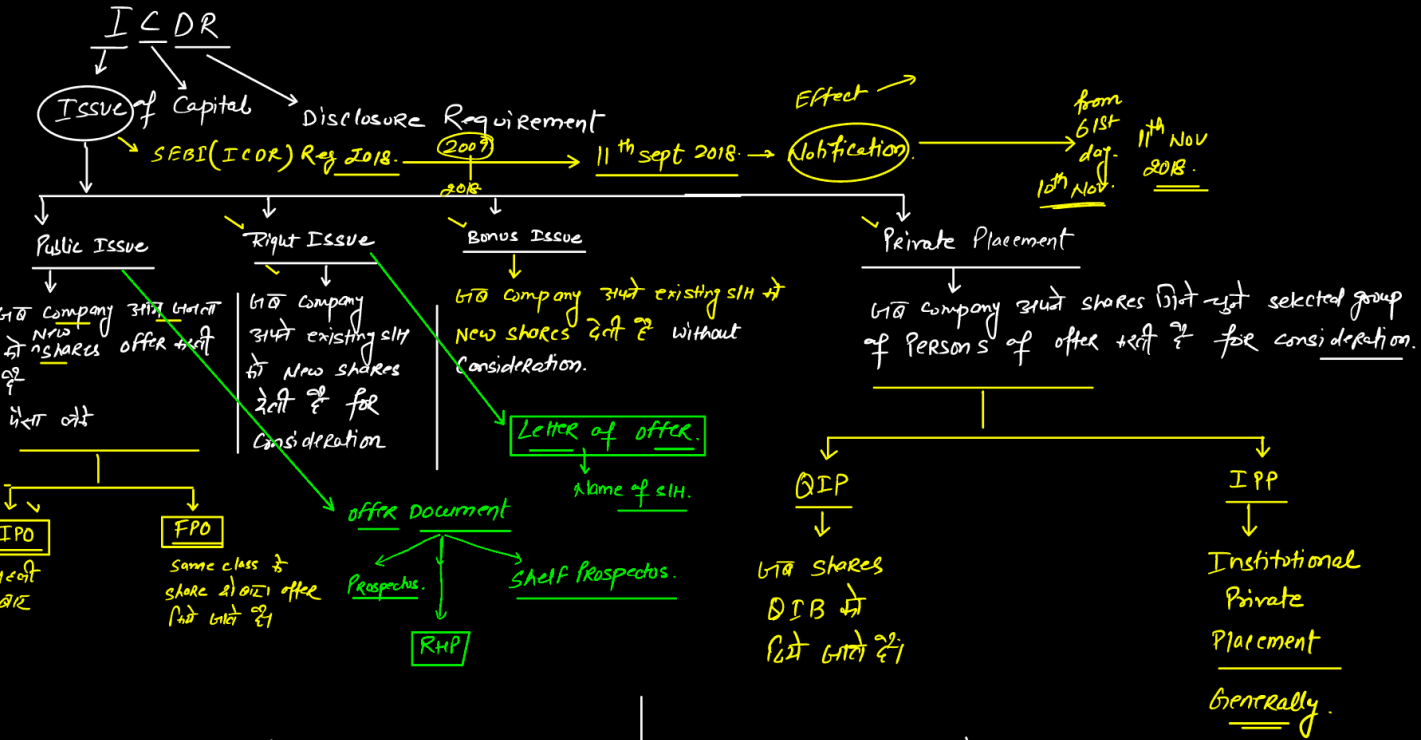


Depository

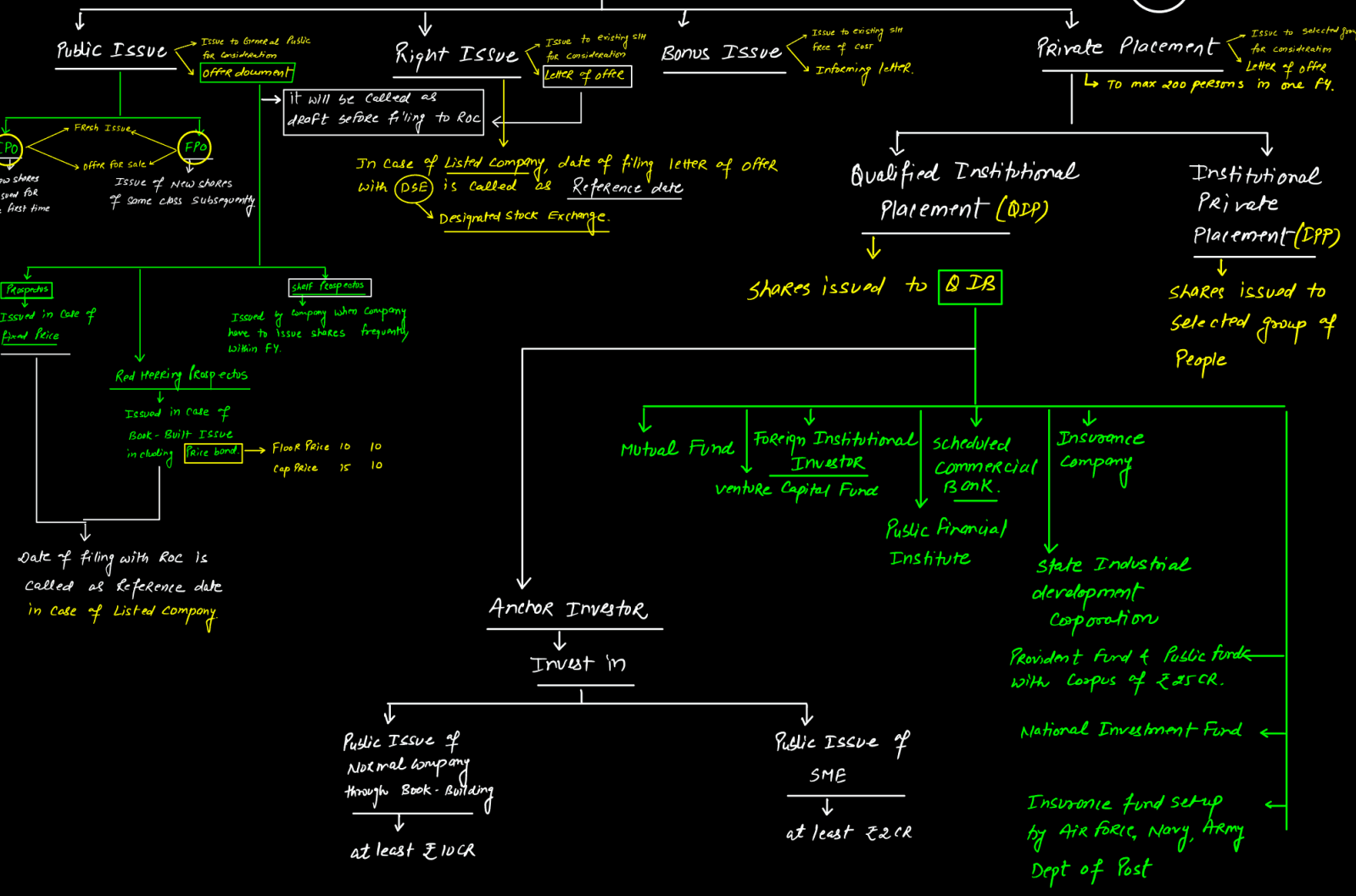
① Helps to convert securities
OR issue securities in
electronic form.

Custodian

↓
Someone who hold the physical shares
in its safe custody.



ISSUE



IPO
New shares issued for the first time

FPO
Issue of new shares of same class subsequently

Prospectus
Issued in case of Fixed Price

Red Herring Prospectus
Issued in case of Book-Built Issue including Price band

Floor Price 10 10
Cap Price 15 10

Date of filing with ROC is called as reference date in case of Listed company

In case of Listed Company, date of filing letter of offer with DSE is called as Reference date Designated Stock Exchange

QIPs

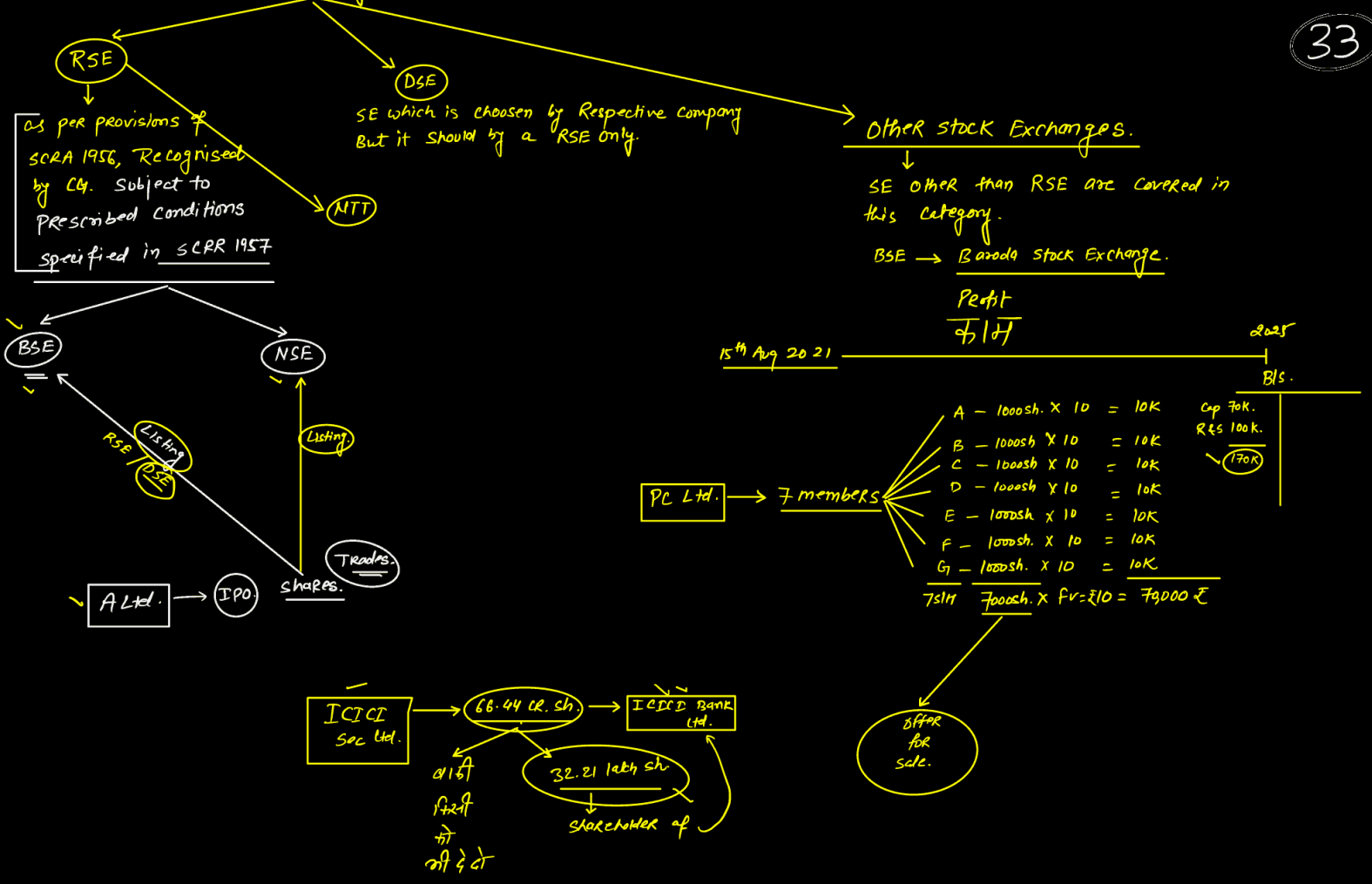
- Mutual Fund
- Foreign Institutional Investor
- venture Capital Fund
- scheduled Commercial Bank
- Public Financial Institute
- Insurance Company
- State Industrial development Corporation
- Provident fund & Public funds with Corpus of ₹25 CR
- National Investment Fund
- Insurance fund setup by Air Force, Navy, Army Dept of Post

Anchor Investor

Invest in

- Public Issue of Normal company through Book-Building at least ₹10 CR
- Public Issue of SME at least ₹2 CR

Stock Exchange → Platform where securities of various companies are traded.



Private Placement

TO offer securities to selected Group of Persons.

Sec 42 of Co. Act 2013 → FY → TO 50 PERSON OR SUCH HIGHER NUMBER AS MAY BE PRESCRIBED.

Co. (PAs) Rules 2014 → FY → upto 200 PERSON

Types of Pvt Placement

Preferential Issue

- ① Issue by Listed Co.
- ② TO selected group of Persons.
- ③ by complying with conditions of chapter VIII of ICOR Reg
- ④ Co. also needs to comply with provisions of Co. Act 2013

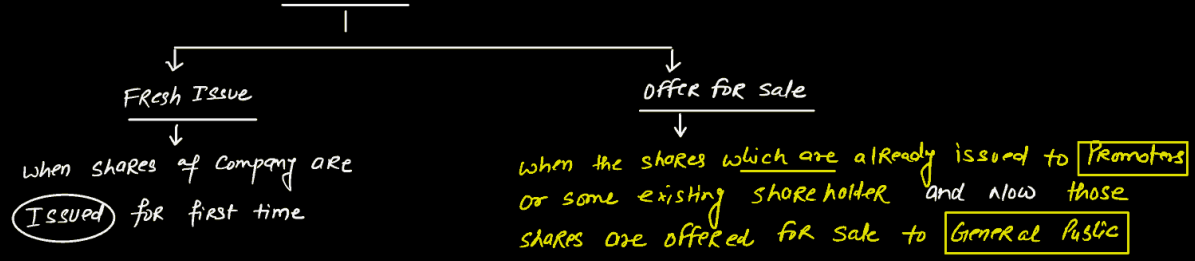
QIP

Issued by Listed Co.
 only issued to QIB
 to raise the funds
 in lumpsum quantity.

IPP

Issued by Listed Co.
 Can be issued to any person privately.
 It will be issued to QIB only if
 minimum subscription requirement is not achieved.
 ↓
 As per provisions of Law, in any issue of securities atleast 90% shall be subscribed.
 otherwise the offer will be deemed to be failed.

IPO/FPO



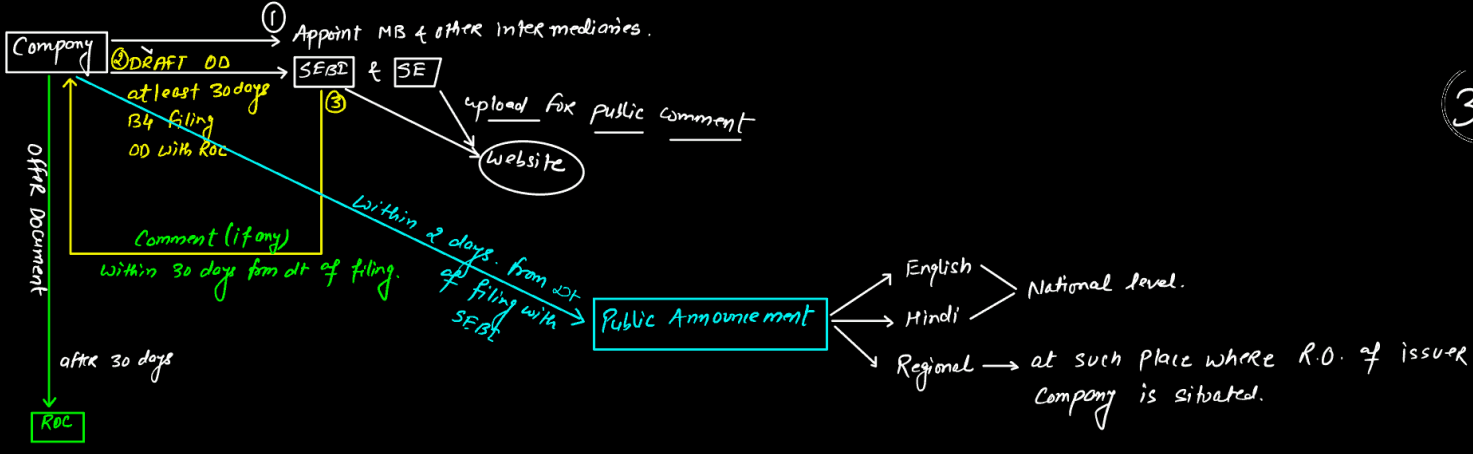
Conditions for IPO under ICDR Reg 2018



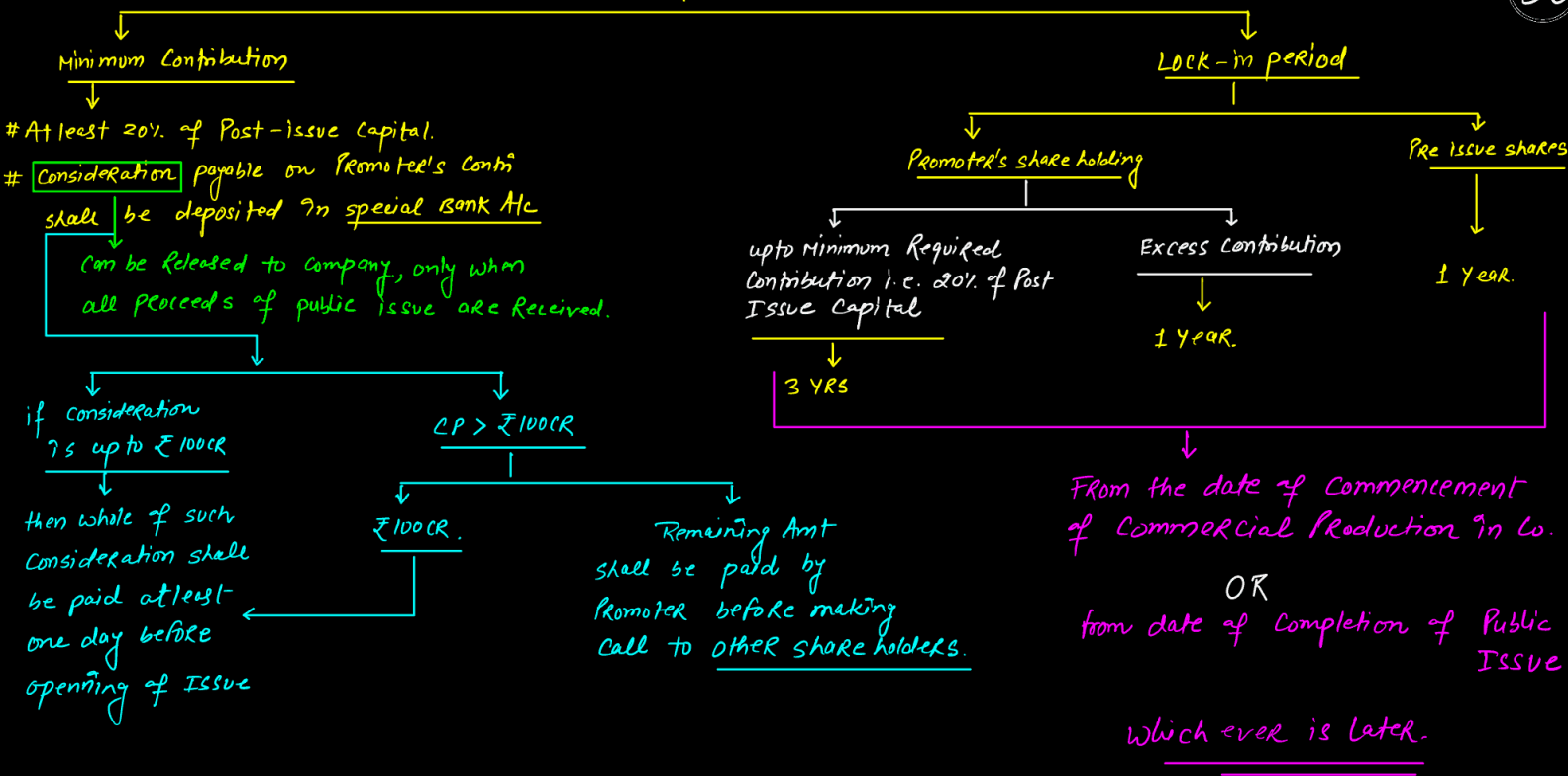
- each of
In last 3YRS → $\text{NTA} \geq ₹3CR$ → monetary assets \leq 50% of total NTA
- (i) In each of last 3YRS → Avg operating Profit \geq ₹15CR.
 - (ii) In each of last 3YRS → NW \geq ₹1CR.
 - (iii) if in last one YR Name of Company is changed that atleast 50% of Revenue of last one YR shall be earned by the Company from the activities suggested by New Name.



IF ANY OF THE conditions are not satisfied then still company can bring IPO but through Book Building Process and subject to condition that atleast 75% of NO shall be allotted to QIB. and if failed then whole money received shall be Refunded by the company



Promoter's contribution in IPO/FPO.



Co-Act sec 42
PAS Rules.

Private Placement

SHARES ARE OFFERED
only to selected group of People.

Sec 42 of Co. Act 2013 → EK F4 → TO 50 PERSONS OR SUCH HIGHER
No. as may be prescribed
Co. (PAS) Rules 2014 → EK F4 = 200 PERSON.

Preferential Issue sec 62(1)(c)

When securities are issued
to selected group of people
including QIB. by
Listed Company. by
Complying the conditions
prescribed in chap VIII
of ICDR Reg Related
to price, Quantum,
disclosure etc.

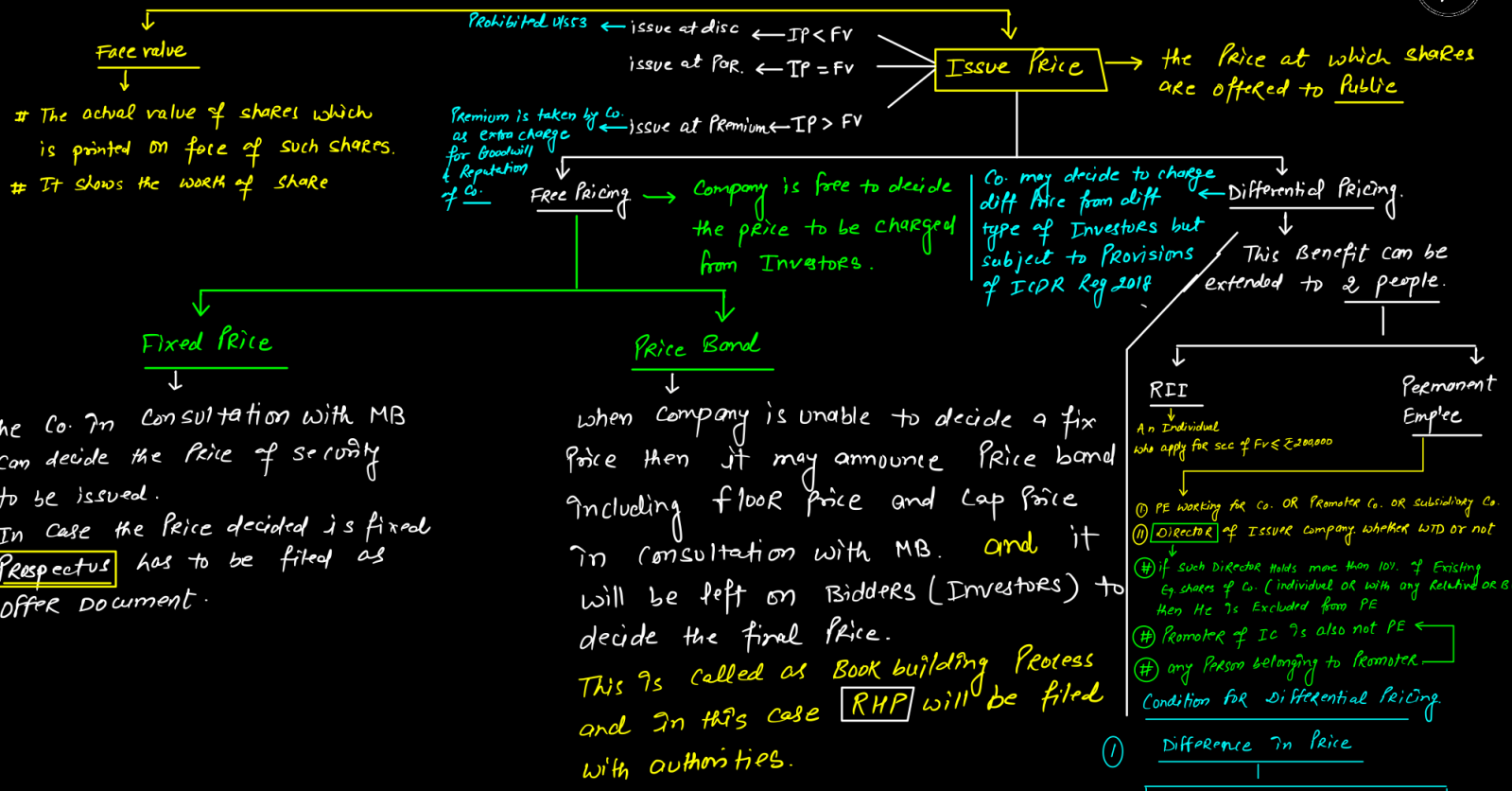
QIP

By Listed Company.
Issued to QIB.

I PP

Kind of QIP, as shares are offered
to QIB for the purpose of achieving
the minimum subscription.

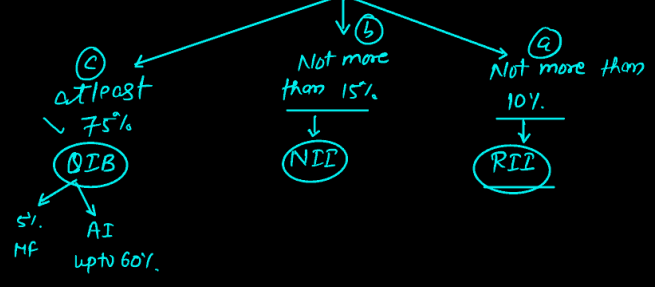
Price of securities in IPO/FPO



Allocation of securities in IPO/FPO

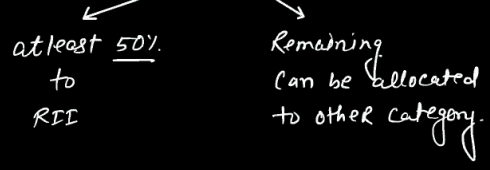
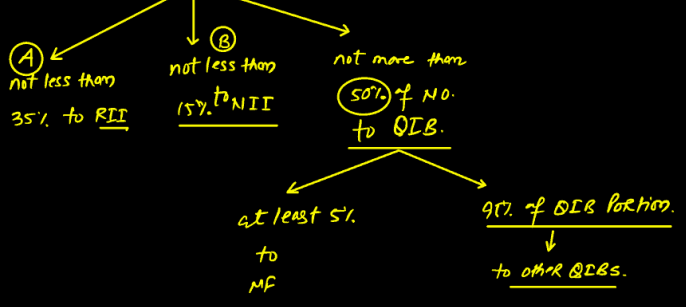
If ISSUER Company Comply
with Conditions of Reg 6(1)
of ICDR Reg 2018

If conditions of Reg 6(1) are not complied then
as per Reg 6(2) allocation can be done
in following manner



Book Building Process

Fixed Price method.



In case of fresh issue of IPO/FPO.

Issue shall be subscribed at 90% of IPO.

Other wise

Whole money Received by Co. as Application money shall be Refunded within 15 days. from the date of close of issue

Other wise

Interest will have to be paid along with app money

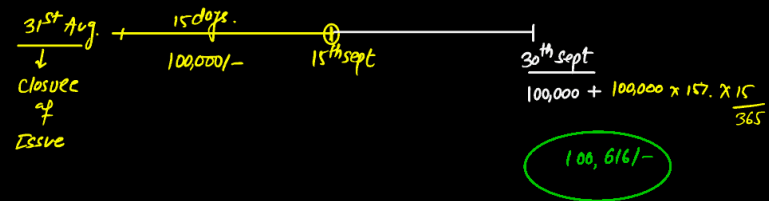
The Company shall on the basis of allotment

allot the securities to the Applicants whose application has been selected. within Prescribed time

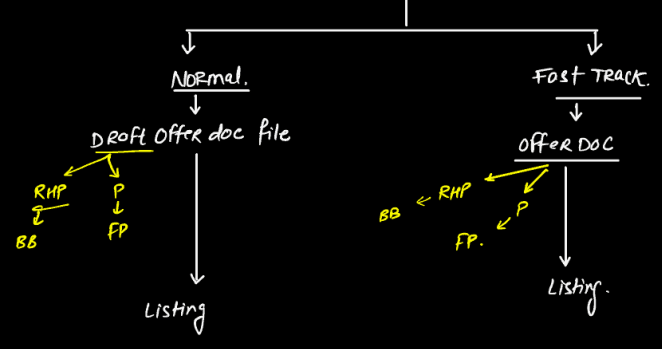
if application is Rejected, the application shall be Refunded within 15 days.

Other wise

Application money would have to be Refunded along with int @ 15% p.a. for each day of default



Restriction on FURTHER Issue during FPO

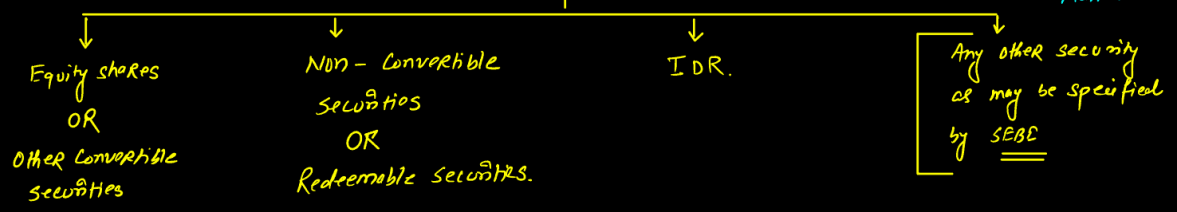


LODR Reg 2015 → notified on 2nd Sept 2015
→ applicable w.e.f 1st Dec 2015

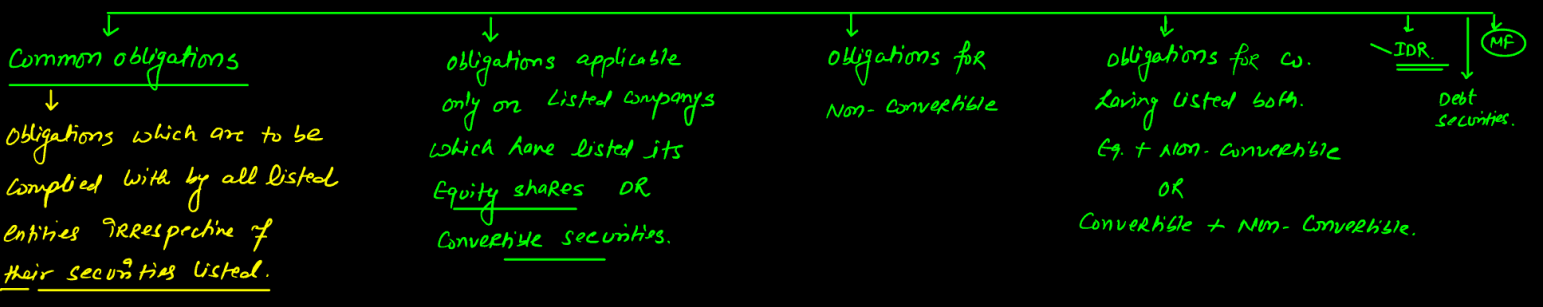
- Objectives
 - To make Reg consistent with Co Act 2013.
 - To protect interest of investors.
 - To consolidate various requirements of Security Market.

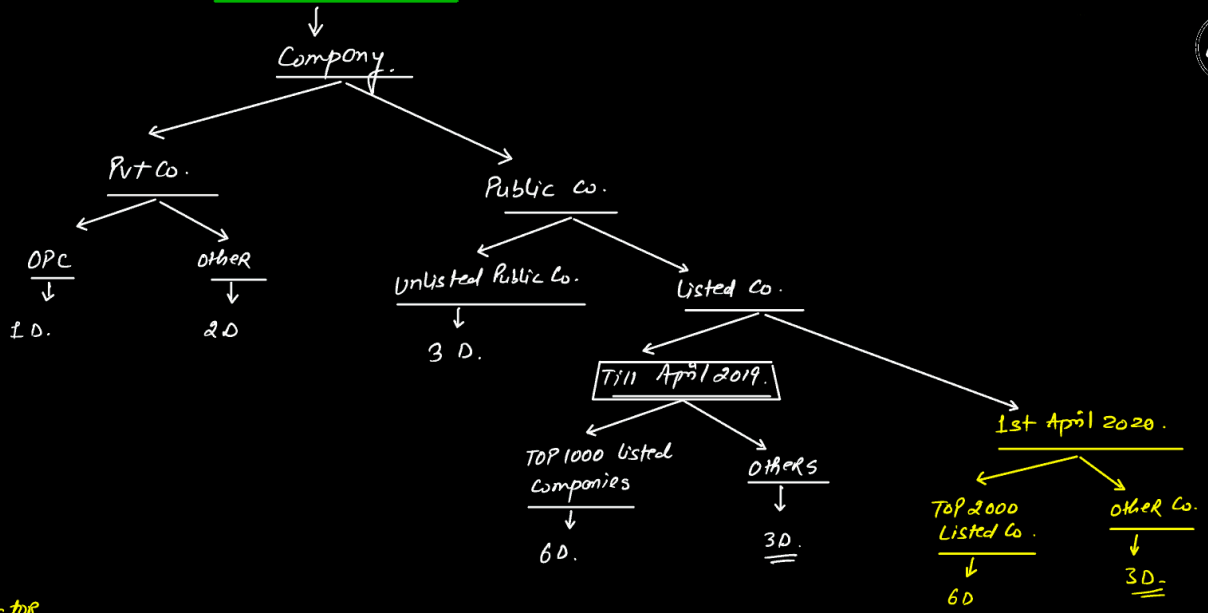
Applicability → on Listed Entity whose specified Securities are listed on RSE

- On Main Board.
- SME Platform.
- Institutional Trading Platform

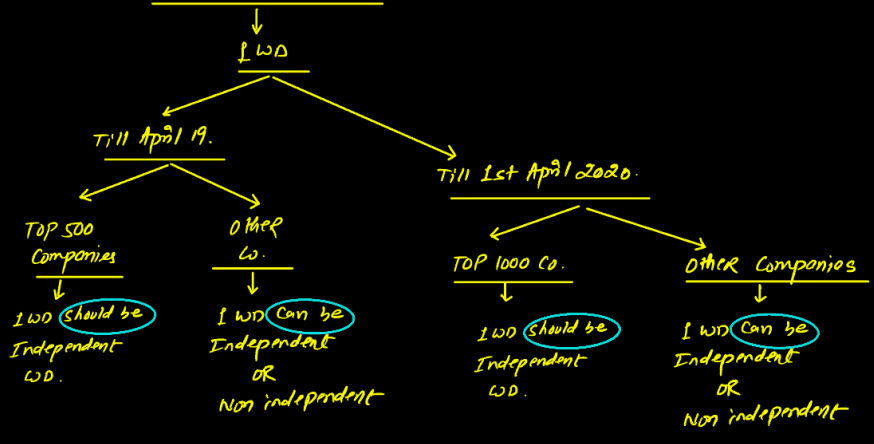


Obligation on Listed Companies.





Woman Director



Composition of Board.

↓
50% of BOD shall be Non-Executive

↓
If chairman of Company

↙
Executive Director.

↓
 $\frac{1}{2}$ of BOD shall be
comprised of Independent
Directors.

OR

50% of BOD = ID

↘
NON-Executive Director.

↙
Such NED chairman
is also Promoter of
same Co. OR
He is Relative of
Promoter of Co.

OR

Having position at BOD level
of 1 level below BOD

↓
50% of BOD = ID.

↘
NED
If chairman have
no such Relation

↓
 $\frac{1}{3}$ of BOD = ID.

No. of Directorship which a Person
can hold in different Companies.

↙
As per sec 165
of Co. Act 2013

20 Total Companies
10 Public Companies

↘
As per LoDR 2015

↙
Till 1st April 19

↓
A Person can hold
Directorship in max
8 listed Companies.

⊙

↑
PC

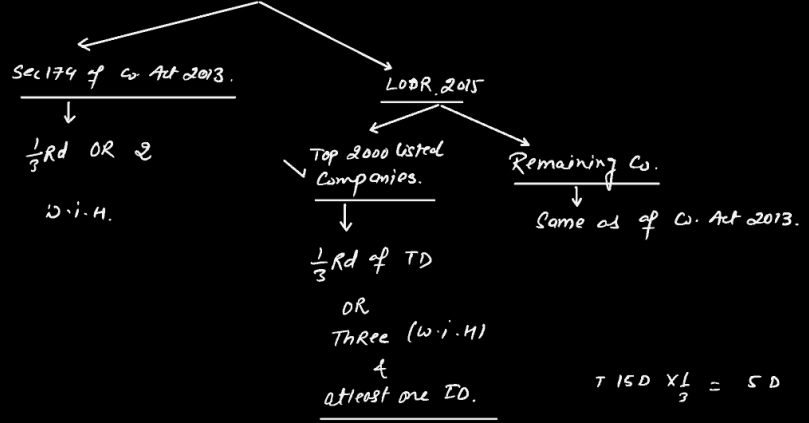
2nd April 19

10 listed Co. Director.
(2) Penalty.
8 Co.

1st April 2020.

8 Listed Co.
1 " "
(7)

Quorum of BM

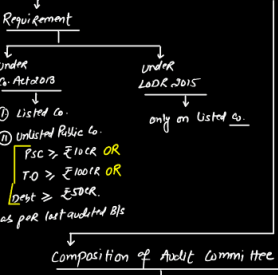


$T 15D \times \frac{1}{3} = 5D$

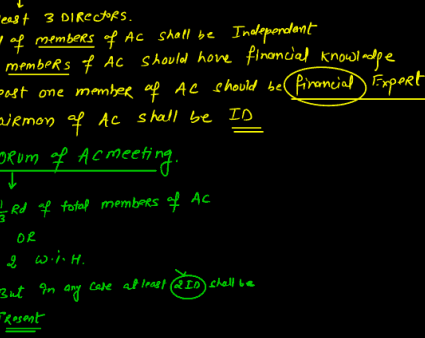
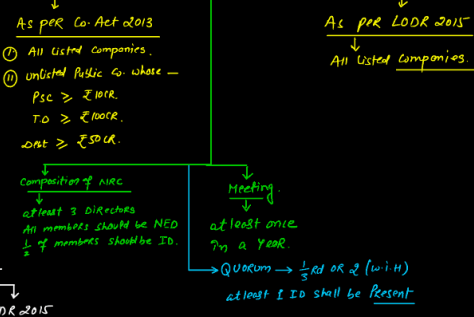
$BM = 5D \times 2D$

Board Committees.

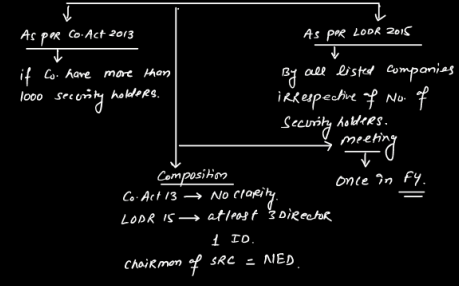
Audit Committee



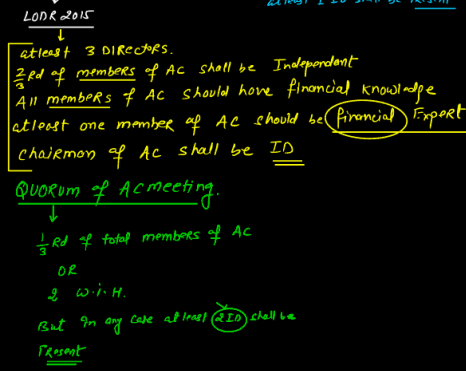
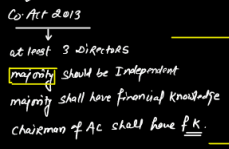
NRC



SRC



Risk Management Committee



Reg 2(1)(26)

Related Party Transaction

Reg 2(1)(2c) of LODR 2015

Same as prescribed u/s 2(76) of Co. Act 2013.

Deemed RP

Person/Entity Related to Promoter of Listed Co. and holding atleast 20% of total shareholding of Listed Co.

All transactions including Transfer of Resources, Services, obligations. With Related Party for consideration or without consideration. OR Irrespective of price Involved.

Material RPT

Other than material RPT OR Non material RPT

- ① When Transaction with Related Party in one FY is 10% OR more of Consolidated Annual T.O. in single transaction or number of various transactions.
- ② For doing material RPT approval of both Audit Committee and Shareholders will be Required.

Before doing such transaction Approval of Audit Committee will be Required.

Secretarial Audit

Listed Companies + Material Indian subsidiary

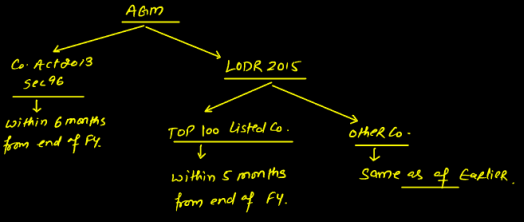
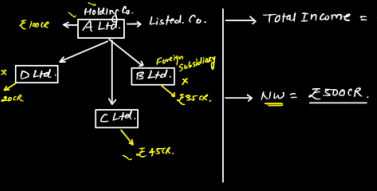
No approval of Audit Committee & SH Required when RPT are done between

both Audit Committee and Shareholders will be Required.

will not be required for a Company which is under IBC 2016.

Govt Companies.

Holding Company and WOS and Consolidated fs of WOS Co. are placed as SH in AGM of Holding Co.



Delisting of Eq. shares Reg 2009.

Applicability
if any Co. due to merger, Amalgamation, Takeover, Demerger or any other corporate Restructuring OR voluntarily, decide delist its securities from concerned SE then Provisions of these Regulations shall be complied for this.

Non-Applicability
If delisting of securities is due to Resolution plan made U/s 31 of IBC 2016, then Provisions of these Reg are not required to be complied with. In following 2 situations. —
where proper procedure of delisting of securities is made OR An Exit opportunity has been provided to Slt of Company under Resolution Plan under such RP.

Suspension
Restriction on Trading of securities for a temporary period. and after completion of suspension period without any further application Trading can be restarted.

Delisting
Permanently Removal of securities from Trading Plat form of SE. After delisting the shares of such Co. will be traded on Private basis

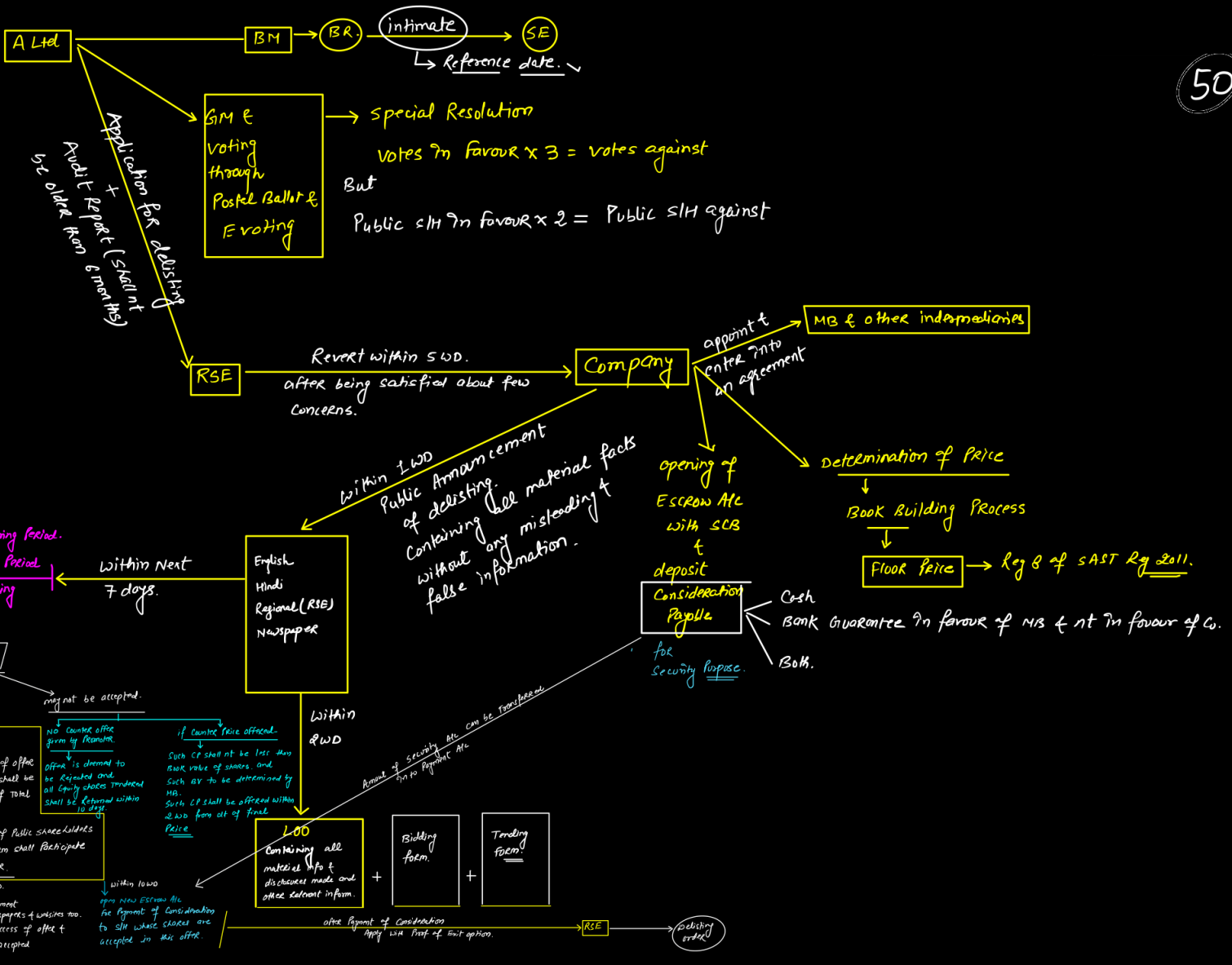
Type of Delisting
From one point of view

Voluntarily
When securities are proposed to be delisted on desire of Listed company itself. due to any reason as company think fit

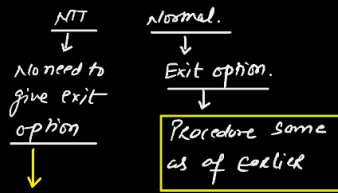
Compulsorily
The order of Compulsory delisting will be given by concerned SE OR SEBI against desire of Listed Company. Such order will be passed when Company has failed to comply with Provisions of Listing Agreement or other prescribed Rules, Regulations etc.

Type of Voluntary delisting.

- Delisting from all SE
Exit opportunity shall be provided to all Public Shareholders
- Delisting from all Except one SE with NIT
No Requirement to give Exit opportunity.
- Delisting from small SEs.



Delisting from all SE except one



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- (i) BM - BR
- (ii) BR intimate to SE
- (iii) Public Notice in Newspapers.
- (iv) application to SE for delisting.
- (v) Delisting order by SE
- (vi) Co. have to mention the details of delisting in its AR.

Issue of shares to employees / for benefit of employees.

Company other than Listed Co.

Such Company will have to comply with provisions of Co. Act 2013 and Co. (S.C & Deb) Rules 2014.

Subject to approval of shareholders by passing appropriate **Resolution**, Company can issue shares to its **employees**

Subject to some **Conditions**

Private Co.

Ordinary Resolution

Public Co.

Special Resolution.

- ① Such option can not be transferred to any other person by employee.
- ② Shares acquired in the scheme cannot be encumbered OR alienate in any manner.

Who can be considered as employee OR who will be eligible for ESOP

- ① Permanent employee of Co.
- ② Director, whether WTD or not
- ③ Employee or director of S.E, H.C, A.C of Co.

Who will not be considered as employee for this purpose OR to whom shares can not be issued under this scheme

- ① Employee who is Promoter also.
- ② Employee who is director and holds 10% or more of total shares of Co. either individually OR through any relative

Listed Company.

Such listed Company have to additionally comply with **SEBI (SBEBS) Reg 2014** for using OR **issuing** shares for benefit of employees of company

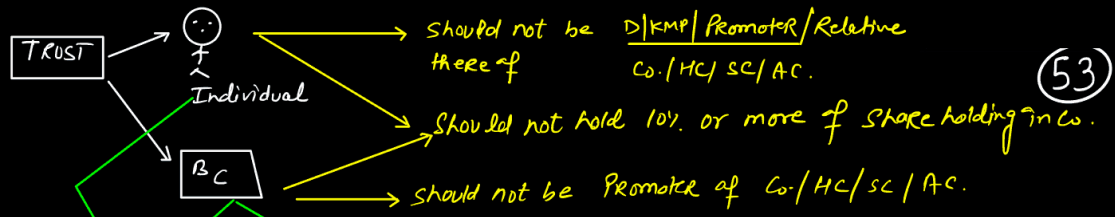
Schemes cover under these Regulations

- ESOS
- ESPS
- SAR
- GEBS
- RB

Schemes or issue not covered under these Regulations

- Shares issued to employees but under ICDR Reg 2018
- Sweat Eq. Shares.

Company



(53)

Other Co. → only one such Co. can be appointed as sole Trustee OR more can also be appointed

at least 2 of such persons shall be appointed

- OPC 1 + OPC 2
- Ind 1 + Ind 2
- OPC 1 + Ind 1

Sweat Equity shares → definition → Sec 2(88) of Co. Act 2013.

↳ the shares which are issued to employees and directors

either at discount OR for consideration other than cash for providing technical know-how and other valuable service to Co.

Subject to some conditions

Unlisted Public Company
OR
Pvt Co

Sec 54 of Co. Act 2013

and

Co. (S.C.E. Deb) Rules 2014

and

Co. (P.A.S) Rules 2014.

Conditions

- ① SR has to be Passed
- ② along with Notice for concerned GM ES should also be provided.

↓
details of Issue.

- ① No. of Sweat Eq. Sh to be issued.
- ② Market value of same class of shares.
- ③ Consideration payable by employees.
- ④ class of employees & Directors.

Listed Company

In addition to Co. Act 2013 and Rules made there under, listed Co. will also have to

Comply with SEBI (Issue of sweat Eq. Sh) Reg 2002.

- SR
- Price
- valuation of IPR
- Audit Report
- shall be included in MR
- Lock-in period.

Insider Trading → Dealing in **securities** of company by any **Insider** on the basis of **UPSI**

Unpublished → not yet provided to general public
Price Sensitive → the info is of such nature that it may have impact on price of securities of Co. (Positively or Negatively)
Information → Related to Company or securities of Company.

Insider Trading of listed company is governed by **SEBI (PIT) Reg 2015**

Connected with Co.

- I Contractual, fiduciary or employment **Relation** with Co.
 - Temporary
 - Direct
 - Permanent
 - Indirect
- II Director, KMP, employee, officer.
- III Any other person having Professional OR Business **Relation** with company.

Deemed to be Connected

- I H.C, S.C, A.C. of OUR company.
- II Intermediaries or employees thereof.
- III Banker of company.
- IV Any officer of stock exchange, stock broker.
- V Any MF, AMC, PFI or officers thereof.

Regulation 3

- I No Insider shall communicate UPSI to any person except as official obligation.
- II No person shall acquire (Procure) UPSI from Insider except as official obligation.

Exception

Direct Transaction with Company

Open offer
 UPSI can be shared with acquirer Subject to NDA. Such transaction shall be in favour OR interest of company.

Other than open offer.
 UPSI can be provided to any person for OMR transaction on behalf of Co. and subject of disclosure of such UPSI within 2 working days to public.

Regulation 4

No Insider shall Trade in Securities of Company if he have access to UPSI

Exception

Trading between Promoters outside the Market but subject to condition that They haven't contravened Reg 3 & Both are taking their Informed decision.

Insiders being Non-Individual Bank/ Depository and Individual dealing on behalf of Bank does not Possess the UPSI and there is no contravention of these Regulations

An Insider can Trade in Securities of Co. through **Trading Plan** which has to be submitted with Compliance officer and SE in advance.
 No overlapping of existing Trading Plan.
 minimum period 12 months
 Content → value/total amt involved in sec to be traded, Interval of diff trades, Nature of Trade.
 Shall commence after 6 months of public disclosure.
 Trading under trading plan shall be ceased between "20 days prior to closure of FY & 2 trading days after disclosure of financial results".
 once approved by compliance officer can not be Reversed and has to be implemented.

Any other case as covered URS Trading Plan.

Punishment for doing Insider Trading



₹ 25 CR

OR

3 times of profit made

W. i. H.

$$\text{NAV} \rightarrow \frac{\text{Net Assets of Scheme}}{\text{Total No. of units issued}}$$

Calculate & disclose in a daily newspaper.

Listed
↓
Every week.

Unlisted
↓
Quarterly
or
Half yearly
as may be
Prescribed by SEBI

Switch in → shifting from one MF scheme to another in same class.

Switch out → shifting from one MF scheme to another in another class.

Cut off Time for NAV

Equity/Debt MF

Liquid Fund

Purchase/switch in

Redemption/switch out

Amount of investment up to ₹2 lakh

amt of investment beyond ₹200,000

Application B4 3pm

App After 3pm

App before 3pm
↓
NAV of Sameday

App after 3pm
↓
NAV of Next Business day

at any time during a day.
↓
NAV of day when amt is available for Utilisation.

Same day NAV

Next Business day NAV.

Purchase/switch in

Redemption/switch out

Before 2pm
↓
Previous day NAV

After 2pm
↓
Same day NAV.

Before 2pm
↓
Previous day NAV

After 2pm
↓
Same day NAV.

Subject to condition that money paid at same time.

Q1

Ans: Calculation of NAV of relevant scheme of safe MF

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Particulars	Amt
Assets.	
MV of Investment	4200 CR.
Receivable	100 CR.
Other income	100 CR.
	<hr/>
	4400 CR.
Liabilities.	
Accrued Expense	(275 CR)
Other Liabilities	(150 CR)
	<hr/>
Net Assets.	3975 CR

$$NAV = \frac{\text{Net Assets}}{\text{No. of units}} = \frac{\text{₹ 3975 CR}}{200 \text{ CR}} = \text{₹ 19.875/unit.}$$

Case 2 Calculation of Return of MF scheme

$$\text{Return} = \frac{\text{Div} + \text{capital gain} + (NAV_1 - NAV_0)}{NAV_0} \times 100$$

$$\frac{2 + 0 + (19.875 - 15)}{15} = \frac{6.875}{15} = \boxed{45.83\%}$$

Any arrangement where money or money worth is pooled collectively to earn return or profit in way with a total corpus of 100cr or more = CIS, Company or not. and such CIS have to comply with the requirements of SEBI (CIS) Reg 1999.

