

SECURITIES LAW & CAPITAL MARKET AMENDMENTS

(July 1, 2019 – Dec 31, 2019)

For June 2020 Exams

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MASTER THE ART OF INTERPRETATION..!!



FPI Regulations

Foreign investors making portfolio investments (i.e. investing in capital market instruments) in India were required to register under the SEBI (FPI) Regulations, 2014. SEBI has issued SEBI (FPI) Regulations, 2019 repealing the erstwhile 2014 FPI regulations.

As per 2019 FPI regulations, categories of FPIs have been reduced from 3 to 2.

Categories of FPI
<p>1. <u>Category I FPIs include –</u></p> <ul style="list-style-type: none"> (i) Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies including entities controlled or at least 75% directly or indirectly owned by such Government and Government related investor(s); (ii) Pension funds and university funds; (iii) Appropriately regulated entities such as insurance or reinsurance entities, banks, asset management companies, investment managers, investment advisors, portfolio managers, broker dealers and swap dealers; (iv) Entities from the Financial Action Task Force member countries which are – <ul style="list-style-type: none"> I. appropriately regulated funds; II. unregulated funds whose investment manager is appropriately regulated and registered as a Category I foreign portfolio investor; <p>Provided that the investment manager undertakes the responsibility of all the acts of commission or omission of such unregulated fund;</p> III. university related endowments of such universities that have been in existence for more than 5 years; (v) An entity <ul style="list-style-type: none"> A. whose investment manager is from the Financial Action Task Force member country and such an investment manager is registered as a Category I FPI; or B. which is at least 75% owned, directly or indirectly by another entity, eligible under sub-clause (ii), (iii) and (iv) of clause (a) of this regulation and such an eligible entity is from a Financial Action Task Force member country <p>Provided that such an investment manager or eligible entity undertakes the responsibility of all the acts of commission or omission of the applicants seeking registration under this sub-clause.</p>
<p>2. <u>Category II FPIs include all the investors not eligible under Category I FPI such as -</u></p> <ul style="list-style-type: none"> (i) appropriately regulated funds not eligible as Category-I FPI; (ii) endowments and foundations; (iii) charitable organisations; (iv) corporate bodies; (v) family offices; (vi) Individuals; (vii) appropriately regulated entities investing on behalf of their client, as per conditions specified by the Board from time to time; (viii) Unregulated funds in the form of limited partnership and trusts; <p>Explanation - An applicant incorporated or established in an International Financial Services Centre shall be deemed to be appropriately regulated.</p>

Note - “**Appropriately regulated entity**” means an entity which is regulated by the securities market regulator or the banking regulator of home jurisdiction or otherwise, in the same capacity in which it proposes to make investments in India.

Meaning of QIBs

Regulation 2(1) of ICDR Regulations, 2018, for the words “FPI other than Category III FPI”; the word “FPI other than individuals, corporate bodies and family offices” shall be substituted.

UPI Circular**SEBI Circular dated November 1, 2018****Streamlining the process of Public issue of equity shares and convertibles**

- SEBI, in its endeavor to provide an efficient mechanism for raising funds, has been continuously striving to streamline the process and methodologies associated with public issue fund raising process. Towards this end, the time duration from issue closure to listing was shortened from 12 working days to 6 working days with effect from January 01, 2016, making Application Supported by Blocked Amount (ASBA) mechanism as the sole payment mechanism in public issues.
- As a part of the continuing efforts to further streamline the process, it has been **decided**, in consultation with the stake holders **to introduce the use of Unified Payments Interface (UPI) as a payment mechanism** with Application Supported by Block Amount (ASBA) for applications in public issues by retail individual investors through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants). The **proposed process would** increase efficiency, eliminate the need for manual intervention at various stages, and will **reduce the time duration from issue closure to listing by upto 3 working days**.
- Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to UPI payment mechanism, the proposed alternate payment mechanism and consequent reduction in timelines is proposed to be introduced in a phased manner as under

Phase I	From January 01, 2019 , the UPI mechanism for retail individual investors through intermediaries will be made effective along with the existing process and existing timeline of T+6 days. The same will continue, for a period of <ul style="list-style-type: none"> 3 months or floating of 5 main board public issues, whichever is later.
Phase II	Thereafter, for applications by retail individual investors through intermediaries, the existing process of physical movement of forms from intermediaries to Self-Certified Syndicate Banks (SCSBs) for blocking of funds will be discontinued and only the UPI mechanism with existing timeline of T+6 days will continue, for a period of <ul style="list-style-type: none"> 3 months or floating of 5 main board public issues, whichever is later.
Phase III	Subsequently, final reduced timeline will be made effective using the UPI mechanism.

4. Channels for making application

For the purpose of public issues, UPI would allow facility to block the funds at the time of application. With the introduction of UPI as a payment mechanism, various channels for making application in public issue by various categories of investors, in **Phase I** would be as below -

Category of Investors	Channels for making application			
	Channel I	Channel II	Channel III	Channel IV
Retail Individual Investor (RII)	Investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, PHYSICALLY at the branch of a SCSB, i.e. investor's bank, or online, if such facility is provided by the SCSB. For such applications, the existing process of uploading of bid and blocking of funds in investors account by the SCSB would continue.	Investor may submit the bid-cum-application form ONLINE using the facility of linked online trading, demat and bank account (3-in-1 type accounts), provided by some of the brokers.	Investor may submit bid-cum-application form with any of the INTERMEDIARY, along with details of his/her bank account for blocking of funds. For such applications, the intermediary would upload the bid in stock exchange bidding platform and forward the application form to a branch of SCSB for blocking of funds.*	A RII would also have the option to submit bid-cum-application form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds.
QIB				Not Applicable
Non-Institutional Investor (NII)				Not Applicable

*For **Phase II** and **Phase III**, the RIIs will have the option to use only Channel I, II and IV for making application in a public issue.

Note - Vide circular dated April 3, 2019; SEBI extended the timeline of Phase I by 3 months i.e. June 30, 2019. Thus, from 1 July 2019 onwards Phase II was implemented

Note - Vide circular dated November 8, 2019; SEBI extended the timeline of Phase II till March 31, 2020.

SCR Rules

In Rule 19A(1), in proviso 3 years shall be substituted with **4 years**

Delisting Regulations

Provisions	Amendment
Regulation 3(1)	After proviso, the following explanation shall be inserted - Explanation -For the purposes of these regulations, the term “shares” shall include equity shares having superior voting rights.

ICDR Regulations**(SR Equity Shares)**

Provisions	Amendment
Regulation 2 – SR Equity shares	“SR equity shares” means the equity shares of an issuer having superior voting rights compared to all other equity shares issued by that issuer
Regulation 6(3)	<p>A new sub-regulation is inserted –</p> <p>(1) If an issuer has issued SR equity shares to its promoters/ founders, the said issuer shall be allowed to do an initial public offer of only ordinary shares for listing on the Main Board subject to compliance with the provisions of this Chapter and these clauses –</p> <ul style="list-style-type: none"> i. the issuer shall be intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition. ii. the SR shareholder shall not be part of the promoter group whose collective net worth is more than INR 500 crores - <p>Explanation - While determining the collective net worth, the investment of SR shareholder in the shares of the issuer company shall not be considered.</p> <ul style="list-style-type: none"> iii. The SR shares were issued only to the promoters/ founders who hold an executive position in the issuer company; iv. The issue of SR equity shares had been authorized by a special resolution passed at a general meeting of the shareholders of the issuer, where the notice calling for such general meeting specifically provided for - <ul style="list-style-type: none"> a. the size of issue of SR equity shares, b. ratio of voting rights of SR equity shares vis-à-vis the ordinary shares, c. rights as to differential dividends, if any d. sunset provisions, which provide for a time frame for the validity of such SR equity shares, e. matters in respect of which the SR equity shares would have the same voting right as that of the ordinary shares, v. The SR equity shares have been held for a period of at least 6 months prior to the filing of the red herring prospectus;

	<p>vi. The SR equity shares shall have voting rights in the ratio of a minimum of 2:1 upto a maximum of 10:1 compared to ordinary shares and such ratio shall be in whole numbers only;</p> <p>vii. The SR equity shares shall have the same face value as the ordinary shares;</p> <p>viii. The issuer shall only have one class of SR equity shares;</p> <p>The SR equity shares shall be equivalent to ordinary equity shares in all respects, except for having superior voting rights</p>
Regulation 16 – Lock in	<p>A new sub-regulation (2) is inserted</p> <p>(2) The SR equity shares shall be under lock-in until</p> <ul style="list-style-type: none"> ▪ conversion into equity shares having voting rights same as that of ordinary shares or ▪ shall be locked-in for a period specified in sub-regulations (1), whichever is later.
Regulation 21, 22, 119 & 120	Specified securities excludes SR equity shares

LODR Regulations

Provisions	Amendment
Regulation 17 – Board of Directors	In sub-regulation (1), the following sub-regulation shall be inserted (d) Where the listed company has outstanding SR equity shares , atleast half of the board of directors shall comprise of independent directors .
Regulation 18(1)(b)	After the words ‘independent directors’; the words “and in case of a listed entity having outstanding SR equity shares , the audit committee shall ONLY comprise of independent directors ” shall be inserted
Regulation 19(1)(c)	After the words “independent directors”, the words “and in case of a listed entity having outstanding SR equity shares , 2/3rd of the NRC shall comprise of independent directors ” shall be inserted
Regulation 20(2A)	After the words “members of the Committee”, the words, numerals and symbol “and in case of a listed entity having outstanding SR equity shares , at least 2/3rd of the SRC shall comprise of independent directors ”, shall be inserted
Regulation 21(2)	After the words “members of the board of directors”, the words “and in case of a listed entity having outstanding SR equity shares , at least 2/3rd of the Risk Management Committee shall comprise of independent directors ” shall be inserted
Regulation 41A	A new Regulation is inserted – <u>Regulation 41A – Other provisions related to outstanding SR equity shares</u> (1) The SR equity shares shall be treated at par with the ordinary equity shares in every respect, including dividends, except in the case of voting on resolutions. (2) The total voting rights of SR shareholders (including ordinary shares) in the issuer upon listing, pursuant to an IPO, shall not at any point of time exceed 74% . (3) The SR equity shares shall be treated as ordinary equity shares in terms of voting rights (i.e. one SR share shall only have one vote) in the following circumstances – <ul style="list-style-type: none"> i. appointment or removal of independent directors and/or auditor; ii. where a promoter is willingly transferring control to another entity; iii. related party transactions in terms of these regulations involving an SR shareholder; iv. voluntary winding up of the listed entity; v. changes to the Articles of Association or Memorandum of Association of the listed entity, except any change affecting the SR equity share; vi. initiation of a voluntary resolution process under the Insolvency Code; vii. utilization of funds for purposes other than business; viii. substantial value transaction based on materiality threshold as specified under these regulations; ix. passing of special resolution in respect of delisting or buy-back of shares; and x. other circumstances or subject matter as may be specified by the Board, from time to time. (4) The SR equity shares shall be converted into equity shares having voting rights same as that of ordinary shares on the 5th anniversary of listing of ordinary shares of the listed entity Provided that the SR equity shares may be valid for upto an additional 5 years , after a resolution to that effect has been passed, where the SR shareholders have not been permitted to vote

	<p>Provided further that the SR shareholders may convert their SR equity shares into ordinary equity shares at any time prior to the period as specified in this sub-regulation.</p> <p>(5) The SR equity shares shall be COMPULSORILY converted into equity shares having voting rights same as that of ordinary shares on the occurrence of any of the following events –</p> <ol style="list-style-type: none"> i. demise of the promoter(s) or founder holding such shares; ii. an SR shareholder resigns from the executive position in the listed entity; iii. merger or acquisition of the listed entity having SR shareholder/s, where the control would no longer remain with the SR shareholder/s; iv. the SR equity shares are sold by an SR shareholder who continues to hold such shares after the lock-in period but prior to the lapse of validity of such SR equity shares.
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Buy-Back Regulations

Provisions	Amendment
Regulation 3	<p>Following explanation shall be inserted -</p> <p>Explanation -For the purposes of these regulations, the term “shares” shall include equity shares having superior voting rights.</p>
Regulation 4	<ol style="list-style-type: none"> 1. In sub-regulation (i), after the word “Company” the words “, based on both standalone and consolidated financial statements of the company” shall be inserted 2. Sub-regulation (ii) shall be completely substituted – <ul style="list-style-type: none"> (i) The ratio of the aggregate of secured and unsecured debts owed by the company to the paid-up capital and free reserves after buy-back shall be <ul style="list-style-type: none"> (a) be less than or equal to 2:1, based on both standalone and consolidated financial statements of the company <p>Provided that if a higher ratio of the debt to capital and free reserves for the company has been notified under the Companies Act, 2013, the same shall prevail; or</p> (b) be less than or equal to 2:1, based on both standalone and consolidated financial statements of the company, after excluding financial statements of all subsidiaries that are NBFCs and housing finance companies regulated by RBI or National Housing Bank, as the case may be <p>Provided that buy-back of securities shall be permitted only if all such excluded subsidiaries have their ratio of aggregate of secured and unsecured debts to the paid-up capital and free reserves of not more than 6:1 on standalone basis</p> 3. In sub-regulation (iv), the proviso shall be substituted – <p>Provided that the buyback from OPEN MARKET shall be less than 15% of the paid up capital and free reserves of the company, based on both standalone and consolidated financial statements of the company.</p>
Regulation 5(1)(b)	<p>In proviso, after the word ‘Company’ the words, “based on both standalone and consolidated financial statements of the company” shall be inserted</p>

Takeover Code

Provisions	Amendment
Regulation 10(2A)	New sub-regulation is inserted – An increase in the voting rights of any shareholder beyond the threshold limits stipulated in sub-regulations (1) and (2) of regulation 3, without the acquisition of control, pursuant to the conversion of equity shares with superior voting rights into ordinary equity shares, shall be exempted from the obligation to make an open offer under regulation 3
Regulation 31(4)	Promoter shall declare that he + PAC has not made any encumbrance, directly or indirectly, other than those disclosed during the FY Within 7 working days from end of the Financial year to Stock exchange where the shares are listed and audit committee of the target company

Prohibition of Insider Trading Code

Provisions	Amendment
Regulation 9A(2)	In clause (a), for the word 'employee' occurring after the word 'designated' the word 'person' shall be substituted
Schedule B	Following amendments are there – 1. In clause 4, <ul style="list-style-type: none"> ▪ First paragraph shall be numbered as sub-clause (1) ▪ Second & third paragraph shall be combined and numbered as sub-clause (2) ▪ In sub-clause (2), word 'can' is replaced with 'shall' ▪ After sub-clause (2), following shall be inserted (3) <i>The trading window restrictions mentioned in sub-clause(1) shall not apply in respect of –</i> <ul style="list-style-type: none"> a) <i>transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of regulation 4 and in respect of a pledge of shares for a bona fide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board;</i> b) <i>transactions which are undertaken in accordance with respective regulations made by the Board such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer</i>
	2. In clause (14), in Explanation <ul style="list-style-type: none"> ▪ After the word "gift" the words "from a designated person" shall be inserted ▪ For the words "of such payer's annual income", the words "of the annual income of such designated person" shall be substituted

Schedule C	<p>In clause (12)</p> <ul style="list-style-type: none"> ▪ In second paragraph, the word “educations” shall be substituted by “educational” ▪ For word “studied”, the word “graduated” shall be substituted ▪ In Explanation <ul style="list-style-type: none"> → After the word “gift” the words “from a designated person” shall be inserted → For the words “of such payer’s annual income”, the words “of the annual income of such designated person” shall be substituted
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Further a new Chapter III-A is inserted in Prohibition of Insider Trading Regulations

REGULATION 7A– DEFINITIONS

Informant	<p>‘Informant’ means an individual(s),</p> <ul style="list-style-type: none"> → who voluntarily submits to the Board a Voluntary Information Disclosure Form → relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, → in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;
Irrelevant, vexatious and frivolous information	<p>It includes reporting of information which in the opinion of the Board -</p> <ul style="list-style-type: none"> (i) Does not constitute a violation of insider trading laws; or (ii) Is rendered solely for the purposes of malicious prosecution; or (iii) Is rendered intentionally in an effort to waste the time and resource of the Board.
Legal Representative	<p>‘Legal Representative’ means a duly authorised individual who is admitted to the practice of law in India;</p>
Monetary Sanctions	<p>‘Monetary Sanctions’ shall mean any non-monetary settlement terms or any direction of the Board, in the nature of disgorgement under securities laws aggregating to at least INR 1 crore arising from the same operative facts contained in the original information.</p>
Original Information	<p>‘Original Information’ means any relevant information pertaining to any violation of insider trading laws that is –</p> <ul style="list-style-type: none"> (i) derived from the independent knowledge and analysis of the Informant; (ii) not known to the Board from any other source, except where the Informant is the original source of the information; (iii) is sufficiently specific, credible and timely to – <ul style="list-style-type: none"> ▪ commence an examination or inquiry or audit, ▪ assist in an ongoing examination or investigation or inquiry or audit, ▪ open or re-open an investigation or inquiry, or ▪ inquire into a different conduct as part of an ongoing examination or investigation or inquiry or audit directed by the Board; (iv) not exclusively derived from an allegation made in a judicial or administrative hearing, in a Governmental report, hearing, audit, or investigation, or from the news media, except where the Informant is the original source of the information; and (v) not irrelevant or frivolous or vexatious. <p>Explanation – Information which does not in the opinion of the Board add to the information already possessed by the Board is not original information.</p>
Reward	<p>‘Reward’ means any gratuitous monetary amount for which an Informant is declared eligible as per the provisions of these regulations</p>

REGULATION 7B – SUBMISSION OF ORIGINAL INFORMATION TO THE BOARD

- (1) An Informant shall submit Original Information by furnishing the **Voluntary Information Disclosure Form (VID Form)** to the Office of Informant Protection (OIP) of the Board in the format and manner set out in Schedule D. The VID Form may be submitted through informant's legal representative.

Provided that where the Informant does not submit the VID Form through a legal representative, the Board may require such Informant to appear in person to ascertain his/her identity and the veracity of the information so provided.

- (2) The legal representative shall –
- i. Verify the identity and contact details of the Informant;
 - ii. Unless otherwise required by the Board, maintain confidentiality of the identity and existence of the Informant, including the original VID Form;
 - iii. Undertake and certify that he/she -
 - (a) Has reviewed the completed and signed VID Form for completeness and accuracy and that the information contained therein is true, correct and complete to the best of his/her knowledge;
 - (b) Has obtained an irrevocable consent from the Informant to provide to the Board with original VID Form whenever required by the Board; and
 - (c) Agrees to be legally obligated to provide the original VID Form within seven (7) calendar days of receiving such requests from the Board.
 - iv. Submits to the Board, the copy of the VID Form in the manner provided in Schedule D of these regulations along with a signed certificate as required under clause (iii) of this sub-regulation (2).
- (3) An Informant shall while submitting the VID Form shall expunge such information from the content of the information which could reasonably be expected to reveal his or her identity and in case where such information cannot be expunged, the Informant may identify such part of information or any document that the Informant believes could reasonably be expected to reveal his or her identity

REGULATION 7C – RECEIPT OF ORIGINAL INFORMATION BY THE BOARD

- (1) The Board may designate a division to function as the independent Office of Informant Protection (OIP).
- (2) The OIP shall perform such functions as may be specified by the Board, including
- i. Receiving and registering the VID Form;
 - ii. Making all necessary communications with the Informant;
 - iii. Maintaining a hotline for the benefit of potential Informant;
 - iv. Maintaining confidentiality of the legal representative of the Informant and act as an interface between the Informant and the officers of the Board;
 - v. Interacting with the Informant Incentive Committee;
 - vi. Issuing press releases and rewards relating to Informant; and
 - vii. Submitting an annual report to the Board relating to the functioning of the OIP.
- (3) On receipt of the VID Form, the OIP shall communicate the substance of the information along with the evidence submitted by the informant to the relevant department or division of the Board for examination and initiation of necessary action, if any.
- (4) The Board shall not be required to send any intimation or acknowledgement to the Informant or any other person, of the examination or action initiated by the Board, if any, pursuant to receipt of the VID Form or information under these regulations, including rejection thereof.

REGULATION 7D – INFORMANT REWARD

- (1) Upon collection or substantial recovery of the monetary sanctions amounting to at least twice the Reward, the Board may at its sole discretion, declare an Informant eligible for Reward and intimate the Informant or his or her legal representative to file an application in the format provided in Schedule-E for claiming such Reward

Provided that the amount of Reward shall be 10% of the monetary sanctions collected or recovered and shall not exceed INR 1 crore or such higher amount as the Board may specify from time to time

Provided further that the Board may if deemed fit, out of the total Reward payable, grant an interim reward not exceeding INR 10 lakh or such higher amount as the Board may specify from time to time, on the issue of final order by the Board against the person directed to disgorge.

- (2) In case of more than one Informant jointly providing the Original Information, the Reward shall be divided equally amongst the total number of Informants.
- (3) The Reward under these regulations shall be paid from the Investor Protection and Education Fund.

REGULATION 7E – DETERMINATION OF AMOUNT OF REWARD

- (1) The amount of the Reward, if payable, shall be determined by SEBI
- (2) While determining the amount of Reward under sub-regulation (1), SEBI may specify the factors that may be taken into consideration by the Informant Incentive Committee.
- (3) An Informant may be eligible for a Reward whether or not he reported the matter to his organization as per its internal legal and compliance procedures and irrespective of such organization's compliance officer subsequently providing the same Information to the Board.

REGULATION 7F – APPLICATION FOR REWARD

- (1) Informants who are considered tentatively eligible for a Reward, shall submit the Informant Reward Claim Form set out in Schedule E to the Board within the period specified in the intimation sent by the Board.
- (2) Prior to the payment of a Reward, an Informant shall directly or through his or her legal representative, disclose his or her identity and provide such other information as the Board may require

REGULATION 7G – REJECTION OF CLAIM FOR REWARD

No Reward shall be made to an Informant -

- (1) who does not submit original information;
- (2) who has acquired the Original Information, through or as a member, officer, or an employee of -
 - (i) any regulatory agency constituted by or under any law in India or outside India, including the Board;
 - (ii) any self-regulatory organization;
 - (iii) the surveillance or investigation wings of any recognised stock exchange or clearing corporation;or
- (iv) any law enforcement organization including the police or any central or state revenue authorities.
- (3) against whom the Board may initiate or has initiated criminal proceedings under securities laws;

- (4) who wilfully refused to cooperate with the Board during its course of investigation, inquiry, audit, examination or other proceedings under securities laws;
- (5) who:
- (i) knowingly makes any false, fictitious, or fraudulent statement or representation; or
 - (ii) uses any false writing or document knowing that the writing or document contains any false, fictitious, or fraudulent statement or entry; or
 - (iii) fails to furnish the complete information available with him or accessible by him in relation to the alleged violation.
- (6) who is obligated, under any law or otherwise, to report such Original Information to the Board, including a compliance officer under securities laws.

Provided that the Board may if deemed fit, at its sole discretion, exempt a person from any of these disqualifications.

REGULATION 7H – INFORMANT CONFIDENTIALITY

- (1) Any information including Original Information may, at the discretion of the Board, be made available –
- (a) when it is required to be disclosed in connection with any legal proceedings in furtherance of the Board's legal position;
 - (b) as permitted by these regulations; or
 - (c) as may be otherwise required or permitted by law.
- (2) Original Information may, at the discretion of the Board, be made available to -
- (i) any regulatory agency constituted by or under any law in India or outside India;
 - (ii) any self-regulatory organization;
 - (iii) the surveillance or investigation wings of any recognised stock exchange or clearing corporation;
or
 - (iv) any law enforcement organization including the police or any central or state revenue authorities;
or
 - (v) a public prosecutor in connection with any criminal proceedings.

Provided that sharing of information shall be in accordance with such assurances of confidentiality as the Board determines appropriate.

Explanation - Nothing in these regulations is intended to limit, or shall be construed to limit, the ability of the public prosecutor to share such evidence with potential witnesses or accused in connection with any criminal proceedings.

- (3) The Original Information and identity provided by an Informant shall be held in confidence and exempted from disclosure under clauses (g) and (h) of sub-section (1) of section 8 of the Right to Information Act, 2005
- (4) Subject to the law of evidence for the time being in force, nothing in these regulations shall prejudice the right of the Board to use or to rely on information received otherwise.
- (5) No person shall have the right to compel disclosure of the identity, existence of an Informant or the information provided by an Informant, except to the extent relied upon in any proceeding initiated against such person by the Board.

REGULATION 7I – PROTECTION AGAINST RETALIATION AND VICTIMISATION

- (1) Every person required to have a Code of Conduct under these regulations shall ensure that such a Code of Conduct provides for suitable protection against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination against any employee who files a VID Form, irrespective of whether the information is considered or rejected by the Board or he or she is eligible for a Reward under these regulations
- (2) Nothing in these regulations shall prohibit any Informant who believes that he or she has been subject to retaliation or victimisation by his or her employer, from approaching the competent court or tribunal for appropriate relief.
- (3) Any employer who violates this Chapter may be liable for penalty, debarment, suspension, and/or criminal prosecution by the Board, as the case may be. However, nothing in these regulations will require the Board to direct re-instatement or compensation by an employer.
- (4) Nothing in these regulations shall diminish the rights and privileges of or remedies available to any Informant under any other law in force.

REGULATION 7K – NO AMNESTY

- (1) Nothing in these regulations shall be deemed to provide any amnesty or immunity to an Informant for violation of securities law.
- (2) Where an action against an Informant is deemed appropriate the Board may take into account the co-operation rendered in the final determination of any penalty, sanction, direction or settlement thereof, as the case may be.