

SECRETARIAL AUDIT

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SECURITIES LAWS

Shailashri Bhaskar

*Company Secretary in Practice*

# WHAT ARE THE SECURITIES LAWS

- SEBI (ICDR) REGULATIONS
- SEBI ( DEBT LISTING) REGULATIONS
- SEBI (SAST) REGULATIONS
- SEBI (BUYBACK OF SECURITIES) REGULATIONS
- SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS
- LISTING REGULATIONS
- SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS

# SEBI (ICDR) REGULATIONS

- IF THERE IS A FOLLOW ON PUBLIC OFFERING / RIGHTS ISSUE
  - MERCHANT BANKER NORMALLY TAKES CARE OF EVERYTHING
  - PRIOR INTIMATION TO THE STOCK EXCHANGE (2 WORKING DAYS BEFORE THE BOARD MEETING)
  - POST INTIMATION WITHIN 30 MINUTES
  - IF DOCUMENT WITHDRAWN / IF THERE IS A CHANGE IN PLAN - INFORM STOCK EXCHANGE
  - NEED TO ONLY ENSURE THAT RETURN OF ALLOTMENT FILED WITHIN TIME

# BONUS ISSUE

- ONLY OUT OF FREE RESERVES
- 2 WORKING DAYS PRIOR INTIMATION TO THE STOCK EXCHANGE
- POST INTIMATION WITHIN 30 MINUTES OF THE CONCLUSION OF THE MEETING
- NOT PERMITTED TO CANCEL ONCE ANNOUNCED

# BONUS ISSUE

- TO CHECK THE RESOLUTION
  - IF ARTICLES DO NOT AUTHORISE, TO CHECK IF NECESSARY RESOLUTION PASSED
  - SHAREHOLDER RESOLUTION MUST
  - TO CHECK IF AUTHORISED CAPITAL PERMITS, IF NOT, TO CHECK FOR RESOLUTION
  - NO DEFAULTS IN PAYMENT OF INTEREST, REPAYMENT OF PRINCIPAL AND NO STATUTORY DEFAULTS - NECESSARY CERTIFICATES
  - NO BONUS SHARES IN LIEU OF DIVIDEND
  - NO PARTLY PAID SHARES

# PREFERENTIAL ALLOTMENT

- TO CHECK IF AUTHORISED CAPITAL PERMITS
- PRIOR INTIMATION OF BOARD MEETING TO STOCK EXCHANGE - 2 WORKING DAYS
- FIXATION OF RELEVANT DATE
- THE TOTAL NUMBER OF ALLOTTEES IN PREFERENTIAL ALLOTMENTS IN A FINANCIAL YEAR SHALL NOT EXCEED 200

# PREFERENTIAL ALLOTMENT

- NO FURTHER PREFERENTIAL ALLOTMENT TILL THE ALLOTMENT UNDER EARLIER ISSUE IS COMPLETED
- SUBSCRIPTION PER PERSON SHALL BE ATLEAST Rs.20000
- ALL SUBSCRIPTION TO BE ONLY IN CHEQUE / DRAFT. NO CASH
- THE OFFER LETTER SHALL BE PREPARED IN ACCORDANCE WITH PAS - 4, SERIALY NUMBERED AND GIVEN TO THE PERSONS WHOSE NAMES ARE MAINTAINED IN ACCORDANCE WITH PAS - 5
- ALLOTMENT WITHIN 15 DAYS OF SHAREHOLDER RESOLUTION / RECEIPT OF APPROVAL FROM THE STOCK EXCHANGE

# PREFERENTIAL ALLOTMENT

- TO CHECK IF PROMOTERS HAVE TRIGGERED THE CODE UNDER SEBI (SAST) REGULATIONS
- NECESSARY DISCLOSURES UNDER REGULATION 29(1), 29(2) OF SAST AND REGULATION 7 OF THE PIT REGULATIONS. BY PROMOTERS.
- TO FILE RETURN OF ALLOTMENT IN PAS - 3 WITHIN 30 DAYS WITH ROC
- FILE PAS4 AND RECORD OF INVESTORS IN PAS 5 WITH ROC
- COPY OF PAS 4 TO BE FILED WITH SEBI FOR INFORMATION



# QUALIFIED INSTITUTIONAL PLACEMENT

- PRIOR INTIMATION OF BOARD MEETING TO STOCK EXCHANGE - 2 WORKING DAYS BEFORE
- SPECIAL RESOLUTION
  - TO SPECIFICALLY MENTION THAT IT IS A QIP
- TO FILE INFORMATION MEMORANDUM
  - WITH STOCK EXCHANGE
  - PRIVATE CIRCULATION ONLY
  - SERIALY NUMBERED
- FILE RETURN OF ALLOTMENT WITH ROC

# EMPLOYEE STOCK OPTION PLANS

- TO CHECK IF THE COMPANY HAS AN ESOP / SAR / ESPS / OTHER BENEFIT PLANS
- IF YES
  - TO READ AND UNDERSTAND THE PLAN WITH PARTICULAR REFERENCE TO GRANT, VEST AND EXERCISE OF OPTIONS
  - TO TAKE A LIST OF EMPLOYEES WHO HAVE BEEN GRANTED OPTIONS
  - TO ENSURE THAT ESOPs ARE NOT GRANTED TO PROMOTERS, NOMINEE DIRECTORS AND INDEPENDENT DIRECTORS
  - TO CHECK THE LIST OF EMPLOYEES WHO HAVE EXERCISED

# ESOPs

- IN PRINCIPLE APPROVAL FROM STOCK EXCHANGE FOR THE ESOP
- TO CHECK THE DIRECTORS' REPORT WHICH GIVES THE STATUTORY DETAILS REGARDING THE ESOP
- WHETHER THE AUDITORS' CERTIFICATE IS PLACED IN THE ANNUAL GENERAL MEETING REGARDING CONFIRMATION OF THE SCHEME IN ACCORDANCE WITH THE SEBI REGULATIONS AND THE RESOLUTION PASSED BY THE SHAREHOLDERS

# ESOPs

- WHETHER SEPARATE RESOLUTION HAS BEEN PASSED FOR EMPLOYEES OF HOLDING AND SUBSIDIARY COMPANIES
- WHETHER SEPARATE RESOLUTION HAS BEEN PASSED FOR GRANTING MORE THAN 1% OF THE ISSUED CAPITAL
- HAS THERE BEEN A VARIATION OF TERMS
  - IF YES, A FRESH RESOLUTION NEEDS TO BE PASSED

# ESOPs

- ADMINISTRATION OF THE ESOP
  - THROUGH COMPANY
  - THROUGH TRUST
  - ONLY THROUGH TRUST IF SECONDARY MARKET PURCHASES ARE THERE
- IF THROUGH TRUST
  - WHO ARE THE TRUSTEES
  - CATEGORISATION OF THE SHARES HELD BY THE TRUST - NEITHER PROMOTER NOR PUBLIC
- NEW REGULATIONS IN FORCE FROM SEPTEMBER 2014.
  - HAVE THE NECESSARY CHANGES PARTICULARLY WITH REGARD TO ADMINISTRATION BEEN IMPLEMENTED

# ESOPs THROUGH TRUST

- PROMOTERS, DIRECTORS AND KMPs CANNOT BE TRUSTEES OR PERSONS WHO ARE RELATED TO THEM
- MINIMUM TWO TRUSTEES
- TRUST CANNOT VOTE ON THE SHARES HELD - EFFECTIVE FROM SEPT 2017
- CANNOT DISPOSE SHARES ACQUIRED THROUGH OPEN MARKET FOR A PERIOD OF 6 MONTHS
- CAN HOWEVER PARTICIPATE IN AN OPEN OFFER

# DEBT LISTING REGULATIONS

- CAN RAISE DEBT EITHER THROUGH PUBLIC ISSUE OR PRIVATE PLACEMENT
- MUST LIST IF THROUGH PUBLIC
- MERCHANT BANKER TO BE APPOINTED. PROSPECTUS FILED
- RETURN OF ALLOTMENT TO BE FILED WITHIN 30 DAYS

# DEBT LISTING REGULATIONS

- IF THROUGH PRIVATE PLACEMENT
  - CHECK RESOLUTION
  - INFORMATION MEMORANDUM
  - IF THROUGH SHELF DISCLOSURE DOCUMENT – CHECK IF THE AMOUNT RAISED IS WITHIN THE AMOUNT SPECIFIED IN THE RESOLUTION.
  - ONE SHELF DOCUMENT – FOUR ISSUES IN A YEAR
  - IN PRINCIPLE APPROVAL
  - PAS – 5 RECORDS
  - ALLOTMENT
  - DEMAT FORM ONLY
  - FILING OF PAS 4 AND PAS 5 WITH ROC AND SEBI
  - FILING OF PAS 3 WITHIN 30 DAYS



# DEBT LISTING REGULATIONS

- CREATION OF DEBENTURE REDEMPTION RESERVE
- CREATION OF CHARGE WITHIN 60 DAYS OF ALLOTMENT
- FILING OF CHARGE
- APPOINTMENT OF DEBENTURE TRUSTEE
- ENTERING INTO DEBENTURE TRUST DEED WITH THE TRUSTEE
  - FILING WITH ROC

# SEBI SAST REGULATIONS

- ONUS ON THE PROMOTERS ONLY
- NO RESPONSIBILITY ON COMPANY
- AS A MATTER OF ROUTINE
  - CHECK DISCLOSURES OF PROMOTERS
    - ANNUAL
    - CONTINUAL
    - ENCUMBRANCE
- IN CASE COMPANY HAS ACQUIRED / HOLDS SHARES ANY SHARES OF LISTED ENTITY
  - CHECK DISCLOSURES BY COMPANY
  - TRIGGER POINTS

# BUY BACK OF SECURITIES

- RESOLUTION
  - BOARD – 10%
  - SHAREHOLDERS – 25%
- ARTICLES TO PERMIT
  - ELSE IS IT AMENDED?
- METHOD
  - TENDER OFFER
  - MARKET MECHANISM
- NO BUY BACK FOR A PERIOD OF 12 MONTHS FROM THE PREVIOUS BUY BACK

# BUY BACK OF SECURITIES

- TO CHECK
  - IF POST BUY BACK THE DEBT EQUITY IS 2:1
  - NOT MORE THAN 10% OF THE PAID UP CAPITAL IN TERMS OF NUMBER OF SHARES ARE BOUGHT BACK IN A FINANCIAL YEAR
- PAYMENT WITHIN 7 DAYS OF CLOSURE
- EXTINGUISHING OF CERTIFICATES
  - WITHIN STIPULATED TIME OF 15 DAYS OF COMPLETION OF OFFER
  - IN THE PRESENCE OF RTI / MERCHANT BANKER AND CHARTERED ACCOUNTANT
- CERTIFICATE TO SEBI CERTIFYING EXTINGUISHMENT
  - TENDER OFFER - IMMEDIATELY
  - MARKET MECHANISM - BY 7<sup>TH</sup> OF EVERY MONTH

# BUY BACK

- NO BONUS ISSUE OR OTHER ISSUES INCLUDING ESOPS / CONVERSION OF SECURITIES WHILE BUY BACK IS ON
- PROMOTERS NOT TO DEAL IN SHARES WHILE THE BUY BACK IS ON
- TO MAKE A PUBLIC ANNOUNCEMENT WITHIN 2 DAYS OF CLOSURE OF BUY BACK
- FILE NECESSARY RETURNS WITH ROC

# INSIDER TRADING

- CODE OF FAIR PRACTICES - ON WEBSITE AND TO THE STOCK EXCHANGE
- CODE OF CONDUCT
- ANNUAL DISCLOSURE BY ALL EMPLOYEES
- PRE CLEARANCE OF TRADES - EXECUTION OF TRADES WITHIN 7 WORKING DAYS, DOCUMENTS IN SUPPORT OF EXECUTION OF TRADES
- WHETHER OPPOSITE TRADES BY ANY EMPLOYEE - EXERCISE OF ESOPS EXEMPT
- DISCLOSURE BY PROMOTER, DIRECTOR AND DESIGNATED EMPLOYEE UNDER REGULATION 7 OF THE PIT REGULATIONS
- CLOSURE OF TRADING WINDOW - ANY TRADING AT THAT TIME

# INSIDER TRADING

- PROMPT DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION
- UNIFORM AND UNIVERSAL DISSEMINATION OF UPSI
- DESIGNATION OF A SENIOR OFFICIAL AS PERSON INCHARGE OF DISSEMINATION OF UPSI
- PROMPT DISEMMINATION OF UPSI THAT GETS DISCLOSED SELECTIVELY
- TO DEVELOP PRACTICES OF MAKING AVAILABLE TRANSCRIPTS OF MEETING WITH RESEARCH ANALYSTS AVAILABLE ON WEBSITES

# LISTING REGULATIONS

- POLICIES OF THE COMPANY
  - PRESERVATION OF DOCUMENTS
  - MATERIALITY OF PRICE SENSITIVE INFORMATION
  - DETERMINATION OF MATERIAL SUBSIDIARIES
  - RELATED PARTY TRANSACTIONS
- MINUTES OF THE BOARD MEETINGS
  - EXPLICIT, DISCUSSIONS, DISSENT
  - FIRST BOARD MEETING – CONFIRMATION TO CODE OF CONDUCT TO SENIOR MANAGERIAL PERSONNEL
  - AGENDA – CONFIRMS TO THE MINIMUM INFORMATION LAID DOWN BY THE LODR



# LISTING REGULATIONS

- CORPORATE GOVERNANCE
  - BOARD CONSTITUTION - VACANCY, WOMAN DIRECTOR
  - AUDIT COMMITTEE
    - QUORUM, OMNIBUS RESOLUTION, MEMBERSHIP
  - RELATED PARTY TRANSACTIONS
  - INDEPENDENT DIRECTORS
    - STATEMENT OF INDEPENDENCE
    - MEETING OF THE INDEPENDENT DIRECTORS
    - TRAINING PROGRAMMES, ATTENDANCE PARTICULARS
  - REVIEW OF THE INDEPENDENT DIRECTORS BY THE OTHER DIRECTORS

# LISTING REGULATIONS

- PRIOR INTIMATIONS
- RECORD DATE
- SHAREHOLDING PATTERN
- FINANCIAL RESULTS AND FILING OF IMPACT OF RESULTS
- EVOTING RESULTS
- PROCEEDINGS OF AGM / EGM
- FILING OF ANNUAL REPORT

# LISTING REGULATIONS

- REGULATION 30 DISCLOSURE
  - WHAT ARE THE EVENTS THAT HAVE HAPPENED DURING THE YEAR WHICH HAVE AN IMPACT ON THE PRICE OF THE SHARES
  - DISCLOSURES GIVEN
  - TO CHECK IF ADEQUATE, TIMELY, ACCURATE AND ALSO RELEVANT
  - REACTION TO RUMOURS

# LISTING REGULATIONS

- FUNCTIONAL WEBSITE
- INVESTOR GRIEVANCES
  - ON SCORES
  - LATEST REPORT

- THANK YOU