Transcending Horizons - Capital Market Way

Role of Company Secretaries in Capital Market
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The Institute of Company Secretaries of India (ICSI) has been constituted under an Act of Parliament i.e., the Company Secretaries Act, 1980 to develop and regulate the profession of Company Secretaries. The ICSI functions under the administrative jurisdiction of Ministry of Corporate Affairs, Government of India. The ICSI awards the designation of Company Secretary to a candidate qualifying for the membership of the Institute and exercises professional supervision.

The ICSI has on its rolls around 44,000 members including around 8000 members holding Certificate of Practice and 4,00,000 students pursuing the Company Secretaryship Course.

**COMPANY SECRETARY**

ICSI is a pioneer Institute in developing Governance professionals who are well equipped and competent to meet the challenge of complying with complex legal, regulatory & governance matters.

A Company Secretary is a close confidant of the Company Board thereby

- Key Managerial Personnel (KMP) under Companies Act, 2013
- Acts as a vital link between the company and its Board of Directors, shareholders and other stakeholders and regulatory authorities
- Provides the board with guidance such as its duties, responsibilities and powers under various laws, rules and regulations
- Ensures that the culture of independence is promoted at the board and committee meetings and at the level of individual directors
- Plays a key role in ensuring that the Board procedures are followed and regularly reviewed
- Acts as compliance officer as well as in house legal counsel to advise the Board and the functional department of the company on various corporate, business, economic and tax laws.

**ICSI NATIONWIDE NETWORK**

- Head Office - New Delhi
- Regional Councils - Chennai, Kolkata, Mumbai, New Delhi
- Chapters - 69
- Counsellors - 154
- Examination Centres - 107 including one overseas centre at Dubai
- Centre for Corporate Governance, Research & Training (CCGRT), Navi Mumbai
- ICSI- Governance Research and Knowledge Foundation (GRKF), Navi Mumbai
COMPANY SECRETARIES & CAPITAL MARKET

“When learning is purposeful, creativity blossoms. When creativity blossoms, thinking emanates. When thinking emanates, knowledge is fully lit. When knowledge is lit, economy flourishes.”

— A.P.J. Abdul Kalam, Indomitable Spirit

There is an inalienable link between innovation, growth and capital markets. We all are well versed with the fact that robust capital markets can spur the process of economic growth and lead to gains which are tangible, equitable and inclusive.

The government has the commendable aim of making more in India. This means improving the efficiency of producing in India, whether of agricultural commodities, mining, manufacturing, or services.

The development of financial markets has long been recognized as a key determinant of economic development and the successful performance of financial sector is a precondition for the exploitation of an economy’s growth potential.

SEBI the Indian capital market regulator has come up with several policy initiatives in the past few years, with the aim to strengthen the regulatory framework of the Indian Capital market and align the role of capital market to the larger vision of the Indian Government, international best practices and more importantly to the investing and funding needs of the inspirational Indian population.

The recent developments in the Indian capital market or otherwise say technologically, policy initiatives and new legislations emphasize the importance of accountability and transparency. Our nation requires a cadre of professionals who will lead by example in their honesty, accountability, discipline and commitment to change. As professionals, Company Secretaries know that to do it well, to achieve success and to excel the excellence, client orientation, value addition and self development are crucial factors.

The Company Secretaries Act, 1980 recognizes the role of a Company Secretary in Practice in the matters relating to capital markets and securities laws. Section 2(2) of the Company Secretaries Act, 1980 authorizes a Company Secretary in Practice to perform the services as a share transfer agent, an issue house, a share and stock broker, a secretarial auditor or consultant. This section also authorizes a Company Secretary in Practice to act as advisor to a company on management, including any legal and procedural matter falling under Securities Contracts (Regulation) Act, 1956, any of the rules or bye laws made by a recognized stock exchange, among others.

In today’s scenario, Company Secretary also acts as an extended arm of the regulators, as ethical and trustworthy professional whose professional judgment and competence make a mark in the corporate sector.

Company Secretary has vast experience and exposure in securities laws & capital market related matters and is thoroughly conversant with the technicalities and substantive provisions of the securities laws of various compliances enjoined under various statutes and the rules, regulations, bye-laws, guidelines made there under.
Under various securities laws such as Securities Contract (Regulations) Act, 1956, Depositories Act, 1996, Regulations and Guidelines issued by SEBI under the SEBI Act, 1992 and the SEBI Listing Regulations, Company Secretaries have been authorised to verify compliances and to issue certificates. The various services provided by Company Secretaries (both in employment and practice) in Capital Markets areas under:

**CORPORATE LAWS ADVISORY AND REPRESENTATION SERVICES**

*Corporate Laws Advisory Services*
Advising companies on Compliance of legal and procedural aspects, particularly under -
- SEBI Act, 1992
- Securities Contracts (Regulation) Act, 1956, Rules and Regulations made thereunder
- SEBI Regulations and Guidelines

*Representation Services*
Representing on behalf of a company and other persons before
- Securities Appellate Tribunal

*Public Issue, Listing and Securities Management*
- Advisor/consultant in issue of shares and other securities in India and abroad
- Drafting of prospectus/offer for sale/ letter of offer/other documents related to issue of securities and obtaining approvals in association with lead managers
- Listing / delisting of securities
- Private placement of securities
- Buy-back of shares
- Raising of funds from international markets - ADR/GDR/ECB/FCCB/IDRs
- Acting as Compliance Officer under SEBI Listing Regulations
- Compliance Officer for various capital market intermediaries

*Takeover Code and Insider Trading*
- Compliance of the Takeover Regulations, 2011
- Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015

*Internal Audit of Capital Market Intermediaries*
- Internal Audit of Depository Participants
- Internal Audit of Stock Brokers/Trading Members/Clearing Members
- Internal Audit of Portfolio Managers
- Internal Audit of Credit Rating Agencies
- Yearly Audit of Investment Advisors
- Yearly Audit of Research Analysts.

**Certification Services**

- Certification in relation to Reconciliation of total issued capital, listed capital and capital held by depositories in dematerialized form
- Concurrent Audit in case of Demat Account Opening, Control and Verification of Delivery Instruction Slips
- Certification in case of offer / allotment of securities to 49 and up to 200 investors that the refund procedure as prescribed by SEBI are duly complied with
- Certification that all transfers have been completed within stipulated time under Regulations 40 (9) of SEBI Listing Regulations
- Certification regarding compliance of conditions of Corporate Governance under Schedule V, Clause E of SEBI Listing Regulations
- Certification regarding maintenance of 100% asset cover in respect of listed on convertible debt securities under SEBI Listing Regulations
- Certificate of Compliance for Listing on BSE SME Platform through IPO.
- Various certifications for trading members of Stock Exchanges.

**Investor Awareness Programmes organised by ICSI under IEPF**

Investor education and awareness is one of the core activities of the Institute towards promoting good corporate governance. In this direction, the Institute has partnered with Ministry of Corporate Affairs, Securities and Exchange Board of India and Stock Exchanges for organizing investor awareness programmes and seminars through its various Regional Councils/Chapters across the country.

The Institute is registered under the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 since 2005 and has organized more than 3700 Investor Awareness Programmes under IEPF till March 31, 2016 as under:

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<tr>
<td>2015-16</td>
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</table>
Recognitions to Company Secretaries under various Securities Laws

Company Secretary in Employment

Compliance officer under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The listed entity has to mandatorily appoint a Company Secretary as Compliance Officer except for units of Mutual Funds listed on Stock Exchanges. [Regulation 6 (1)]

Certification regarding maintenance of share transfer facility

The listed entity shall submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorise representative of the share transfer agent, whenever applicable within one month of end of each half of the financial year certifying that all activities in relation to both physical and share transfer facility are maintained either in house or by Registrar to an issue and share transfer regent registered with SEBI. [(Regulation 7 (3)]

Compliance Officer for various Capital Market Intermediaries

Company Secretary also acts as Compliance Officer for various capital markets intermediaries, such as:

- Members of the Stock Exchanges
- Depository Participants
- Mutual Funds
- Merchant Bankers and Other Intermediaries.
Recognition to Company Secretaries under various Securities Laws

Company Secretary in Practice

Appearance Before Securities Appellate Tribunal

Practising Company Secretary has been authorised to appear as authorised representative before the Securities Appellate Tribunal (SAT) under SEBI Act, 1992 and Depositories Act, 1996. [Section 15 V of SEBI Act; Section 23C of Depositories Act, 1996]

Secretarial Auditor

Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides for mandatory Secretarial Audit for every listed company and (a) every public company having a paid up share capital of fifty crore rupees or more; or (b) every public company having a turnover of two hundred fifty crore rupees or more. Such company is required to annex a Secretarial Audit Report with its Board's reports in form MR-3.

Reconciliation of Share Capital Audit

Practising Company Secretary is authorised to issue quarterly certificate with regard to reconciliation of the total issued capital, listed capital and capital held by depositories in dematerialized form, details of changes in share capital during the quarter, and in-principle approval obtained by the issuer from all the stock exchanges where it is listed in respect of such further issued capital under SEBI (Depositories and Participants) Regulations, 1996. [Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996]

Audit of Capital Market Intermediaries

Efficient internal control systems and processes are pre requisite for good governance. The governance being a dynamic concept requires constant evaluation and monitoring of the systems and processes. In the context of Capital Markets, intermediaries are an important constituent of overall governance framework. Being an important link between regulators, investors and issuers, they are expected to ensure that their internal controls are so efficient that ensures effective investor service at all times and provides regulators comfort as to the compliance of regulatory prescription. It is in this direction that SEBI has authorised practising Company Secretaries to undertake internal audit of various capital market intermediaries.

A. Internal Audit of Portfolio Managers

Practising Company Secretary is authorized for conducting the internal audit of Portfolio Manager. The report is to be submitted twice a year, as on 31st of March and 30th of September. The scope of the internal audit comprises the checking of compliance of SEBI (Portfolio Managers) Regulations 1993 and circulars, notifications or guidelines issued by the SEBI and internal procedures followed by the Portfolio Manager. [SEBI Circular IMD/PMS/CIR/1/21727/03 dated Nov.18, 2003]
B. Internal Audit of Stock Brokers/Clearing Members/Trading Members
Practising Company Secretary is authorised to carry out Internal Audit of Stock Brokers/Clearing Members/Trading Members on a half yearly basis. The scope of internal audit of stock brokers, being wide enough, covers interalia the existence, scope and efficiency of the internal control system, compliance with the provisions of the SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956, SEBI (Stock Brokers and Sub Brokers) Regulations, 1992, circulars issued by SEBI, agreements, KYC requirements, Bye Laws of the Exchanges, data security and insurance in respect of the operations of stock brokers/clearing members. [SEBI Circular MRD/DMS/CIR-29/2008 dated October 21, 2008]

C. Internal Audit of Credit Rating Agencies
Practising Company Secretary is authorized to carry out internal audit for Credit Rating Agencies (CRA) on a half yearly basis. The Audit covers all aspects of CRA operations and procedures, including investor grievance redressal mechanism, compliance with the requirements stipulated in the SEBI Act, Rules and Regulations made thereunder and guidelines issued by SEBI from time to time. [SEBI Circular MRD/CRA/CIR-01/2010 dated January 06, 2010]

D. Internal Audit of Depository Participants
The two Depository service providers in India, viz., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) have authorised Practising Company Secretary to undertake internal audit of the operations of Depository Participants (DPs). [CDSL Byelaws 16.3.1, NSDL Byelaws 10.3.1]

E. Yearly Audit of Investment Adviser
SEBI authorised the practising Company Secretaries, amongst other Professionals to carry out audit of Investment Advisers on yearly basis. Regulation 19(3) of the SEBI (Investments Advisers) Regulations, 2013 requires yearly audit of compliance of Investments Advisers under SEBI (Investment Advisers) Regulations, 2013 by a member of the Institute of Company Secretaries of India.

F. Annual Audit of Research Analyst
Practising Company Secretary is authorized to carry out annual audit of research analyst. Regulation 25(3) of SEBI (Research Analysts) Regulations, 2014 requires annual audit of research analysts under SEBI (Research Analysts) Regulations, 2014 by a member of the Institute of Company Secretaries of India.

G. Concurrent Audit of Depository Participants
Practising Company Secretary is authorized to carry out concurrent audit of Depository Participants which covers audit of the process of demat account opening, control and verification of Delivery Instruction Slips (DIS). [NSDL/Policy/2006/0021 dated June 24, 2006 and CDSL circular-number CDSL/AUDIT/DP/721 dated July 11, 2006]
CERTIFICATIONS UNDER SEBI LISTING REGULATIONS

Certificate regarding Transfer of Securities
Certification to the effect that all transfers have been completed within the stipulated time. [Rule 40(9)]

Certificate Regarding Compliance of Conditions of Corporate Governance under SEBI Listing Regulations
SEBI listing regulations authorize Practising Company Secretary to issue certificate regarding compliance of conditions of Corporate Governance. [Schedule V, clause E]

Certificate Regarding Maintenance of 100% Asset Cover
To issue half yearly certificate regarding maintenance of 100% security cover in respect of listed non-convertible debt securities. [Regulation 56(1)(d)]

Compliance Certificate by a practising Company Secretary for listing on BSE SME platform
BSE vide its circular dated 26th November 2012 requires that Companies seeking listing on BSE SME Platform through IPO are required to comply with the quantitative eligibility norms as prescribed by BSE. Additionally, it will be desirable for the company to file a compliance certificate by a Practicing Company Secretary as per the guidance note issued by the Institute of Company Secretaries of India as and when such a certification is made applicable by the SME Platform of BSE Ltd.

Certification by practising Company Secretary in case of offer/allotment of securities to more than 49 and up to 200 investors
To issue a certificate regarding issuance of securities to more than 49 and up to 200 investors that the refund procedure as prescribed by SEBI has been duly complied with. [SEBI Circular No. CFD/DIL3/CIR/P/2016/53 dated May 03, 2016]

CERTIFICATION UNDER RULES / REGULATIONS OF STOCK EXCHANGES

Certification under Bombay Stock Exchange Ltd.

Net worth Certificate
- Company Secretary is authorized to issue Net worth Certificate to be submitted by all active members including representative members of Cash segment, Limited Trading members & Trading and/or Clearing members of the Derivatives segment of the Bombay Stock Exchange. [Source: www.bseindia.com]

For listing of IPO
A Certificate from a practising Company Secretary stating that:
- Allotment has been made as per the basis of allotment approved by the Designated Stock Exchange.
- The share certificates corresponding to equity Securities under lock in have been enalled with non-transferability condition.
- In case of Employee reservation in the issue then ‘Allotment of shares from the employees’ quota has been made to permanent/regular employees of the company and of the promoter
companies, as on the date of the opening of the public issue and who are entitled to such allotment. [Source: www.bseindia.com]

**Forfeiture of securities**
A certificate from the Managing Director as well as the practising Company Secretary specifically certifying that the company had duly complied with the provisions contained in the company’s Memorandum & Articles of Association and the Companies Act, 2013. [Source: www.bseindia.com]

**For Listing of Non Convertible Debentures pursuant to Public Issue**
A Certificate from practising Company Secretary stating allotment has been made as per the basis of allotment approved by the designated Stock Exchange. [Source: www.bseindia.com]

**For revocation of suspension in trading of equity shares**
A Compliance certificate obtained from the practising Company Secretary on compliance w.r.t. Regulations 17-27 of the SEBI Listing Regulations. [Source: www.bseindia.com]

**For Listing on the BSE Hi-Tech (Institutional Trading Platform)**

1. **Without Public Issue**
   A certificate from a practising Company Secretary certifying the statement of material contracts and documents. [Source: www.bseindia.com]

2. **Pursuant To Public Issue**
   - A certificate from a practising Company Secretary certifying the statement of material contracts and documents.
   - A Certificate from the Managing Director / Company Secretary or PCS stating the following –
     a. The company has achieved point wise compliance with the Eligibility Criteria as specified under Reg. 106Y of the Amended SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as notified on August 14, 2015.
     b. Confirmation from BRLM/Lead Manager regarding the applicant Company being pointwise in compliance with Regulation 4(2) of SEBI (ICDR) Regulations, 2009.
     c. The securities of the Company are not listed on any Recognized Stock Exchange.
     d. The company is not promoted by promoters and directors of an entity delisted under regulation 106ZD(2), for a period of five years from the date of such delisting.
     e. The Company, group companies or subsidiaries has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
     f. There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed.
     g. No regulatory action has been taken against the company, its promoter or director by the Board, Reserve Bank of India, Insurance Regulatory and Development Authority or Ministry of Corporate Affairs within a period of five years prior to the date of application for listing. [Source: www.bseindia.com]
Listing on the BSE-SME Platform

- A Certificate from the Managing Director / Company Secretary or practising Company Secretary stating the following –
  a. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
  b. There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed.
  c. There has been no change in the promoter/s of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.

- A Certificate from practising Company Secretary stating that:
  a. Allotment has been made as per the basis of allotment approved by the Designated Stock Exchange.
  b. The share certificates corresponding to equity Securities under lock-in have been enfaced with non-transferability condition.
  c. Allotment of shares from the employees’ quota has been made to permanent/regular employees of the company and of the promoter companies, as on the date of the opening of the public issue and who are entitled to such allotment. [Source: www.bseindia.com]

For granting approvals under Regulation 28(1) of the SEBI Listing Regulations in case of Qualified Institutions Placement (QIPs)

I Pre Allotment

A Networth certificate from practising Company Secretary together with related workings of the company based on the audited balance sheet of the previous financial year. [Source: www.bseindia.com]

II Post Allotment

A Certificate from a practising Company Secretary confirming the floor price has been based on the pricing formula prescribed under Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the company has been in receipt of funds against the placement of securities with QIBs. [Source: www.bseindia.com]

For “In-principle approval” for issue of securities issued on a preferential basis under Regulation 28(1) of the SEBI Listing Regulations

- A Certificate from a Practising Company Secretary confirming that:
  - None of the proposed allottee(s) has/ have sold any equity shares of the company during the six months period preceding the relevant date. Further, where the proposed allottee(s) is/ are promoter/ promoter group entity, then none of entities in the promoter and promoter group entities has/ have sold any equity share of the company during the six month period preceding the relevant date.
The pre-preferential shareholding of each of proposed allottee(s) has been locked in accordance with Regulation 78(6) SEBI (ICDR) Regulations, 2009. Further, there is no sale/pledge of pre-preferential holding from (Relevant Date) till (date of lock-in).

None of the proposed allottees belonging to promoter(s) or the promoter group is ineligible for allotment in terms of Regulations 72(3) of SEBI (ICDR) Regulations, 2009.

The proposed issue is being made in accordance with the requirements of Chapter VII of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, Section 42 and 62 of the Companies Act 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The company will comply with all legal and statutory formalities and no statutory authority has restrained the company from issuing these proposed securities.

A certificate from a practising Company Secretary confirming the relevant date for the purpose of said minimum issue price for the proposed preferential issue and that the minimum issue price is based on the pricing formula prescribed under Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. [Source: www.bseindia.com]

For granting listing approvals, for the equity shares issued on a preferential basis- Post issue
A Certificate from a practising Company Secretary with respect to the proposed preferential allotment certifying that:

- the company has complied with all the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Companies Act, 2013 including Section 42 and Section 62 of the Companies Act 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further the company has also complied with all the legal and statutory formalities for allotment of aforesaid equity shares issued on a preferential basis.
- allotment of shares has been made only to such persons to whom offer / invitation was made.
- no statutory/regulatory authorities has restrained the company for issuing equity shares to the company on preferential basis.
- in the case of convertible instruments, the allottees have exercised the option to convert the instrument within a period of 18 months from the date of allotment of the instrument.
- the pre-preferential shareholding of the allottees (mentioning the quantity) are under lock-for the period starting form relevant date up to a period immediately prior to allotment.
- at the time of allotment the pre-preferential shareholding (if any) of all the allottees were held in dematerialized form only and no allotment has been made to any allottee whose pre-preferential shareholding was in physical form or was in the process of dematerialization.
- no allotment has been made to an allottee who did not have PAN at the time of allotment, unless the entity is exempt from PAN.
For listing of equity shares issued pursuant to exercise of options granted under ESPS/ESOS/SARS/GEBS/RBS

- A Certificate from Company Secretary for receipt of money.
- A quarterly certificate from the practising Company Secretary specifically certifying that the company has received the application/allotment monies from the applicants of these shares. [Source: www.bseindia.com]

Listing of securities issued pursuant to the Rights issue.

A certificate from practising Company Secretary that allotment has been done as per basis of allotment approved by the designated stock exchange. [Source: www.bseindia.com]

Listing approval for Bonus equity shares issued by the Companies

A certificate from practising Company Secretary to the effect that the SEBI (ICDR) Regulations, 2009 for bonus issue has been complied with. [Source: www.bseindia.com]

For Direct Listing for Companies which are listed with Stock Exchanges in Equity Segment

- Companies having Average Turnover more than Rs. 500 crores in previous Financial Year:
  - An original certificate from a Practising Company Secretary regarding compliance with Corporate Governance requirements in accordance with Regulations 17-27 of the SEBI Listing Regulations.
  - If Regulations 17-27 of the Listing Regulations is not applicable to the company, a certificate from an independent professional e.g. practising Company Secretary has to be given at the time of applying for Listing, stating the reasons thereof. [Source: www.bseindia.com].

- Companies having Average Turnover less than Rs. 500 crores in previous Financial Year:
  - An original certificate from a practising Company Secretary regarding compliance with Corporate Governance requirements in accordance with Regulations 17-27 of the SEBI Listing Regulations. [Source: www.bseindia.com]

Certification under National Stock Exchange Ltd. (NSE Circular No. 541, Ref. NSE/MEM/7835)

- Details of director/proponent in format C-3 of Annual Return submitted by Trading Member to the Stock Exchange.
- Details of shareholding pattern/sharing pattern of corporates in format C-6 of Annual Return submitted by Trading Member to the Stock Exchange.
- Details of shareholding pattern/sharing pattern of firms in format C-6 of Annual Return submitted by Trading Member to the Stock Exchange.
- Details of Dominant group of corporates in format C-7 of Annual Return submitted by Trading Member to the Stock Exchange.

None of the allottee has breached investment limit prescribed by any regulator. [Source: www.bseindia.com]
• Undertaking from Relative of Persons constituting Dominant Promoter Group in format C-8 of Annual Return submitted by Trading Member to the Stock Exchange.
• Undertaking from corporates supporting Dominant Promoter Group in format C-8 of Annual Return submitted by Trading Member to the Stock Exchange.

*Promoter to be reclassified as public shareholder [Regulation 31A (6) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

Where an entity becomes professionally managed and does not have any identifiable promoter the existing promoters may be reclassified as public shareholders and in such a case the pre and post shareholding pattern pursuant to proposed reclassification should be certified by a practising Company Secretary. [source: www.nseindia.com]

**Name Change**

In case of name change, the Company is required to provide a Certificate from practising Company Secretary providing the detailed bifurcation of income earned by the Company under various activities as suggested by the new name. [source: www.nseindia.com]

*In principle approval for securities issued underlying GDRs/ADRs*

Certificate from a practising Company Secretary for the following confirmations:
- The pricing of the issue along with the detailed working of the same.
- The company has received the entire consideration payable prior to the allotment of shares. [source: www.nseindia.com]

*Grant of approval under Regulation 37 of the SEBI Listing Regulations, 2015 (Demerger - Resulting Company Seeking Listing at Exchange, other companies, reduction of Capital under Section 66 of Companies Act, 2013, re-commencement of trading of listed company post scheme of arrangement / capital reduction)*

A Certificate from practising Company Secretary for Networth of the Company pre and post Scheme under Sections 101, 391 and 394 of the Companies Act, 1956. [source: www.nseindia.com]

*Listing of further issue of securities issued pursuant to scheme of amalgamation/ merger/ scheme of arrangement etc.*

A Certificate from practising Company Secretary regarding lock-in details (Mentioning the Lock-in date details). [source: www.nseindia.com]

*Listing of further issue of securities issued as Bonus*

Certificate from practising Company Secretary to the effect that the SEBI (ICDR) Regulations, 2009 for bonus issue is duly complied with. [source: www.nseindia.com]

**Issue of securities under Qualified Institutional Placement (QIP) and Institutional Placement programme (IPP)**

1. **Pre allotment**

A Certificate from practising Company Secretary confirming the Networth calculation regarding pre allotment of shares in case of a QIP and IPP. [source: www.nseindia.com]
II Post Allotment

A Certificate from practising Company Secretary confirming the calculation of the floor price in case of QIP and IPP. [source: www.nseindia.com]

**In-principle approval for listing of securities issued under Rights/Public Issues by already listed company**

A Certificate from a practising Company Secretary confirming securities under lock-in (the certificate should include the distinctive numbers of securities under lock-in and date from and upto which these shares are under lock-in). [source: www.nseindia.com]

**Listing of Indian Depository Receipts (IDRs)**

A Certificate from a practising Company Secretary stating that allotment has been made as per the basis of allotment approved by the Designated Stock Exchange. [source: www.nseindia.com]

**For In-principal Approval on Debt Market Segment**

A Confirmation from a practising Company Secretary stating the issuer is compliant with the Regulation 17 to 27 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. [source: www.nseindia.com]

**Listing of shares arising out of Conversion of Debentures/Warrants/Notes/Bonds into Equity Shares**

Certificate from Practising Company Secretary for receipt of money at the time of allotment of Convertible Debentures/Warrants/Notes, etc. [source: www.nseindia.com]

**Grant of In-principle approval (Preferential Issue) for listing under Regulation 28(1) of the SEBI Listing Regulations, 2015**

A Certificate from practising Company Secretary for the following confirmations:

- The entire pre-preferential holding of the allottee(s) and that the same is in dematerialized form.
- The Pricing of the issue along with the detailed working of the same. [source: www.nseindia.com]

**Pre-preferential holding of the allottee/s**

A Certificate from a practising Company Secretary confirming:

- The entire pre-preferential holding of the allottee(s) (mentioning the quantity) is locked-in for the period starting from relevant date up to a period immediately prior to the allotment.
- The total equity shares are allotted pursuant to preferential allotment (the certificate should include the distinctive numbers of securities under lock-in) and the date from and upto a period of 1 Year/ 3 Years from the date of latest Trading Approval under which these shares are under lock-in. [source: www.nseindia.com]

**Listing of shares/securities issued on Preferential/Private Placement basis in case of allotment under Section 62(3) of Companies Act, 2013**

A confirmation signed by the Compliance Officer of the company duly counter confirmed by the Practising Company Secretary confirming that the said allotment has been made in accordance with the provisions of section 62(3) of the Companies Act, 2013. [source: www.nseindia.com]
Other areas of Practice for Company Secretaries in Capital Market

There is a visible shift in regulatory prescription from control regime to self regulatory regime providing market players desired level of flexibility to manage their affairs and at the same time minimize regulatory interventions. The concept of self regulation imbibe in it independent professional support to assure that the affairs of the business are conducted conforming to regulatory requirements in true letter and spirit. This independent professional intervention creates a win-win situation for all constituents of governance process and in particular the market players.

1. Public Issue

Public issue of securities is an important segment of capital market as it enables the Corporate Sector, to raise resources required for business and related purposes. What is imperative for a company considering a public issue of securities is to take an objective view after examining all aspects with due clarity on the purpose of the issue, including evolving state of investment climate, performance of the industry, its prospects, investors appetite for various type of securities both retail and institutional as well as the state of primary and secondary market of the stock exchanges.

Company Secretaries as a member of IPO team plays an important role in a public issue, beginning from fixing the price band and looking after the due diligence process of an IPO/FPO. Particularly they play the following role in the issue process:

- Directing and co-ordinating the activities with Underwriters, Registrars, Bankers and other intermediaries.
- Complying with requirements of various laws, such as Companies Act, Regulations and Guidelines issued by SEBI and Stock Exchange requirements.
- Ensuring adherence to all Board Procedures relating to resolutions concerning the IPO/FPO and that the consent of the shareholders has been obtained.
- Conformity with Articles of Association with the Securities Contracts (Regulation) Act, 1956 and other applicable rules and regulations.
- Ensuring that the company has received necessary approval from concerned regulatory authorities.
- Ensuring Compliance of various requirements under SEBI (Issue of Capital and Disclosure Requirements) Regulations.
- Compliance with Listing Conditions as specified under SEBI Listing Regulations, SCRA and the rules made thereunder and those specified by Stock Exchanges.
II. COMPLIANCE CERTIFICATE ON IPO / FPO

As an aid to this process and in order to ensure that the formalities and procedures connected with the issue process from Pre-IPO to Listing are adhered to and the issuer is fully compliant with the Regulations connected therewith, the Institute of Company Secretaries of India conceived the concept of Certification on IPO/FPO and after holding series of prolonged discussions with senior professionals, Stock Exchanges and market intermediaries, formulated the Compliance Certificate on IPO/FPO, to be provided by a practising Company Secretary.

Voluntary in nature, the Certification includes inter alia, confirmation of compliance of conditions/stipulations prescribed by the Regulatory Authorities and Stock Exchanges for listing of equity shares on Initial Public Offer (IPO), Further Public Offer (FPO), etc. The scope of the Certification include compliance of all rules, applicable regulations, guidelines in relation to issue of securities, issue of certificates in relation to all transactions of company’s securities, physical verification of relevant records and documents. The certification provides comfort and assurance to both the Merchant bankers and regulators to the effect that the proposed Initial Public Offering (IPO) and Further Public Offer (FPO), conforms to all regulatory prescriptions.

The Compliance Certificate provides an assurance as to the:
- Compliance with relevant laws
- Formalities with SEBI / Stock Exchange / ROC, etc.
- Compliances with regulations relating to Issue of Capital and Disclosure Requirements
- Compliances with all the Listing Conditions as prescribed under SEBI listing regulations
- Other matters like utilization of promoter’s contribution, etc.

III. ADVISOR TO AN ISSUE FOR SMALL AND MEDIUM SCALE ENTERPRISES

As stated earlier, SEBI has recognized the services of Company Secretaries in employment and practice through introduction of various clauses in the SEBI Listing Regulations viz. appointment of Company Secretary as Compliance Officer; certification with regard to compliance of conditions of corporate governance and completion of all transfers within stipulated time.

A SME in order to get its securities listed on SME Exchanges is required to ensure compliance of various provisions of the Companies Act, 2013, other laws, regulations, listing regulations etc., as applicable.

In order to ensure that the formalities and procedures connected with the issue process by SME are adhered to and the issuer is fully compliant with the Regulations connected therewith, the services of Practising Company Secretaries, as an Advisor to an Issue can be availed guiding adherence to various compliances by the SME proposing listing on the Stock Exchange.
IV. COMPLIANCE REPORT BY AN INDEPENDENT PROFESSIONAL

The companies can avail the services of Practising Company Secretaries regarding Compliance of conditions, whenever there is preferential allotment of shares, issue of rights share and initial public offer as well as follow on public offer. This is a win-win situation for the companies, the investors as well as regulators. It insulates Company directors from the consequences of unintended non-compliance of laws; provide the investor much needed comfort thereby strengthening their faith and confidence in the company and the capital market. For regulator, the better compliances help reduce the incidences of misgovernance thereby helping them achieving the defined objectives of investor protection and the growth of well governed capital market.

V. MEMBER OF STOCK EXCHANGES

Practising Company Secretaries can take memberships of the exchange(s) on fulfilling the eligibility requirements laid down by SEBI.

VI. COMPLIANCE CERTIFICATE ON ‘QUALIFIED INSTITUTIONS PLACEMENT’

In terms of Regulation 84(3) of Chapter VIII of SEBI (ICDR) Regulations, 2009 a Company Secretary can issue a Compliance Certificate to be given to stock exchanges for seeking listing approval.

VII. BUY-BACK, DELISTING, OPEN OFFERS UNDER TAKEOVER CODE

There are various regular compliance requirements by a listed entity and its promoters under SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015.

The issuer companies may avail the services of practicing Company Secretaries, on voluntary basis, to certify compliance of Takeover Code and Insider Trading Regulations on yearly/half-yearly/quarterly basis to help improve compliances.

VIII. CERTIFICATION REGARDING COMPLIANCE OF SEBI RULES & REGULATIONS

The Issuer Company may on voluntary basis, obtain comprehensive Certificate of Compliance, from a practising Company Secretary, covering various conditions / requirements applicable for listing / continued listing, compliance with SEBI Rules, Regulations for each financial year.
Company Secretary: Knowledge and Competency in Capital Markets

The curriculum for Company Secretaryship Course includes the following subjects which gives the students in-depth knowledge of Capital Market, Finance/Accounts and Corporate Compliances:

- **Capital Markets & Securities Laws** provides expert knowledge and understanding of securities laws and regulatory framework concerning capital markets in India, provisions of Securities Contracts (Regulation) Act, 1956; SEBI Act, 1992, and rules, regulations, and guidelines made thereunder, role and functions of primary market and secondary market intermediaries, mutual funds, issue management and compliances.

- **Advanced Company Law & Practice** provides an in-depth understanding of the procedures under the Companies Act, Rules and Regulations made thereunder including understanding of international dimensions of company law.

- **Secretarial Audit, Compliance Management and Due Diligence** provides thorough understanding and appreciation of various aspects with respect to Secretarial Audit, composite legal due diligence in regard to corporate activities and expert knowledge about corporate compliance management.

- **Company Accounts and Auditing Practices** provides knowledge of accounting principles and procedures for companies in accordance with statutory requirements, accounting techniques and auditing practices.

- **Financial, Treasury and Forex Management** provides conceptual clarity about the management tools and techniques used in financial planning, analysis, control and decision making including knowledge of derivatives, forex and treasury management.

- **Capital, Commodity and Money Market** provides an expert knowledge in the area of capital, commodity and money market with respect to various aspects of laws and legislations on Financial intermediaries, Framework, Primary Market, Secondary Market, Economics of Commodity Marketing, Commodities Market Operations and introduction to Money Market.

**Training**

The Training requirements for Company Secretaries expose the participants to practical intricacies of Capital Market, Compliance Management Systems. The inter-disciplinary expertise that a Company Secretary acquires while undergoing CS Course coupled with on the job practical training makes the candidate fit and competent professional to handle and manage legal and procedural aspects, thus giving an edge of having expert knowledge of both substantive and procedural laws.
Capacity Building

In order to update the members, the Institute conducts seminars, professional development programmes and short-term courses on capital market, securities and corporate laws on a regular basis. Series of training programmes/seminars/conference especially for the members towards capacity building in capital market related functions are undertaken in collaboration with Stock Exchanges, Chambers of Commerce etc.

ICSI Publications on Capital Market

The Institute regularly publishes books, Guidance Notes and Referencers/Backgrounders related to Capital Markets and Securities Laws to build the capacities of its members. Some of them are as under:

- Internal Audit of Stock Brokers
- Corporate Governance Beyond Letters
- Segment wise Role of Company Secretaries
- Secretarial Standards on Meetings of the Board of Directors
- Secretarial Standards on Meetings of General Meetings
- Guidance Note on Corporate Governance Compliance Certificate
- Delisting of Equity Shares
- SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015-A Reference
- Internal and Concurrent Audit of Depository Participants
- Handbook on Internal Audit of Operations of Depository Participants
- Board Committees-A Hand Book
- Independent Directors-A Hand Book
- Corporate Social Responsibility-An Engine for inclusive growth
- Related Party Transactions
- SEBI (Prohibition of Insider Trading) Regulations, 2015-A Hand Book
- Capital, Money and Commodity Market-Terms One Should Know
- Referencer on Reconciliation of Share Capital Audit
- Basics of Mutual Fund Investment
The Institute of Company Secretaries of India (ICSI):

- Registers students with 10+2 and graduate qualifications for Foundation and Executive Programme of Company Secretaryship respectively with course contents in Corporate and Economic Laws, Management, Accounting, Taxation and Finance disciplines;
- Conducts Company Secretaryship examination twice a year in June and December, at examination centres spread all over India and an overseas centre at Dubai;
- Provides class room teaching facility and training enabling students to qualify as Company Secretaries;
- Arranges e-learning for students through Web Based Training, Video Based Training and Live Virtual Classroom;
- Arranges training for Executive/Professional Programme pass students in companies with Company Secretaries in Practice empanelled with the Institute for the purpose;
- Enrolls qualified persons as Associate/Fellow members of the Institute and issues Certificate of Practice to members taking up practice;
- Conducts Post Membership Qualification Course for members of the Institute;
- Publishes widely read and highly acclaimed monthly journal 'Chartered Secretary';
- Publishes 'Student Company Secretary' and 'CS Foundation Course Bulletin' for the benefit of students;
- Publishes Online 'CS update' containing current notifications and circulars relating to various corporate and related laws;
- Exercises professional supervision over the members of the Institute both in practice and in employment in matters pertaining to Professional Ethics and Code of Conduct;
- Undertakes research in Law, Management, Finance and Capital Market disciplines and brings out research publications and guidance notes;
- Issues Secretarial Standards and brings out Guidance Notes thereon;
- Renders expert advisory services to members on intricate issues relating to various corporate laws;
- Organises Professional Development and Continuing Education Programmes, International/National/Regional Conventions and Conferences directly or through its Regional Councils and Chapters;
• Organises Professional Development Programmes in collaboration with Chambers of Commerce, Department of Public Enterprises, sister Professional Institutes and other Professional Development/ Management Bodies;
• Interacts with various National and Regional Chambers of Commerce with regard to various Government Policies and Legislations;
• Interacts with the Central and State Governments and Regulatory Authorities on matters of professional interests;
• Interacts with Company Secretaries Institutions of other countries for mutual benefit and in respect of the International Federation of Company Secretaries;
• Bestows ICSI National Award for Excellence in Corporate Governance on best governed companies;
• Bestows Life Time Achievement Award for Translating Excellence in Corporate Governance into Reality;
• Is a Member of the National Foundation for Corporate Governance;
• Is a member of Corporate Secretaries International Association (CSIA)
Vision
“To be a global leader in promoting good corporate governance”

Mission
“To develop high calibre professionals facilitating good corporate governance”