

# **EXECUTIVE PROGRAMME (NEW SYLLABUS)**

## **UPDATES FOR SECURITIES LAWS AND CAPITAL MARKETS**

**(Relevant for students appearing in December, 2018  
Examination)**

### **MODULE 2- PAPER 6**

*Disclaimer-*

*This document has been prepared purely for academic purposes only and it does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*

**Students appearing in December 2018 Examination shall note the following:**

*Students are also required to update themselves on all the relevant Notifications, Circulars, Clarifications, etc. issued by the SEBI, RBI & Central Government on or before six months prior to the date of the examination.*

*These Updates are to facilitate the students to acquaint themselves with the amendments in securities laws upto June, 2018, applicable for December, 2018 Examination. The students are advised to read the updated Study Material (April 2018 Edition) along with these Updates.*

*In the event of any doubt, students may write to the Institute for clarifications at [academics@icsi.edu](mailto:academics@icsi.edu)*

**SUPPLEMENT FOR SECURITIES LAWS AND CAPITAL MARKETS****TABLE OF CONTENT**

<b>NOTIFICATIONS AND CIRCULARS ISSUED DURING (April 01,2018– June 30, 2018)</b>			
<b>Sl. No.</b>	<b>Topic</b>	<b>Page No.</b>	<b>Reference Lesson No. of Study Material</b>
<b>PART I- SECURITIES LAWS</b>			
1.	AN OVERVIEW OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015	1	5
2.	AN OVERVIEW OF SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011	4	6
3.	SEBI (DELISTING OF EQUITY SHARES) REGULATIONS, 2009	5	8
4.	SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015	6	11
<b>PART II- CAPITAL MARKET &amp; INTERMEDIARIES</b>			
5.	SECURITIES MARKET INTERMEDIARIES	7	16

**LESSON 5**  
**AN OVERVIEW OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**Page No. 108**

**Event Based Compliances**

**Add the following at the end of the first table after the last row i.e after 45(3)**

39(3)	Loss of share certificates and issue of the duplicate certificates	Within two days of getting information
46	The listed entity shall maintain a functional website containing the basic information about the listed entity	

**CORPORATE GOVERNANCE UNDER SEBI (LODR) REGULATIONS, 2015**

**Replace the table with the following**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Listing Regulation</b>
1.	Related Party	Clause 2(zb)
2.	Board Composition	17(1)
3.	Appointment of Woman Director	17(1)(a)
4.	Size of the Board	17(1)(a)
5.	Maximum number of directorships	17A
6.	Succession planning	17(4)
7.	Code of Conduct of Board of Directors & Senior Management	17(5)
8.	Prohibited Stock options for IDs	17(6)(d)
9.	Performance evaluation of IDs	17 (10)
10.	Constitution of Audit Committee	18
11.	Constitution of Nomination & Remuneration Committee	19
12.	Stakeholders Relationship Committee	20
13.	Risk management	21
14.	Vigil mechanism	22
15.	Secretarial Audit	24A
16.	Maximum No. of directorship of IDs.	25(1)
17.	Maximum tenure of IDs	25(2)
18.	Separate meeting of IDs	25(3)
19.	Liability of IDs	25(5)
20.	Filing of Casual Vacancy of IDs	25(6)
21.	Familiarisation Programme for Independent Director	25(7)

22.	Disclosure of RPTs	27(2) (a)
23.	Disclosure of different Accounting standard	34 (3)
24.	Disclosure on Remuneration	34 (3)

**Page No. 110**

### **Related Party Definitions under different laws**

**Under Listing Regulations, 2015- The following proviso shall be inserted after the definition**

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

### **Policy on materiality of related party transactions**

The words “including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly” shall be inserted after the words “related party transactions” and before the symbol “:”

### **When will a transaction with a related party be material?**

Insert the following after the first para-

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

**Page No. 111**

### **Approval of the shareholders**

The words “the related parties shall abstain from voting on” shall be substituted with the words “no related party shall vote to approve”.

### **Other provisions**

#### **Bullet point 2**

The words “abstain from voting” shall be substituted with the words “not vote to approve the relevant transaction.

#### **Add bullet point 4**

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related

party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

## **ROLE OF COMPANY SECRETARY**

After the bullet point insert the following:

- The listed entity shall submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent, wherever applicable, within one month of end of each half of the financial year, certifying that all activities in relation to both physical and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with SEBI.
- “Senior Management” shall mean Officers/Personnel of the listed entity who are members of its core management team excluding Board of directors and normally this shall comprise all members of management one level below Chief Executive Officer/ Managing Director/ Whole Time Director/ Manager (including Chief Executive Officer/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

## **SEBI (LODR) Regulations, 2015**

Insert the following at the end of the page

### **Secretarial Audit Report**

Regulation 24A mandates that every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in Practice, in such form as may be specified with effect from the year ended March 31, 2019.

### **Certification regarding Director’s Disqualification**

As per Schedule V, Part C , Clause 10 (i), a certificate from a Company Secretary in Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such Statutory Authority.

\*\*\*\*\*

**LESSON 6**  
**AN OVERVIEW OF SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011**

**Page No. 142**

Disclosures under Regulation 29(1) and 29(2) of SAST Regulations has been extended to non- promoters also.

For the purpose of system driven disclosure, the requirement specified under Regulation 29(4) of SAST Regulations shall not be applied to a scheduled commercial bank or public financial institution as pledgee irrespective of whether such a pledge is for securing indebtedness in the ordinary course of business or not.

\*\*\*\*\*

**LESSON 8**  
**SEBI (DELISTING OF EQUITY SHARES) REGULATIONS, 2009**

**Page No. 164**

**NON- APPLICABILITY**

The following shall be inserted after the first para-

Nothing in these regulations shall apply to any delisting of equity shares of a listed entity made pursuant to a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, if such plan, –

- (a) lays down any specific procedure to complete the delisting of such share; or
- (b) provides an exit option to the existing public shareholders at a price specified in the resolution plan:

Provided that, exit to the shareholders should be at a price which shall not be less than the liquidation value as determined under regulation 35 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 after paying off dues in the order of priority as defined under section 53 of the Insolvency and Bankruptcy Code, 2016.

Provided further that, if the existing promoters or any other shareholders are proposed to be provided an opportunity to exit under the resolution plan at a price higher than the price determined in terms of the above proviso, the existing public shareholders shall also be provided an exit opportunity at a price which shall not be less than the price, by whatever name called, at which such promoters or other shareholders, directly or indirectly, are provided exit:

Provided also that, the details of delisting of such shares along with the justification for exit price in respect of delisting proposed shall be disclosed to the recognized stock exchanges within one day of resolution plan being approved under section 31 of the Insolvency and Bankruptcy Code, 2016.

\*\*\*\*\*

**LESSON 11**  
**SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

**Page No. 214**

**DISCLOSURES OF INTEREST BY CERTAIN PERSONS**

The CEO and upto two levels below CEO of a company shall be deemed as employees for the purpose of system-driven disclosures in respect of Regulation 7(2) (b) of PIT Regulations.

\*\*\*\*\*

**LESSON 16**  
**SECURITIES MARKET INTERMEDIARIES**

**Page No. 310**

**INTERNAL AUDIT OF INTERMEDIARIES BY A COMPANY SECRETARY  
IN PRACTICE**

SEBI has mandated that RTA has to undergo for compulsory internal audit for which a PCS is authorised by SEBI to carry out the internal audit at par with other professionals.

\*\*\*\*\*