
Presentation On Capital Market Regulatory Framework

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Capital Market

Market for long term fund where securities maturity of which is over one year is traded. Security includes- shares, debentures, bonds etc. There are two segments of capital market viz. primary market and secondary market

Regulatory Framework of Securities Market

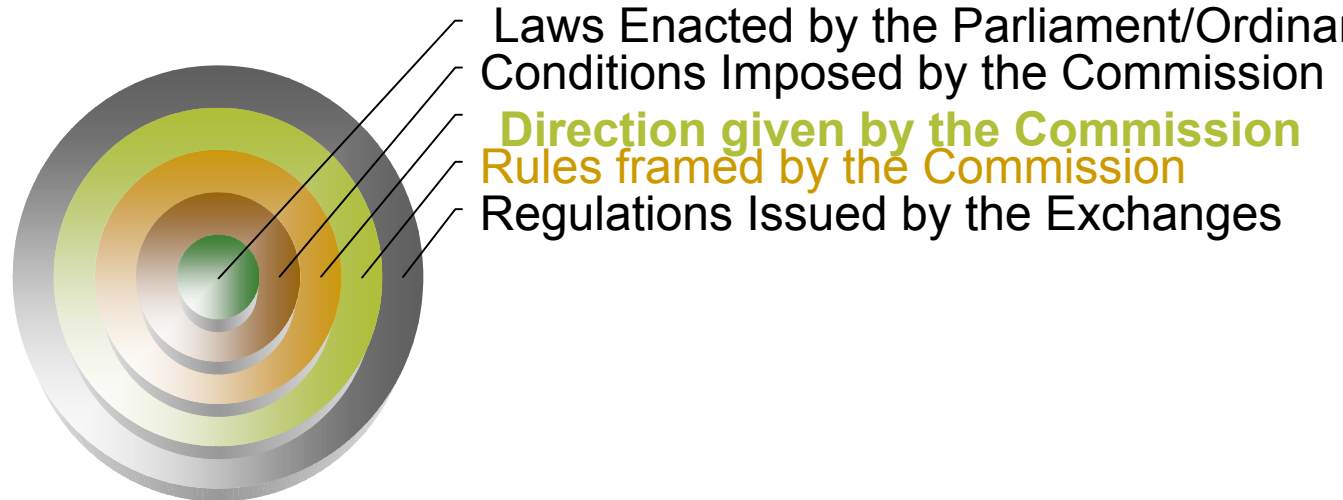
Regulatory framework refers to the framework by which capital market is run, regulated and controlled. Regulatory framework could be divided into:

- Legal Framework;
 - Institutional Framework.
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Legal Framework of Securities Market

- Law passed by the Parliament;
 - Conditions imposed by the Commission;
 - Directions given by the Commission;
 - Rules issued by the Commission;
 - Regulations and Bye-laws issued by the stock exchanges and depository company
 - Memorandum and Articles of Association of stock exchanges.
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Order of Precedence of Securities Laws



Securities Laws

The basic laws that cover the securities market are:

- + Securities Act, 1920;**
 - + Securities and Exchange Ordinance, 1969;**
 - + Securities and Exchange Commission Act, 1993;**
 - + Depository Act, 1999**
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Other Relevant Laws:

- **Companies Act, 1994**
 - **Trust Act, 1882**
 - **Insurance Act, 1938**
 - **Bank Company Act, 1991**
 - **Financial Institutions Act, 1993**
 - **Anti Money Laundering Act, 2002**
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Rules framed by the Commission

Merchant Banker & Portfolio Mang. Rules '96

Public Issue Rules, 2006

Depository Regulation 2000

Rights Issue Rules, 2006

Insiders Trading Prohibition Rules

Mutual Fund Rules, 2001

Over -The-Counter Rules , 2001

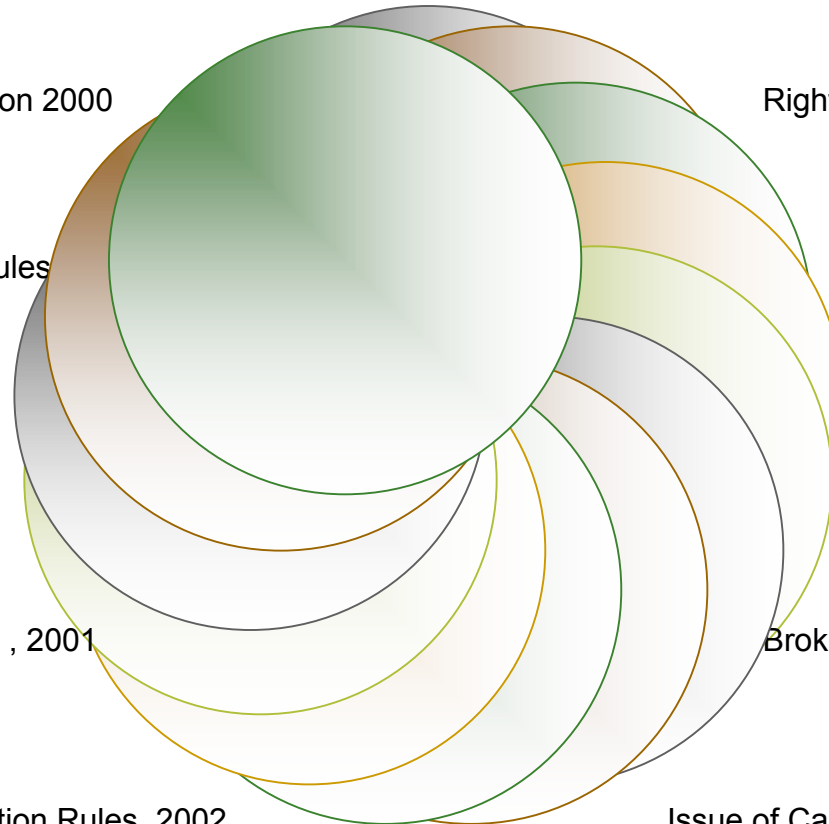
Broker/Dealer & AR Rules, 2000

Merger & Acquisition Rules, 2002

Issue of Capital Rules, 2001

Margin Rules, 1998

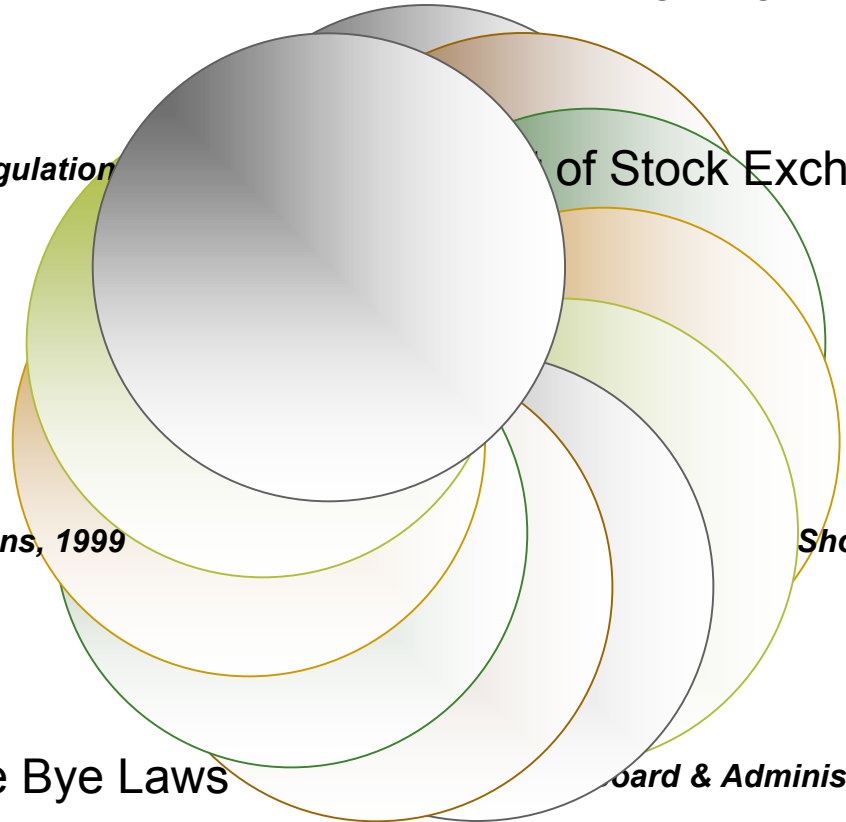
Credit Rating Rules, 1996



Regulation framed by the Exchanges

Memorandum & Articles of Association

Listing Regulations, 1996



Regulation of Stock Exchange Transactions

Investors Protection Funds Regulation

Automated Trading Regulations, 1999

Short Sale Regulations, 2006

Stock Exchange Bye Laws

Board & Administration Regulations, 2006

Direct Listing Regulations, 2006

Internet Trading Regulations

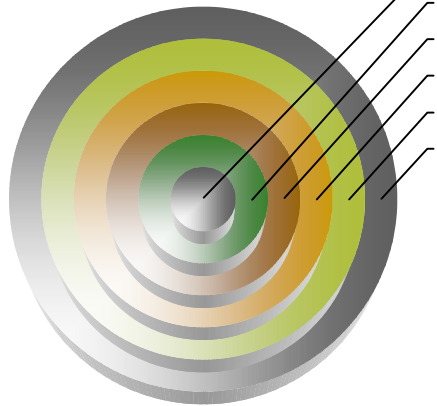
Guiding Laws for CDBL

- ✦ The Depositories Act 1999;
 - ✦ Depositories Regulations 2000;
 - ✦ Depository (User) Regulations 2003; and
 - ✦ The CDBL Bye Laws.
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Institutional Framework

- Honorable Supreme Court High Court Division [Writ Jurisdiction];
 - Court of Session [Court of original jurisdiction];
 - Government [Authority to give direction on policy issues only after providing an opportunity of being heard to the Comm.];
 - Securities and Exchange Commission;
 - Stock Exchanges;
 - Compliance Officer at firm level.
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Institutional Framework



Supreme Court: High Court Div. Writ Jurisdiction

Court of Session: Original Jurisdiction

Govt: Authority to give direction on Policy Issues only after Consultation

Securities & Exchange Commission

Stock Exchanges as SRO

Compliance Officer – Firm Level

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- **Securities and Exchange Commission**
 - Established in 1993;
 - Super Regulator of Capital Market;
 - Administers Securities Laws;
 - Have Executive, Quasi Judicial & Quasi Legislative Authority;
 - Can Issue Directives to Parties Associated with Capital Market;
 - Can Impose Conditions on the Issuers
 - Can impose penalty and other administrative sanctions.
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Mission of the Commission

- Proper Issuance of Securities;
 - Protection of investor;
 - Regulation of securities market;
 - Development of securities market.
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THANK YOU