

Q.8. What is SEBI? Explain its objectives and role of SEBI. (Securities exchange Board of India)

→ SEBI is an institution for control of securities market. For the protection of investors.

An administrative body was established on 12th April 1988 and it is called SEBI. A statutory status of SEBI was given on 1st April 1992 by the parliament. SEBI has comprehensive rights and its scope is very wide.

• Objectives of SEBI:

According to the preamble of SEBI, The main objectives are as under:

- i) To protect the interest of the investors in securities.
- ii) To promote the development of securities market.
- iii) To regulate the security market.

• Role of SEBI:

SEBI regulates and control the working of primary market and Secondary market for protect the interest of the investors and to bring back the small investors to the market, several ~~no~~ measures have been. In order to understand the role of SEBI in regard to primary and secondary market, following points are essential:

* Role of SEBI in primary market:

SEBI plays an important role in protecting the interest of investors, particularly of retail investors such as:

- i) ~~Entry norms~~ → SEBI has issue guidelines to tighten the entry norms for companies ~~access~~ ^{accessing} the Capital market. If company require to new issue to the public SEBI has framed a new format for issue to avoid exploitation of investors.
- ii) Disclosure of risk factor is essential →

SEBI has issue guidelines for new issue, every Company has to disclose risk factor associated with the project that affect directly or indirectly the interest of investors.

iii) Allotment of shares → SEBI has issued guidelines for the purpose of allotment of shares and their listing in a specified period of time. Every Company are required to deposit one percent of issue amount with stock exchanges.

iv) Registration of merchant bankers → Licensing of merchant bankers or authorisation by SEBI was the first step undertaken to regulate the intermediaries. SEBI has made their registration compulsory.

v) Promoters Contribution. → SEBI also regulate the promoters contribution. Promoters contribution means contribution by those describe in the prospectus such as promoters, directors, friends, relatives and associates.

vi) Training to investors → For the protection of interest of investors SEBI publishes useful information from time to time.

vii) Confidence due to ~~transparen~~ transparency → SEBI has tried to bring transparency with the help of modified prospectus and above functions.

* Role of SEBI in Secondary Market:

SEBI role in secondary Market is concerned with qualitative and quantitative improvements in the activities of Stock exchange. The important role are as given below:

i) Preparation of network of Stock exchange → SEBI role in secondary market for protecting investors to build strong network all over the Country. At present, in addition to NSE (National Stock exchange), 23 stock exchanges are cooperating including OPCEI.

or board

ii) Governing body → SEBI has issued guidelines for framing governing body for stock exchange. Broker and non broker representation are made. SO. Infrastructure.

iii) Infrastructure → SEBI has allowed the stock exchanges to expand its online stream based trading terminal to locations outside their jurisdiction subjected to certain criteria.

iv) Registration of stock brokers and sub brokers → The registration of stock brokers and sub brokers has been made mandatory by the ~~SEBI~~ SEBI.

v) Registration of portfolio managers → The registration of portfolio managers is compulsory. A portfolio manager manages the securities of any firm or an individual, invest their funds and advise regarding investment.

SEBI has issued guidelines for operational activity of stock exchange.