

*Solved*  
**Scanner Appendix**  
**CS Executive Programme Module - II (New Syllabus)**  
**Solution of December - 2014**

**Paper - 6 : Capital Markets and Securities Laws**

**Chapter - 1: Overview of Capital Market**

**2014 - Dec [2A] (Or) (ii)**

- (a) **About IOSCO:** IOSCO stands for “The International Organization of Securities Commission”, which was created in 1983 with the decision to change from an inter-American regional association into a global cooperative body. Presently, IOSCO is recognized as the international standard setter for securities markets. It provides comprehensive technical assistance to its members.
- (b) **IOSCO Membership:** There are 3 categories of membership with IOSCO which are as:

Category	Who can become Member?
Ordinary Category	<ul style="list-style-type: none"> <li>• Membership in this category is open for ‘Securities Commission’ or a ‘Similar Government or Statutory Regulatory Body’, which primary objective is to regulate securities market.</li> <li>• Self Regulatory Body, such as stock exchange, if there is no Government or Statutory Regulatory Body.</li> </ul>
Associate Category	<ul style="list-style-type: none"> <li>• A public regulatory body with jurisdiction in the sub-divisions of a jurisdiction if the national regulatory body is already an ordinary member; and</li> <li>• Any other eligible body with an appropriate responsibility for securities regulation.</li> </ul>

Affiliate Category	<ul style="list-style-type: none"> <li>• A self-regulatory body (SRO), or</li> <li>• An international body, with an appropriate interest in securities regulation.</li> </ul>
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### Chapter - 2: Capital Market Instruments

**2014 - Dec [1]** (a) It is commonly known that the warrants, by their very nature, do not entitle its holders to exercise voting rights in a company nor do they per se confer any power or authority of control over a target company. Such option by itself does not entitle voting rights or control in favour of the holder. Where the warrant holder exercises option to subscribe to equity shares he agrees to acquire shares that entitle him to voting rights in the target company.

**2014 - Dec [2A] (Or)** (i)

- (1) **Definition of Sweat Equity Shares [Sec. 2 (88) of the Companies Act, 2013]:** "Sweat equity shares" means such equity shares as are issued by a company to its directors or employees at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.
- (2) **Conditions:** According to Sec. 54 of the Companies Act, 2013 a company may issue sweat equity shares of a class of shares already issued, if the following conditions are fulfilled:
  - (a) The issue is authorized by a special resolution passed by the company in the general meeting.
  - (b) The resolution specifies the number of shares, current market price, consideration if any and the class or classes of directors or employees to whom such equity shares are to be issued.
  - (c) Not less than one year has elapsed at the date of the issue, since the date on which the company was entitled to commence business.
  - (d) The sweat equity shares of a company whose equity shares are listed on a recognised stock exchange are issued in accordance with the regulations made by SEBI in this regard and if they are not listed the sweat equity shares are to be issued in accordance with the Rule 8 of Companies (Share Capital and Debenture) Rules, 2014.

### Chapter - 5: Market Infrastructure Institutions - Stock Exchange Trading Mechanism

**2014 - Dec [1]** (b) Before solving this question it is desired to understand meaning of these 2 terms:

- (i) **Closing Prices:** The closing price of scrips is computed by the Exchange on the basis of weighted average price of all trades executed during the last 30 minutes of the continuous trading session. However, if there is no trade recorded during the last 30 minutes, then the last traded price of a scrip in the continuous trading session is taken as the official closing price.
- (ii) **Last Traded Prices:** It means the last price at which Scrips are sold.

Scripts	Closing Prices	Last Traded Price
Share-A	Weighted average price of all trades executed during the last 30 minutes of the continuous trading session i.e. up to 14:55:55. $\frac{[383.74 \times 1200 + 384.07 \times 600 + 381.42 \times 800 + 381.51 \times 1390 + 380.38 \times 1025 + 381.79 \times 1625 + 380.99 \times 1514 + 382.78 \times 1575]}{[1200 + 600 + 800 + 1390 + 1025 + 1625 + 1514 + 1575]}$ = ₹ 381.9879	383.74
Share-B	Weighted average price of all trades executed during the last 30 minutes of the continuous trading session i.e. up to 14:25:35. $\frac{[49.95 \times 500 + 50.75 \times 450 + 51.25 \times 425 + 49.85 \times 700 + 52.10 \times 585 + 50.60 \times 250]}{[500 + 450 + 425 + 700 + 585 + 250]}$ = ₹ 50.7275	49.95

**2014 - Dec [4]** (a) (i)

'Pay – in' and 'Pay – out' may be in the form of funds & securities. Pay – in – of funds refers to the transfer of money by broker to exchange towards settlement dues for that particular day/transfer of money from exchange to broker towards settlement dues for that particular day referred to as Pay – out of Funds.

Pay in and Payout of Securities refers to transfer of stocks from client's demat account to broker's/clearing member's account and thereby the broker/clearing member will transfer those stocks to the exchange for settlement. Pay out of securities, on the other hand, refers to transfer of stocks by broker from his pool account to client's demat A/c.

### Chapter - 7: Money Market

**2014 - Dec [2]** (b) Treasury bills are money market instruments issued by RBI to finance the short term requirements of the Government of India. Simply, T-bill helps the Government to meet the financial deficit on temporary basis.

Treasury Bills are very useful instruments to deploy short term surpluses depending upon the availability and requirement. Even funds which are kept in current accounts can be deployed in treasury bills to maximize returns. Banks do not pay any interest on fixed deposits of less than 15 days or balances maintained in current accounts, whereas treasury bills can be purchased for any number of days depending on the requirements. This helps in deployment of idle funds for very short periods as well.

**(c)** The days to maturity of Treasury Bill are 50 days (January 7 days, February 28 and March 15).

$$YTM = \frac{(100 - P) \times 365 \times 100}{P \times D}$$

Where YTM = Yield percentage

P = Price

D = Days to maturity

Putting the relevant figures in the above equation,

$$\begin{aligned} YTM &= \frac{(100 - 99.25) \times 365 \times 100}{99.25 \times 50} \\ &= 5.516\% \end{aligned}$$

**2014 - Dec [4]** (a) (ii)

Basic of Difference	Certificate of Deposits [CDs]	Inter Corporate Deposits [ICDs]
(i) Meaning	It means a negotiable money market instrument, issued in dematerialized form or as a Usance Promissory Note, for funds deposited at a bank or a other eligible financial institutions.	An ICD is an unsecured loan extended by one corporate to another.

(ii) Issuer/ Borrower	CDs can be issued by: (i) Scheduled commercial banks (ii) Selected all India Financial Institutions, as permitted by RBI.	Any corporate or Company.
(iii) Nature of Market	The CDs market is an organized market.	The ICDs market is an organized market, with very less information available publicly about transaction details.
(iv) Minimum Size and Denomina- tions	The minimum deposit that can be accepted from a single subscriber should not be less than ₹ 1,00,000 and in multiples of ₹ 1 lakh.	No fixed denomination of ICD.

**2014 - Dec [4] (a) (iii)**

**There are two methods of auction of T – Bill i.e.**

- (a) **French - Auction:** It is also called multiple/variable price based auction. Under this method of auction, all bids equal to or above the cut - off price accepted. However, the bidder has to obtain the treasury bills at the price quoted by him. This method is followed in the case of 364 days treasury bills and valid only for competitive bidders.
- (b) **Dutch - Auction:** It is also known as “Uniform Price Based Auction.” In this method also, all the bids equal to or above the cut - off price are accepted at the cut - off level. However, unlike the Multiple Price based method, the bidder obtains the treasury bills at the cut- off price and not the price quoted by him. This method is applicable in the case of 91 days treasury bills only. The system of Dutch auction has been done away with by the RBI w.e.f. 08.12.2002 for the 91 days treasury T Bill.

### **Chapter - 8: Mutual Funds**

**2014 - Dec [1] (c)**

- (i) Regulation 45 of SEBI(Mutual Fund) Regulations 1996, prohibits on carry forward transaction, derivative transactions and short selling. However a mutual fund may enter into short selling transactions on a

recognized stock exchange, subject to the framework relating to short selling and securities lending and borrowing specified by the SEBI. But in this case, the mutual fund was indulging in short-selling and buying selling of derivative products for speculative purpose, which is clear violation of Regulation 45.

- (ii) As per Regulation 68, a mutual fund who contravenes any of the provisions of any of the Act/ Rules or Regulations framed there under shall be liable for one or more action specified therein including the action under Chapter V of the SEBI(Intermediaries) Regulations, 2008.

**2014 - Dec [2]** (a) The statement "The mutual funds have emerged as one of the important class of financial intermediaries which cater to the needs of retail investors" is absolutely correct. Mutual Fund plays an important role in attracting more household savings in the capital market because it offers lot of benefits to retail investors. These benefits are as:

- (i) Professional management of funds;
- (ii) Diversification of funds, which result in reduction in risks;
- (iii) Less paper work;
- (iv) Higher return over the long period;
- (v) Low cost of administration of funds;
- (vi) Liquidity due to easy conversion of units in money;
- (vii) Transparency due to periodic disclosure of NAV etc.

**2014 - Dec [2A] (Or)** (iii)

In case of Mutual Fund, the value of right shares can be calculated by following the below mentioned formula i.e.

$$V_r = \frac{n}{m} (P_{ex} - P_{of}) \dots \dots \dots (1)$$

Where

- $V_r$  = value of right
- $n$  = no. of rights shares offered = 6,000
- $m$  = no. of original shares held = 3,000
- $P_{ex}$  = Ex – right Price = ₹ 32
- $P_{of}$  = Rights offer Price = ₹ 25

Now, putting these values in equation (1).

$$\begin{aligned} V_r &= \frac{6,000}{3,000} (32 - 25) \\ &= ₹ 14/- \end{aligned}$$

**Chapter - 9: Alternative Investment Fund**

**2014 - Dec [3] (b) The applicant for registration as Venture Capital Fund should fulfill the following conditions:**

**(1) If the application is made by a company,:**

- (a) memorandum of association has as its main objective, the carrying on of the activity of a venture capital fund;
- (b) it is prohibited by its memorandum and articles of association from making an invitation to the public to subscribe to its securities;
- (c) its director or principal officer or employee is not involved in any litigation connected with the securities market which may have an adverse bearing on the business of the applicant;
- (d) its director, principal officer or employee has not at any time been convicted of any offence involving moral turpitude or any economic offence;
- (e) it is a fit and proper person.

**(2) If the application is made by a trust,:**

- (a) the instrument of trust is in the form of a deed and has been duly registered under the provisions of the Indian Registration Act, 1908;
- (b) the main object of the trust is to carry on the activity of a venture capital fund;
- (c) the directors of its trustee company, if any or any trustee is not involved in any litigation connected with the securities market which may have an adverse bearing on the business of the applicant;
- (d) the directors of its trustee company, if any or a trustee has not at any time, been convicted of any offence involving moral turpitude or of any economic offence;
- (e) the applicant is a fit and proper person.

**(3) If the application is made by a body corporate:**

- (a) it is set up or established under the laws of the Central or State Legislature;
- (b) the applicant is permitted to carry on the activities of a venture capital fund;
- (c) the applicant is a fit and proper person;
- (d) the directors or the trustees, as the case may be, of such body corporate have not been convicted of any offence involving moral turpitude or of any economic offense;

- (e) the directors or the trustees, as the case may be, of such body corporate, if any, is not involved in any litigation connected with the securities market which may have an adverse bearing on the business of the applicant.

**2014 - Dec [4] (b) (ii)**

(1) **Definition:** As per SEBI(Alternative Investment Funds) Regulations, 2012, “Investible Fund” means “corpus of the Alternative Investment Fund net of estimated expenditure for administration and management of the fund”.

(2) **General conditions and restrictions on investment of “ Investible Funds”:** An Alternative Investment Fund can invest its investible fund subject to following conditions:

- (a) It can invest in securities of companies incorporated outside India, subject to such conditions or guidelines specified by the RBI and SEBI from time to time.
- (b) Co-investment in an investee company by a manager or sponsor shall not be on terms more favorable than those offered to the AIF.
- (c) Category I and II AIF shall not invest more than 20% of the investible funds in one Investee Company.
- (d) Category III AIF shall not invest more than 10% of the investible funds in one Investee Company.
- (e) AIF shall not invest in associates except with the approval of 75% of investors by value of their investment in the AIF.

**Chapter - 11: Resource Mobilisation in International Capital Market**

**2014 - Dec [3] (a) The procedure for issue of IDRs is given in Rule 13 of the Companies (Registration of Foreign Companies) Rules, 2014, which are as:**

- (i) The issuing company shall, where required, obtain the necessary approvals or exemptions from the appropriate authorities from the country of its incorporation under the relevant laws relating to issue of capital and IDRs.
- (ii) Issuing company shall obtain prior written approval from SEBI on an application made in this behalf for issue of IDRs along with the issue size.



- (iii) An application under clause (b) shall be made to SEBI (along with draft prospectus) at least 90 days prior to the opening date of the IDRs issue, in such form, along with such fee and furnishing such information as may be specified by the Securities and Exchange Board of India from time to time. However, the issuing company shall also file with SEBI, through a Merchant Banker, a due diligence report along with the application under clause (ii) in the form specified by SEBI.
- (iv) SEBI may, within a period of 30 days of receipt of an application under clause (iii), call for such further information and explanations, as it may deem necessary, for disposal of such application and shall dispose the application within a period of 30 days of receipt of further information or explanation. However, if within a period of 60 days from the date of submission of application or draft prospectus, SEBI specifies any changes to be made in the draft prospectus, the prospectus shall not be filed with SEBI or Registrar of Companies unless such changes have been incorporated therein.
- (v) The issuing company shall on approval being granted by the Securities and Exchange Board of India to an application under clause (ii), pay to the SEBI an issue fee as may be prescribed from time to time by the Securities and Exchange Board of India.
- (vi) The issuing company shall file a prospectus, certified by two authorized signatories of the issuing company, one of whom shall be a whole-time director and other the Chief Financial Officer, stating the particulars of the resolution of the Board by which it was approved with SEBI and Registrar of Companies, New Delhi before such issue. However, at the time of filing of said prospectus with the Registrar of Companies, New Delhi, a copy of approval granted by SEBI and the statement of fees paid by the Issuing Company to SEBI shall also be attached.
- (vii) The prospectus to be filed with SEBI and the Registrar of Companies, New Delhi shall contain the particulars as prescribed in sub-rule (8) and shall be signed by all the whole-time directors of the issuing company and the Chief Financial Officer.
- (viii) The issuing company shall appoint an overseas custodian bank, a Domestic Depository and a Merchant Banker for the purpose of issue of IDRs.

- (ix) The issuing company may appoint underwriters registered with SEBI to underwrite the issue of IDRs.
  - (x) The issuing company shall deliver the underlying equity shares or cause them to be delivered to an Overseas Custodian Bank and the said bank shall authorize the domestic depository to issue IDRs.
  - (xi) The issuing company shall obtain in-principle listing permission from one or more stock exchanges having nationwide trading terminals in India.
- (c)** The Foreign Currency Exchangeable Bonds (FCEBs) offers similar benefits of conversion as Foreign Currency Convertible Bond (FCCB). But it offers one unique advantage over and above FCCB which is that “FCEBs are convertible into shares of another company (offered company) that forms part of same promoter group as the issuer company. So it does not result in dilution of shareholding at the offered company level.
- Simply, FCEB scheme affords a unique opportunity for Indian promoters to unlock value in group companies. They can raise money overseas to fund their new projects and acquisitions, both Indian and global, by leveraging a part of their shareholding in listed group entities.

**2014 - Dec [4] (b) (i)**

A limited two-way fungibility scheme has been put in place by the Government of India for ADRs/ GDRs. Under this scheme, a stock broker in India registered with SEBI, can purchase shares of an Indian company from the market for conversion into ADRs/ GDRs based on instructions received from overseas investors. Re-issuance of ADRs/ GDRs would be permitted to the extent of ADRs / GDRs which have been redeemed into underlying shares and sold in the Indian market.

**Chapter - 13: Regulatory Framework Governing Stock Exchanges**

**2014 - Dec [6A] (Or) (ii) (a)**

The term ‘Spot delivery contract’ is defined under Section 2(i) of Securities Contract (Regulation) Act, 1956. Accordingly, ‘Spot delivery contract’ means a contract which provides for:

- actual delivery of securities and the payment of a price therefore either on the same day as the date of the contract or on the next day, the actual period taken for the dispatch of the securities or the remittance of money therefore through the post being excluded from the computation

of the period aforesaid if the parties to the contract do not reside in the same town or locality;

- transfer of the securities by the depository from the account of a beneficial owner to the account of another beneficial owner when such securities are dealt with by a depository.

#### Chapter - 14: Securities and Exchange Board of India

**2014 - Dec [5]** (c) (i) The given statement that is "A stock broker or a sub broker shall not be liable for prosecution under the SEBI Act, 1992 for any violation" is wrong. Section 15F of SEBI Act, 1992 provides that, if any person registered as a stock broker under SEBI Act, will be liable for following punishment:

Sec.	Reasons attracting penalties	Penalty
15F(a)	Failure by a Registered Stock Broker to issue contract notes in the form and in the manner specified by the stock exchange of which such broker is a member.	Amount not exceeding 5 times the amount for which the contract note was required to be issued.
15F(b)	Failure by a Registered Stock Broker to deliver any security or fails to make payment of the amount due to the investor in the manner and within the period specified in the regulations.	₹ 1 lakh for each day during which such failure continues or ₹ 1 crore, whichever is less.
15F(c)	Charging of an amount of brokerage which is in excess of the brokerage specified in the regulations, by a Registered Stock Broker.	₹ 1 lakh or 5 times the amount of brokerage charged in excess of the specified brokerage, whichever is higher.

- (ii) Good Governance in capital market has always been high on the agenda of SEBI. Corporate Governance is looked upon as a distinctive brand and benchmark in the profile of Corporate Excellence. This is evident from the continuous updation of guidelines, rules and regulations by SEBI for ensuring transparency and accountability.

In the process, SEBI had constituted a Committee on Corporate Governance under the Chairmanship of Shri Kumar Mangalam Birla. The Committee in its report observed that “the strong Corporate Governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure.”

Based on the recommendations of the Committee, the SEBI had specified principles of Corporate Governance and introduced a new Clause 49 in the Listing Agreement of the Stock Exchanges in the year 2000. These principles of Corporate Governance were made applicable in a phased manner and all the listed companies with the paid up capital of ₹ 3 crores and above or net worth of ₹ 25 crores or more at any time in the history of the company, were covered as of March 31, 2003.

**2014 - Dec [6]** (b) The Securities Appellate Tribunal shall have, for the purpose of discharging their functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery and production of documents;
- (c) receiving evidence on affidavits;
- (d) issuing commissions for the examination of witnesses or documents;
- (e) reviewing its decisions;
- (f) dismissing an application for default or deciding it *ex parte*;
- (g) setting aside any order of dismissal of any application for default or any order passed by it *ex parte*; and
- (h) any other matter which may be prescribed.

Every proceeding before the Securities Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of Sections 193 and 228 and for the purposes of Section 196 of the Indian Penal Code, 1860 and the Securities Appellate Tribunal shall be deemed to be a civil court for all the purposes of Section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

### **Chapter - 15: Depositories**

#### **2014 - Dec [6A] (Or) (i) (a)**

The Depository System functions very much like the banking system. A bank holds funds in accounts whereas a Depository holds securities in accounts for its clients. A Bank transfers funds between accounts whereas a Depository transfers securities between accounts. In both systems, the transfer of funds or securities happens without the actual handling of funds or securities. Both the Banks and the Depository are accountable for the safe keeping of funds and securities respectively.

In the depository system, share certificates belonging to the investors are to be dematerialized and their names are required to be entered in the records of depository as beneficial owners. Consequent to these changes, the investors' names in the companies' register are replaced by the name of depository as the registered owner of the securities. The depository, however, does not have any voting rights or other economic rights in respect of the shares as a registered owner. The beneficial owner continues to enjoy all the rights and benefits and is subject to all the liabilities in respect of the securities held by a depository. Shares in the depository mode are fungible and cease to have distinctive numbers. The transfer of ownership changes in the depository is done automatically on the basis of delivery v. payment.

#### **2014 - Dec [6A] (Or) (ii) (b)**

- SEBI has made it mandatory for all the intermediaries including Depository Participant (DP) to carry out IPV of their clients.
- The intermediary shall ensure that the details like name of the person doing IPV, his designation, organization with his signatures and date are recorded on the KYC form at the time of IPV.
- The IPV carried out by one SEBI registered intermediary can be relied upon by another intermediary.

### **Chapter - 16: Listing and Delisting of Securities**

**2014 - Dec [6] (a)** Section 21A provides that a recognised stock exchange may delist the securities, after recording the reasons therefor, from any recognised stock exchange on any of the ground or grounds as may be prescribed under this Act.

The securities of a company shall not be delisted unless the company concerned has been given a reasonable opportunity of being heard.

A listed company or an aggrieved investor may file an appeal before the Securities Appellate Tribunal against the decision of the recognised stock

exchange delisting the securities within 15 days from the date of the decision of the recognized stock exchange delisting the securities and the provisions of Sections 22B to 22E of this Act, shall apply, as far as may be, to such appeals.

The Securities Appellate Tribunal may, if it is satisfied that the company was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding 1 month.

So in the instant case 'Runfast Ltd.' should file an appeal to the SAT against the delisting decision of Delhi Stock Exchange.

### **Chapter - 17: Issue of Securities**

**2014 - Dec [5] (b) The mechanism of offer for sale (OFS) through secondary market settlement are as:**

**(1) Eligibility:**

(a) **Exchanges:** The facility of offer for sale of shares shall be available on BSE and NSE.

(b) **Sellers:** All promoter(s)/promoter group entities and any non-promoter shareholder of eligible companies holding at least 10% of share capital may offer shares through the OFS mechanism.

(c) **Buyers:** All investors registered with the brokers of the BSE/ NSE.

**(2) Size of Offer for sale of shares:** The size of offer shall be a minimum of ₹ 25 crores. However, size of offer can be less than ₹ 25 crores so as to achieve minimum public shareholding in a single tranche.

**(3) Advertisement and offer expenses:** Advertisement about offer for sale of shares through stock exchanges, if any shall be made after the announcement/ notice of the offer for sale of shares to the stock exchanges. All expenses relating to offer for sale of shares through stock exchanges shall be borne by the sellers.

**(4) Operational requirements:** The seller(s) will appoint broker(s) for this purpose. The Seller's broker(s) may also undertake transactions on behalf of eligible buyers.

**(5) Allocation:** Minimum of 25% of the shares offered shall be reserved for mutual funds and insurance companies, subject to allocation methodology. Any unsubscribed portion thereof shall be available to the other bidders.

**(6) Settlement:** The allocation and the obligations resulting thereof shall be intimated to the brokers on T day. Settlement shall take place on trade to trade basis.

**Chapter - 19: Insider Trading - An Overview**

**2014 - Dec [5]** (a) SEBI should not waive the penalty, because Section 15G of SEBI Act, 1992 lays down penalty for Insider trading. Accordingly, the penalty for insider trading will be, higher of these two:

- (i) a penalty of ₹ 25 crores or
- (ii) three times the amount of profits made out of insider trading.

In the instant case the Sunil is admitting his offence and willing to pay back the whole profit earned. But it is not sufficient, because the penalty is of ₹ 25 crores or 3 times of profit earned by Sunil. So, returning of actual amount of profit is not sufficient.

**2014 - Dec [6A] (Or)** (i) (b)

- (i) The company shall specify a trading period, to be called "Trading Window", for trading in the company's securities. The time for commencement of closing of trading window shall be decided by the company.
- (ii) The trading window shall be opened 24 hours after the following information is made public.
- (iii) The trading window shall be closed during the time of:
  - Declaration of Financial results (quarterly, half-yearly and annual)
  - Declaration of dividends (interim and final)
  - Issue of securities by way of public/ rights/bonus etc.
  - Any major expansion plans or execution of new projects
  - Amalgamation, mergers, takeovers and buy-back
  - Disposal of whole or substantially whole of the undertaking
  - Any changes in policies, plans or operations of the company.
- (iv) When the trading window is closed, the employees / directors shall not trade in the company's securities in such period. The time for commencement of closing of trading window shall be decided by the company.
- (v) All directors/officers/designated employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed or during any other period as may be specified by the Company from time to time.

- (vi) In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.

**Chapter -20: Takeover Code - An Overview**

**2014 - Dec [6A] (Or) (ii) (c)**

An offer in which the acquirer has stipulated a minimum level of acceptance is known as a conditional offer.

Minimum level of acceptance implies minimum number of shares which the acquirer desires under the said conditional offer. If the number of shares validly tendered in the conditional offer, are less than the minimum level of acceptance stipulated by the acquirer, then the acquirer is not bound to accept any shares under the offer. In a conditional offer, if the minimum level of acceptance is not reached, the acquirer shall not acquire any shares in the target company under the open offer or the Share Purchase Agreement which has triggered the open offer.

**Chapter -21: Investor Protection**

**2014 - Dec [6] (c)** To register a complaint online on SCORES portal, (<http://scores.gov.in>) click on “Complaint Registration” under “Investor Corner”. The complaint registration form contains personal details and complaint details. There are certain mandatory fields in the Form. These fields include Name, Address for correspondence, State, E-mail, Address of Investor. After filling the personal details, select the complaint category, entity name, nature of complaint related to, complaint details in brief (up to 1000 characters). A PDF document (up to 1MB of size for each nature of complaint) can also be attached along with the complaint as the supporting document. On successful submission of complaint, system generated unique registration number will be displayed on the screen which may be noted for future correspondence. An email acknowledging the complaint with complaint registration number will also be sent to the complainant’s email id entered in the complaint registration form.

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