

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**AN ORDINANCE TO AMEND THE SECURITIES LAWS PROMULGATED;
SEBI WOULD HAVE NOW POWERS TO REGULATE ANY POOLING OF FUNDS
UNDER AN INVESTMENT CONTRACT INVOLVING A CORPUS OF RS.100 CRORE
OR MORE, ATTACH ASSETS IN CASE OF NON-COMPLIANCE AND CHAIRMAN
SEBI WOULD HAVE POWERS TO AUTHORIZE THE CARRYING OUT OF SEARCH
AND SEIZURE OPERATIONS, AS PART OF EFFORTS TO CRACK DOWN ON
PONZI SCHEMES**

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Ashadha 27, 1935

The President was pleased to promulgate an Ordinance to amend the Securities Laws today. This was consequent to the approval of the Cabinet, which met on July 17, 2013, to amend Securities and Exchange Board of India (SEBI) Act and related Acts for providing more powers to the capital markets regulator for enforcement against illegal Collective Investment Schemes and to curb insider trading.

Owing to new and innovative methods of raising funds from investors, such as art funds, time-share funds, emu /goat farming schemes, there has been regulatory gap /overlap regarding types of instruments / fund raising. At the same time, SEBI receives complaints against unapproved fund raising activities of certain companies that claim that they do not come under the purview of SEBI Collective Investment Scheme regulations. With the amendments in force now, SEBI would have powers to regulate any pooling of funds under an investment contract involving a corpus of Rs.100 Crore or more, attach assets in case of non-compliance and Chairman SEBI would have powers to authorize the carrying out of search and seizure operations, as part of efforts to crack down on ponzi schemes.

Besides, SEBI would have powers to seek information, such as telephone call data records, from any persons or entities in respect to any securities transaction being investigated by it. Establishment of Special Courts enabled by this Ordinance would fast-track the resolution of pending SEBI related cases.

These amendments to the SEBI Act, SCR Act and the Depositories Act were finalized after detailed consultations with SEBI and other Ministries and Departments including MHA, DoT, MCA, DFS etc. Government believes that these amendments would give SEBI the legal backing to clamp down on unscrupulous entities that are using newer methods to take gullible investors for a ride. The promulgation of the Ordinance demonstrates the firm commitment and resolve of the Government to act with speed and alacrity to curb irregularities and frauds in securities market.
