Investor Protection

At present, the following Acts governing the securities markets are:
(a) The SEBI Act, 1992
(b) The Companies Act, 1956, which sets the code of conduct for the corporate sector in
relation to issuance, allotment, and transfer of securities, and disclosures to be made in public issues.
(c) The Securities Contracts (Regulation) Act, 1956, which provides for the regulation of
transactions in securities through control over stock exchanges.
(d) The Depositories Act, 1996 which provides for electronic maintenance and transfers of ownership of demat (dematerialized) shares.
(e) The Prevention of Money Laundering Act, 2002.

The SEBI Act, 1992: The SEBI Act, 1992 was enacted to empower SEBI with statutory powersfor:
(a) Protecting the interests of investors in securities,
(b) Promoting the development of the securities market, and
(c) Regulating the securities market. Its regulatory jurisdiction extends over corporate in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with the securities market.
It can conduct enquiries, audits, and inspection of all concerned, and adjudicate offences under the Act. It has the powers to register and regulate all market intermediaries, as well as to penalize them in case of violations of the provisions of the Act, Rules, and Regulations made there under. SEBI has full autonomy and the authority to regulate and develop an orderly securities market.
Securities Contracts (Regulation) Act, 1956: This Act provides for the direct and indirect
control of virtually all aspects of securities trading and the running of stock exchanges, and aims to prevent undesirable transactions in securities. It gives the Central Government regulatory jurisdiction over:
(a) Stock exchanges through a process of recognition and continued supervision,
(b) Contracts in securities, and(c) The listing of securities on the stock exchanges.
As a condition of recognition, a stock exchange complies with the conditions prescribed by the Central Government. Organized trading activity in securities takes place on a specified recognized stock exchange. The stock exchanges determine their own listing regulations, which have to conform to the minimum listing criteria set out in the Rules.

The Government has framed rules under the SCRA, the SEBI Act, and the Depositories Act. SEBI has framed regulations under the SEBI Act and the Depositories Act for the registration and regulation of all market intermediaries, and for the prevention of unfair trade practices, insider trading, etc. Under these Acts, the Government and SEBI issue notifications, guidelines, and circulars that the market participants need to comply with. The SROs, like the stock exchanges, have also laid down their own rules and regulations.

The Government has established an Investor Education and Protection Fund (IEPF) under Sec.205 C of the Companies Act, 1956 under which unclaimed funds on account of dividends, matured deposits, matured debentures, share application money etc. are transferred through the IEPF to the Government by the company on completion of seven years. The Government is required to utilize this amount through an Investor Education and Protection Fund. For this purpose, the proceeds from the companies are credited to the Consolidated Fund of India through this fund. The Fund may then be entrusted with full fledged responsibility to carry out activities for education of investors and protection of their rights.

Investor Awareness programs are being regularly conducted by stock exchanges to educate the investors and to create awareness among the Investors regarding the working of the capital market and in particular the working of the Stock Exchanges. These programs have been conducted in almost all over the country.

An effective investor grievance redressal mechanism at the corporate level could ensure protection of the interest of investors through timely interventions.

Investor Rights and obligations

Investor Rights:

The right to get

· The best price

· Proof of price/brokerage charged.

· Money/commodity on time.

· · Square up amount where delivery not received.

· Statement of Accounts from trading member

Investor Obligations

The obligation to :

· Sign a proper Member-Constituent Agreement

· Possess a valid contract or purchase/sale note

· Deliver commodities with valid documents and proper signatures

The right for redressal against:
· Fraudulent price
· Unfair brokerage
· Delays in receipt of money or commodity

The obligation to ensure :
· To make payment on time
· To Deliver commodity on time
· To send commodities for transfer on time.
· Forwarding all the papers received from the company under objections to the broker on time.