

**LL.M/ M.C.L.
Semester- II/ IV**

**The Law of Corporate Finance and Securities
Regulations**

2YLM-EC-204/3YLM-EC-204



**Faculty of Law
University of Delhi
2023**

**LL.M/M.C.L. (2/3 Year) II & IV Term Course
[2021]**

Paper- Law of Corporate Finance and Securities Regulation

Course Objective

- ❖ To imbibe in student's in-depth understanding of fundamentals of Securities Law and its co-relation with Companies Act, 2013, Foreign Exchange Management Act and other allied laws and regulations.
- ❖ To understand the concept of corporate finance and securities laws & regulation and apply in the real world situation; to develop in students required skill set to understand securities market.
- ❖ To understand how companies, make financing from capital market and public financing Institutions.
- ❖ To understand the theoretical and legal framework with contemporary major financial problems of the modern capital and securities market environment in India.

Learning Outcomes

After completion of the course, students would be able to:

- ❖ The students will develop the ability to solve real world problems on securities law.
- ❖ The students will understand the role of each regulator, market player and investors while imbibing the learning from practice perspective be it SEBI, investment banker, broker or listed/unlisted companies, depositories, credit rating agencies, portfolio funds or proxy advisor or an investor etc.
- ❖ Student will develop an idea about initial documents in the securities market such as DRHP, RHP, IPO, FPO, offer for sale, share subscription agreement, shareholder's agreement and share purchase agreement etc.

Unit 1: CORPORATE FINANCE, ITS SOURCES, & EVOLVING CONCEPTS PERTAINING TO CORPORATE GOVERNANCE & SUSTAINABILITY

1. Meaning, Importance and Scope of Corporate Finance
2. Sources of Corporate Finance –
Equity Finance, Debt Finance and Other Sources of Finance - Venture Capital Financing, Angel Investors, Public Financing Institutions
3. Evolving concepts in the Corporate Field
 - a) Concept of Stakeholder rather than shareholder
 - b) Corporate Governance
 - c) Concept of Sustainable Stock Exchange
 - d) ESG Principles and its implications on the securities market

Relevant Reading

1. Relevant Provisions in the Companies Act, 2013
2. Companies Share and Capital and Debenture Rule, 2014
3. SEBI (Issue of Sweat Equity) Regulations, 2002
4. SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
5. Securities and Exchange Board of India (Alternative Investment Funds) Regulations,

2012

6. Business responsibility and sustainability reporting by listed entities – SEBI Circular dated: May 10, 2021

Unit 2: Securities Market and the Regulator- SEBI

- a. Origin and evolution of securities market
- b. Evolution of securities law
- c. Meaning and Kinds of securities- [Sec 2(h) Securities Contracts (Regulation) Act,1956]
- d. Organisation, Structure, Power & Function of the Board, Penalty and Adjudication
- e. Establishment, Jurisdiction, Procedure of Appellate Tribunal (SAT)
- f. Role of SEBI in Investor Protection

Relevant Laws and Cases

1. The Securities and Exchange Board of India Act, 1992
2. SEBI (Investor Protection and Education Fund) Regulations, 2009
3. *Sahara India Real Estate v. Securities & Exchange. Board of India*, (2012) 10 SCC 603
4. *Securities and Exchange Board of India Vs Ajay Agarwal*, (2010) 3 SCC 765
5. *Prakash Gupta v. Securities and Exchange Board of India*, Supreme Court Judgment dated: July 23, 2021
6. *Securities and Exchange Board of India v. National Stock Exchange Members Association*, Supreme Court Judgment dated: 13.10.2022

Unit 3: Regulation of Stock Exchanges

1. Corporatisation and Demutualisation
2. Enforceability of options contract
3. SEBI's power over recognised Stock Exchanges in India
4. Listing and Delisting of Securities

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- a) Major Concepts
 - Designated securities
 - Listing agreement
- b) Principles governing disclosures and obligations
- c) Common Obligations of listed entities
- d) Business responsibility and sustainability reporting by listed entities – SEBI Circular dated: May 10, 2021

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

- e) Major Concepts
 - anchor investor
 - composite issue
 - convertible debt instrument

- convertible security
 - f) Initial Public Offer
 - g) Issue of Convertible Debt Instruments and Warrants
- II. Rights Issue, Bonus Issue, Private Placement
- III. Delisting of Shares

Relevant Laws and cases

1. Securities Contracts (Regulation) Act, 1956
2. Relevant Provisions in the Companies Act, 2013
3. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
4. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
5. *M/S Jute Investment Company Ltd vs IDBI Capital Market Services*, Delhi High Court Judgment dated: Nov. 16, 2015
6. *MCX Stock Exchange Ltd. v. SEBI*, Bombay High Court Judgment dated: 14.03.2012

Unit 4: Takeover Code

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

- a. Major Concepts
 - i. Acquisition of Substantial Share and Control
 - ii. Acquirer
 - iii. Persons Acting in Concert
 - iv. Triggering Points
 - v. Creeping Acquisitions
- b. Substantial acquisition of shares or voting rights
- c. Acquisition of control
- d. Indirect acquisition of shares or control
- e. Delisting Offer
- f. Voluntary Offer

Relevant Reading:

1. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
2. SEBI Listing Regulations, 2015

Case Laws

1. *Bikramjit Ahluwalia v. SEBI*, Securities Appellate Tribunal Decision Dated: 10.11.2017
2. *Nirma Industries Ltd. v. Securities & Exchange Board of India*, (2013)8 SCC 20
3. *SEBI v. Akshya Infrastructure Pvt.Ltd.*, (2014) 11 SCC 112
4. *Kosha Investments Ltd v. Securities & Exchange Board of India*, Supreme Court Judgement dated: 18.09.2015
5. *SEBI v. Shri Sunil Krishna Khaitan*, Supreme Court Judgement dated: 11.07.2022

6. *Pramod Jain v. SEBI*, Supreme Court Judgement dated: 07.11.2016

Unit 5: Insider Trading

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

- a. US approach
- b. Indian approach
- c. Major Concepts
 - i. connected person
 - ii. insider
 - iii. unpublished price sensitive information
- g. Communication or procurement of unpublished price sensitive information
- h. Trading when in possession of unpublished price sensitive information
- i. Trading Plans

Relevant Reading

1. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
2. Rajat Gupta Case study, 2016
3. *SEBI v. Abhijit Ranjan*, Supreme Court Judgment dated: Sept 119, 2022
4. *Hindustan Lever Ltd. v. SEBI*, (1998) 18 SCL 311 MOF
5. *Dsq Holdings Limited v. SEBI*, 2005 60 SCL 156 SAT
6. *Reliance Industries Ltd. v. SEBI*, 2004 55 SCL 81 SAT
7. *Alok Khetan v SEBI [2008] 86 SCL 187 (SAT – Mum.)*
8. *Anil Harish v SEBI [2012] 114 SCL 407 (SAT – Mum.)*

Prescribed Readings:

1. G.K. Kapoor & Sanjay Dhamija, “Company Law: A Comprehensive Text Book on Companies Act 2013”, 18th Edition, Taxmann Publication, Delhi, 2015
2. E. Gordon & : Capital Market in India; Himalaya Publishing House, Ramdoot, K. Natarajan, Dr. Bhalerao Marg, Girgaon, Mumbai - 400004.
3. Sanjeev Aggarwal: Guide to Indian Capital Market; Bharat Law House, 22, Tarun Enclave, Pitampura, New Delhi – 110 034.
4. V.L. Iyer: SEBI Practice Manual; Taxman Allied Service (P) Ltd., 59/32, New Rohtak Road, New Delhi-110005.
5. M.Y. Khan: Indian Financial Systems; Tata McGraw Hill, 4/12, Asaf Ali Road, New Delhi – 110 002.
6. S. Suryanarayanan & : SEBI – Law, Practice & Procedure; Commercial Law Publishers (India) V. Varadarajan Pvt. Ltd., 151, Rajindra Market, Opp. Tis Hazari Court, Delhi – 110054
7. Mamta Bhargava: Compliances and Procedures under SEBI Law; Shreeji Publishers, 8/ 294, Sunder Vihar, New Delhi – 110 087
8. Taxmann : SEBI Manual

9. Asim Kumar Mishra: Venture Capital Financing in India; Shipra Publications, 115A, Vikas Marg, Shakarpur, Delhi-110092.
10. Shashi K Gupta: Financial Institutions and Markets; Kalyani Publishers, 4863/2B, Bharat Nishja Aggarwal Ram Road, 24, Daryaganj, New Delhi - 110002 Neeti Gupta

11. Vishal Saraogi : Capital Markets and Securities Laws simplified, Law point Publication, 6C, R.N. Mukherjee Road, Kolkata-700001

Reference Book:

1. S. Suryanarayanan & : SEBI – Law, Practice & Procedure; Commercial Law Publishers (India) V. Varadarajan Pvt. Ltd., 151, Rajindra Market, Opp. Tis Hazari Court, Delhi – 110054
2. Vishal Saraogi : Capital Markets and Securities Laws simplified, Law point Publication, 6C, R.N. Mukherjee Road, Kolkata-700001
3. A. Ramaiya, “Guide to the Companies Act”, 18th Edition, LexisNexis Butterworth Wadhawa, 2013
4. Sir Francis Beaufort Palmer, “Palmer’s Company Law”, 22nd Edition, Sweet and Maxwell, 1976
5. L.C.B. Gower, “Principles of Modern Company Law”, Sweet and Maxwell Publication, London.
6. Dr. N.V. Pranjape, “The New Company Law”, 6th Edition, Central Law Agency, 2014
7. C.R. Datta & Kamal Gupta, “Datta on Company Law”, Orient Law House, 5th Edition, 1992.
8. Mamta Bhargava: Compliances and Procedures under SEBI Law; Shreeji Publishers, 8/ 294, Sunder Vihar, New Delhi – 110 087

Essential Reading Article:

1. Christopher Finch, In the Market, The illustrated History of Financial Market, Abbeville press publishers, New York, 2001.
2. BSE Heritage available on www.bseindia.com
3. A History of the Global Stock Market: From Ancient Rome to Silicon Valley University of Chicago Press. Edn, 2004
4. Miachel Flurient, Investment Banking Explained, The McGraw-Hill Companies 2008
5. A historical perspective of the securities market reforms in India, available at www.sebi.gov.in
