CHAPTER - III
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Scheme of the SEBI ACT to protect Investors Interest

The SEBI Act was brought into force to replace The Control of Capital Issues Act with a view to protect the interest of investors through regulating primary and secondary market. An attempt has been made in this chapter to analyse the provisions of SEBI Act for investors' protection.

The Act defined several terms such as merchant banking, mutual funds ...etc. The Act establishes a Board by name SEBI Board to regulate the securities markets and to protect the investors interest. The SEBI Board issues guidelines then and there for the appointment of brokers, issue of securities, grievance redressal, unposition of penalty ...etc.

The Preamble of the Act

The preamble of the Act he is to protect the interest of the investors. Among other things the power and functions of the SEBI board, to require the Companies to disclose informations the powers of the SEBI board to appoint stock brokers, the powers of SEBI board to impose penalty on corporate defaulters etc., are expected to protect the interest of the investors.
Functions and Powers of the SEBI Board

Functions

a). Regulating the business in stock exchanges and any other securities markets.

b). Registering and regulating the working of stock brokers, sub brokers, share transfer agents, bankers to issue, trustees of the trust deeds, registrars to issue, merchant bankers, underwriters, portfolio managers, investment advisors and such other intermediaries who may be associated with securities market in any manner.

c). Registering and regulating the working of collective investment schemes including mutual funds.

d). Prohibiting fraudulent and unfair trade practices of intermediaries of securities market.

e). Promoting and regulating self-regulatory organizations.

f). Prohibiting insider trading in securities.

g). Promoting investors' education and trading of intermediaries of securities market.

h). Regulating substantial acquisition of shares and take over Companies.

i). Levying fees or other charges for carrying out the purpose of this section.

j). Conducting Research for the above purpose.

k). Performing such other 'functions, as may be prescribed.

Powers

a). Powers to call for periodic returns from authorised / recognised stock exchanges under section (6(1)).
b). Powers to prescribe maintenance of certain documents by the stock exchanges under section (6(2)).

c). Powers to call upon a recognized stock exchange or any member of the stock exchange to furnish explanation or any of its members.

d). Powers to appoint any person to make enquiry into the affairs of the governing body of any stock exchanges or any member of the stock exchange under section (6(3)).

e). Powers to approve bye laws of the stock exchanges, for regulation and control of contracts.(section 9)

f). Powers to amend the bye-laws of stock exchange.(section 10)

g). Power to license dealers in secured in certain cases.(section 17)

Rules and Regulation

The Government have framed rules under the SC[R] Act, SEBI Act and the Depositories Act. SEBI has framed regulations under the Depositories Act for registration and regulation of all market intermediaries, and for prevention of unfair trade practices, insider trading, etc. Under these Act, Government and SEBI issue notifications, guidelines, and circulars which need to be complied with by market participants. The Self Regulatory Organisations like stock exchanges have also laid down their rules and regulations.


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Regulators

In the absence of conditions for a perfect competition in the securities market, the role of regulators are extremely important. The regulators ensures that the market participants behave in a desired manner so that securities market continue to be a major source of finance for corporate and Government and the interest of investors are protected.

The SEBI Act and the Depositories Act are mostly administered by SEBI. The rules under the securities laws are framed by Government and regulations by SEBI. All these are administered by SEBI. The powers under the Companies Act relating to issue and transfer of securities and non-payment of dividend are administered by SEBI in case of limited public companies and the public companies proposing to get their securities listed. The SROs ensure compliance with their own rules as well as with rules relevant for them under the securities laws.\(^2\)

Regulatory Gap/Overlap

The responsibility for supervision and development of the securities market is shared by Department of Economic Affairs (DEA), Department of Company Affairs (DCA), Reserve Bank of India (RBI) and SEBI. In view of involvement of a number of agencies, there is a scope for confusion among the regulators and the regulated, regulatory gaps and

overlaps, and duplicate and inconsistent regulations. For example, no regulator was explicitly assigned the responsibility of regulating collective investment scheme till it caused concern when it was assigned to SEBI. Investors interest would probably be better served if there is only one regulator for the securities market, with clearly defined regulatory jurisdiction and accountability.

**Investor Awareness**

Investors are the backbone of the securities market. It is the investor education and awareness that holds the key to reviving and sustaining the interest of the investors in the securities market and infuse confidence in them. Many of them do not possess adequate expertise / knowledge to take informed investment decisions. They are generally not aware of the complete risk-profile of the companies they are investing their money in. The regulators, self regulatory organisations (SROs), non-government organisations (NGOs), and investor fora/associations need to educate them.

Realising its importance, SEBI has launched an intensive investor education exercise aimed at protecting the interest of investors in securities market. It helps the investors in redressal of complaints regarding securities investments. It also disseminates through its websites and press briefings the policy developments and enforcement actions for the information of investing community. It has published a number of booklets on policy and market development for education the investors.

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3. Ibid p284
4. Ibid p279
Building Investor Confidence

If the securities market is to discharge its primary function of capital formation, the investors need to be lured back to market. This can be done by a series of systematic measures which would build their confidence in the system and processes and protect their interests fully. These measures may include the following:

Investor Protection

The committee set up under the Chairmanship OF Dr. N.L Mitra submitted its study report on investor protection in April 2001 with the following recommendations:

a. There is a need for a specific Act for protecting investors’ interest. The Act should codify amend and consolidate laws and practice for the purpose of protecting investors’ interest in corporate investments.

b. A judicial forum is needed for the redressal of investors’ grievance for the purpose of remedying the same with the award of compensation. The consumer forum should be the redressal forum only for the purpose of compensating the investors.

c. The provisions relating to investor education and protection fund should be removed from the Companies Act, 1956 and included in the SEBI Act ,1992 and the fund should be administered by SEBI.
d. SEBI should be the only regulator for the entire capital market, both primary and secondary. It should have powers for investigation. It must also have powers to attach the public fund and all converted assets to prevent misappropriation. But it should not have powers to award compensation, which is the job of a justice delivery system.

e. The regulators may require all IPOs to be insured on the principle of third party insurance with differential premium based on the risk study by the insurance companies.

f. SEBI should have power and function of an on-and-off-the-field regulator. The report has listed a number of additional powers to be conferred on SEBI. However, it can not be an investigator, regulator and judge at the same time.

g. The SEBI Act, 1992 should be amended to provide for statutory standing committees on investors' protection, market operation and standard setting.

h. The Securities Contract (Regulations) Act, 1956 should be amended to provide for corporatisation and principles of good governance for stock exchanges.

**Investors Grievances**

The consumer forum provides an expeditious remedy to a consumer who has suffered loss on account of deficiency in goods / services purchased by him. A similar arrangement is called for redressal of investor grievances, given the rate of disposal of our judicial system.
The investor forum as well as other authorities should have power to dispose of the cases summarily and to award compensation to the investor. It is not enough if the culprit is punished. The culprit needs to be in an exemplary manner, while investor should have means to recover his loss caused by the culprit.

The depositors are protected up to Rs. 1 lakh in the event of liquidation / bankruptcy of a bank. This protects innocent depositors and thereby contributes to the stability of the financial system. A similar mechanism may be developed to compensate an investor up to Rs. 5 lakh if he suffers a loss on account of failure of the system or mischief by any market participant. A organization called Securities Investor Protection Corporation (SIPC) operates in the USA to provide similar protection to investors.

Department of Company Affairs, SEBI, Stock Exchanges, Depositories, Investor Association and a number NGOs are organizing investor education / awareness programmes. What is missing is co-ordination. The regulator may take initiative and co-ordinate the efforts of these agencies so that investors all over the country benefit from such programmes.

Collective Investment Scheme

1). Any scheme (or) arrangement which satisfies the conditions referred to in sub-sec(2) shall be a collective investment scheme.

5. Ibid p.283-285
2). Any scheme (or) arrangement made or offered by any Company under which,

i). the contribution or payments made by the investors, by whatever name called, are pooled and utilised for the purposes of the scheme or arrangement.

ii). the property, contributions, or investment forming part of scheme or arrangement, whether identifiable or not is managed on behalf of the investors;

iii). the contribution or property, whether movable or immovable from such scheme or arrangement;

iv). the investors do not have day to day control over the management and operation of the scheme or arrangement 6.

Stock Brokers

i). Stock brokers in all the recognised stock exchanges in the country are required to register themselves with SEBI.

ii). Every stock broker is required to keep and maintain the proper books of account, records ...etc. and intimate to SEBI the place where the books of account, records and documents are kept, records and documents.

6. Ravi Pulani., Corporate Laws, Bharat Law House Pvt LTD, New Delhi, 2000 p.4.11
iii). A detailed code of conduct for brokers and sub-brokers has been laid down. The code lays down duties of brokers sub-brokers towards investors. Stock brokers vis-à-vis brokers and vice-versa, duty towards the regulatory body and a general code of conduct.

**Registration of Stock Brokers**

1). No stock-broker, sub-broker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the board in accordance with the regulations made under this act.

Provided that a person buying or selling securities or otherwise dealing with the securities market as a stock-broker and such other intermediary who may be associated with securities market immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he had made an application for such registration within the said period of three months, till the disposal of such application.

2). Every application for registration shall be in such manner and on payment of such fees as may be determined by regulations.
3). The Board may by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations.

Imposition of penalty and Corporate defaulters

If any person, who is required under this Act or any rules or regulations made under

a). To furnish any document, return or report to the board, fails to furnish the same, he shall be liable to a penalty not exceeding one lakh and fifty thousand rupees for each such failure;

b). To file any return or furnish any information, books or other documents within the time specified therefore in the regulation, fails to file return or furnish the same within the time specified therefore in the regulation, he shall be liable to a penalty not exceeding five thousand rupees for every day during which such failure continues;

c). To maintain books of accounts or records, fails to maintain the same, he shall be liable to a penalty not exceeding ten thousand rupees for every day during which the failure continues.

Guidelines for Preferential Issues

All issues of capital by listed companies by way of shares/FCDs/PCDs/warrants/any other financial instruments on a preferential basis to any select group of person have to be subject to fulfilment of the following requirements.

The average of weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date.

The average of weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding relevant date.

In case of every issue of shares/warrants/FCDs/PCDs/or other financial instruments, the statutory auditors of the issuer Company must certify that the issue of the said instruments is being made in accordance with the requirements contained in these guidelines.

Copies of the certificate must also be laid before the meeting of the shareholders convened to consider the proposed issue.

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8. Ravi Pulani., Corporate Laws, Bharat Law House Pvt LTD, New Delhi, 2000
Guidelines for determining Issue Price for Raising Foreign Equity in Existing Companies through Preferential Allotment of Shares to Non-residents

1). The six months period should be reckoned from the month preceding the month in which the Companies Board resolution in connection with preferential allotment has been passed.

2). The average price should be worked out based on average of daily high and low price of the shares for the said six months.

3). The price worked out as above should be certified by an independent chartered accountant.

Issue of Shares to Non-residents by Existing Indian Companies Through Preferential Allotment Revised Guidelines for determining Issue Price

The fresh guidelines have been issued by the SEBI as contained in its press release, dated 4th August 1994. While the SEBI guidelines were also issued to ensure that the pricing of the preferential allotment in market related, the pricing of the formula has been different from the pricing formula specified by ministry of Industry, Government of India in Press Note No.2 (1994 series) and Reserve Bank Press release, dated 3rd June, 1994.

9. Ibid p.1.133
To facilitate the companies to complete the formalities for issue of shares within stipulated period of 3 months as per SEBI guidelines, 4th August, 1994, the companies may, if they so desire, submit their applications to the Reserve Bank for in principle approval prior to the passing of the General Body resolution under sec 81 (1A) of the Companies Act, 1956 along with the certified copy of Board resolution indicating therein, among others, the date of the holding of General Body meeting of the shareholders.

The direction contained in this circular have been issued under sec 73(3) of the Foreign exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance there of is subject to the penalties prescribed under the Act.¹⁰

SEBI Guidelines on Disclosure and Investors Protection

Conditions for Issue of Securities

Filing of offer Document

No Company shall make any issue of a public issue of securities, unless a draft prospectus has been filed with the board, through an eligible Merchant Banker, at least 21 days prior to the filing of prospectus with the registrar of Companies (ROCs).

Provided that if, with in 21 days from the date of submission of draft prospectus, the Board specifies changes, if any, in the draft prospectus, issuer or the laed Merchant Banker

¹⁰. Ibid p134-136
shall carry out such changes in the draft prospectus before filing the prospectus with registrar of Companies.

**Companies Barred not to Issue Security**

No Company shall make an issue of securities if the company has been prohibited from accessing the Capital market under any order or direction passed by the Board.

**Application for Listing**

No Company shall make any public issue of securities unless it has made an application for listing of these securities in the stock exchanges.

**Pricing by Companies Issuing Securities**

**Public/Right Issue by Listed Companies**

A listed Company whose equity shares are listed on a stock exchanges, may freely price its equity shares and a securities convertible into equity at a later date, offered through a public or right issue.
Public Issue by Unlisted Companies

An unlisted Company eligible to make a public issue and desirous of getting its securities listed on a recognised stock exchange pursuant to a public issue, may freely price its equity shares or any securities convertible at a later date into equity shares.

Infrastructure Company

An eligible infrastructure Company shall be free to price its equity shares subject to the compliance with the disclosure norms as specified by SEBI from time to time.

Payment of Discount/Commission etc

No payment, direct (or) indirect in the nature of discount, commission, allowances or otherwise shall be made either by the issuer company or the promoters in any public issue, to the person who have received firm allotment in such public issue.\footnote{11}{Ibid pl.3-1.8}

Promoters Contribution and Lock-in-requirements

In a public issue by an unlisted company, the promoter shall contribute not less than 20% of the Post-issue Capital.
Promoters Shareholding in Case of offer for sale

The promoters shareholding after offer for sale shall not be less than 20% of the Post-issue Capital.

Promoters Contribution in Case of Composite Issues

In case of Composite issues of a listed company the promoters contribution shall at the option of the promoters be either 20% of the proposed Public issue or 20% of the Post-issue Capital.

Where a Company proposes to issue equity capital at a premium, promoters contribution shall be 50% of the total issued capital. Accordingly, promoters' contribution in case of an issue of over Rs.100 crores at a premium.

<table>
<thead>
<tr>
<th>Size of the Capital Issue (Including Premium)</th>
<th>Percentage of Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Rs.100 crores of issue</td>
<td>50</td>
</tr>
<tr>
<td>Next Rs.200 crores of issue</td>
<td>40</td>
</tr>
<tr>
<td>Next Rs.300 crores of issue</td>
<td>30</td>
</tr>
<tr>
<td>Balance issue amount</td>
<td>15</td>
</tr>
</tbody>
</table>

Lock-in-period of 5 years from the date of allotment.\(^{12}\)

12. Ibid p.1.9
Guidelines on Advertisements

Advertisements regarding the proposed issue should be made after 21 days from the date of filing of the offer document with SEBI till the closure of the issue provided the Corporate advertisement discloses all the risk factors as are required to be mentioned in the offer document. Usually the advertisement takes the summarised form of the prospectus so as to enable the investors to form a prima facie opinion about the worthness of their investment in the shares.

- Also, no advertisement should include brand names for the issue except the normal commercial name of the Company or commercial name of its products already in use. All case should, therefore, be taken in drafting the advertisement copy properly and accurately as otherwise, the liability for mis-statement in prospectus may ensure.13

Guidelines for Issue of Debt Instruments

Requirement of Credit Rating

i). No public or right issue of debt instruments in respect of their maturity or conversion period shall be made unless credit rating agency has been obtained and disclosed in the offer document.

13. Ibid, p.1.62
ii). For a public/right issue of debt security of issue greater than or equal to Rs.100 crores two ratings from two different credit rating agencies shall be obtained.

iii). Where credit rating is obtained from more than one credit rating agencies, all the credit ratings, including unaccepted credit ratings, shall be disclosed.

iv). All the credit ratings obtained during the 3 years preceding the public or rights issue of debt instrument for any listed security of the issuer Company shall be disclosed in the offer document.

Requirement in Respect of Debenture Trustee

1). In case of issue of debenture with maturity of more than 18 months, the issuer shall appoint a debenture trustee.

2). The names of the debenture trustees must be stated in the offer documents.

3). A trust deed shall be executed by the issuer Company in favour of the debenture trustees within six months of the closure of the issue.14

Guidelines for Book Building Process

i). In an issue of securities to the public through a prospectus the option for 75% book building shall be available to the issuer Company subject to the following;

14. Ibid p.1.64- 1.65
ii)(a) The option of the book building facility shall be available as an alternative to, and to the extent of the percentage of the issue which can be reserved for firm allotment, as per these guidelines.

(b) The issuer Company shall have an option of either reserving the securities for firm allotment or issuing the securities through book-building process.

iii) The issue of securities through book-building process shall be separately indicated as 'placement portion category' in the prospectus.

iv)(a) The securities available to the public shall be separately identified as 'net offer to public'

(b) The requirement of minimum 25% securities to be offered to the public shall also be applicable.

v) In case the book-building option is availed of underwriting shall be mandatory to the extent of the net offer to the public.

vi). The draft prospectus containing all the information except the information regarding the price at which the securities are offered shall be filed with the Board.\textsuperscript{15}

\textsuperscript{15} Ravi Pulani., Corporate Laws, Bharat Law House Pvt LTD, New Delhi, 2000 p.1.70
Guidelines on Initial Public Offers through the Stock Exchange ON-Line System

Agreement with the Stock Exchange

The Company shall enter into an agreement with the stock exchange(s) which have the requisite system of on-line offer of securities.

The agreement mentioned in the above clause shall specify inter alia, the rights, duties, responsibilities and obligations of the company and stock exchanges interest. The agreement may also provide for a dispute resolution mechanism between the company and the stock exchange.

Appointment of Registrar to the Issue

The Company shall appoint registrar to the issue having electronic connectivity with the stock exchanges through which the securities are offered under the system.

Listing

Subject to the requirements of listing on the Regional stock exchange, the company may apply for listing of its securities on an exchange through which it offers its securities to public through the on-line system.
Responsibility of the Lead Manager

The lead manager shall be responsible for co-ordination of all the activities among various intermediaries connected in the issue system.16

Guidelines for Issue of Capital by Designated Financial Institutions

Promoter’s Contribution

There shall be no requirement of minimum promoters’ contribution in respect of any issue by DFIs.

In case any DFIs proposes to make a reservation for promoters, such contribution from the promoters shall come only from actual promoters and not from directors, friends, relatives, associates, etc.

Pricing of issues

a(i). The DFIs have 3 years track record of consistent profitability with profits shown in their respective audited profit and loss accounts after providing for interest, tax and depreciation in 3 out of immediately preceding 5 years with profits.

(ii). Where interest charged on debt outstanding for more than 3 years has been taken into profit and loss account, the same shall be excluded for reckoning net profit.

16. Ibid p.1.79
b(i). DFI determines the issue price in consultation with the lead manager.

(ii). The issue price shall be authorised by a resolution passed at a duly convened meeting of the shareholders/Company's Board. 17

**Guidelines for OTCEI Issues**

1) The company must appoint one of the members of OTCEI as its sponsor. For the purpose of obtaining listing, the sponsor has to appraise the project or the Company and certify to the OTCEI that having examined the technical, managerial, commercial, economic and financial aspects of the project.

2) The sponsor will undertake to the OTCEI that it shall make the necessary arrangements to ensure that the proposed issue of securities to the public will be fully subscribed.

3) The sponsor will undertake to the OTCEI that it will ensure that the securities are offered and allotted to the public in a fair manner subject to the approval of the OTCEI, and the Government guidelines currently in force in this regard.

4) The sponsor shall arrange with one member or dealer of the OTCEI for making market compulsorily in the security for a period of one year from the date of commencement of public trading.

17. Ibid p.1.81 – 1.82
5) The standard lots of securities for trading will be 100. Market makers will obliged to trade in non-standard lots also but they may quote different price for each lots.

6) Any offer made to public either directly by the Company or by the member or dealer of the OTCEI, through an offer for sale, will be accompanied by a prospectus conforming to such specifications as may laid down by OTCEI.

7) Publicity to an issue of security to the public will be subject to the approval of OTCEI and guidelines issued by the Government and SEBI.

8) The letter of offer or prospectus are any other issue document will be subject to the clearance by the OTCEI.

9) The OTCEI's decisions for granting / not granting listing will be final.

10) The OTCEI may revise, delete, or add new conditions in consultation with and subject to approval of the Government of India. 18

Guidelines for Bonus Issues

1) These guidelines are applicable to existing listed companies who shall forward a certificate duly signed by the issuer and duly countersigned by its statutory auditor or by a company secretary in practice to the effect that the terms and conditions for issue of bonus shares as laid down in these guidelines have been compiled with.

2) The bonus issue is made out of free reserves built out of the genuine profits or share premium collected in cash only.

3) Reserves created by revaluation of fixed assets are not capitalised.

4) The declaration of bonus issue, in lieu of dividend, is not made.

5) The bonus issue is not made unless the partly paid shares, if any existing, are made fully paid-up.

6) There should be a provision in the Articles of Association of the company for capitalisation of reserves, etc. and if not, the Company shall pass a resolution as it general body meeting making provisions in the Articles of Association for capitalisation.
7) Consequent to the issue of bonus shares if the subscribed and paid-up capital exceed the authorized share capital, a resolution shall be passed by the company at its general body meeting for increasing the authorised capital.

Operational Guidelines

a) The offer documents of size up to Rs.20 crores shall be filed by lead merchant bankers with the concerned regional office of Board under the jurisdiction of which the registered office of issuer company falls.

b) Copies of the draft offer document shall be made available to the public by the lead merchant banker/stock exchange.

c) The lead merchant banker and stock exchange(s) may charge such reasonable charge for providing a copy of the draft offer document.

d) The lead merchant banker shall submit one final printed copy of the final offer document to primary market department, SEBI, Head office, within 3 days of filing the offer document with registrar of Companies/concerned stock exchange(s) as the case may be.

e) Whenever offer documents shall be given by the lead merchant banker in the forwarding letters.

a) i) Registration No
ii) Date of Registration / Renewal of Registration

iii) Date of expiry of registration

iv) If applied for renewal, date of application

v) Any communication from the board prohibiting from acting as a merchant banker.

vi) Any inquiry / investigation being conducted by the board.

b) The following details about the issuer company certified as correct shall be furnished by the lead merchant banker along with their forwarding letter while filing offer documents for public / right issue / buy-back/take overs;

i) If any one or more of these persons / entities are/were registered with SEBI, their respective registration numbers.

ii) If registration has expired, reasons for non-renewal.

iii) Details of any enquiry / investigation conducted by SEBI at any time.


v) The intermediaries shall also indicate in their letter that they have obtained such information from other intermediaries.
Miscellaneous Guidelines

Direction by the Board

a) Directing the persons concerned to refund any money collected under an issue to the investors with (or) without requisite interest, as case may be;

b) Directing the person concerned not to access the capital market for a particular period;

c) Directing the stock exchanges concerned not to list or permit trading in the securities;

d) Directing the stock exchanges concerned to forfeit the security deposit deposited by the issuer company.

e) Any other direction which the board may deem fit and proper in the circumstances of the case; provided that before issuing any directions the board may give a reasonable opportunity to the person concerned.

Action Against Intermediaries

The board may initiate action including for suspension (or) cancellation of certificate of registration of any intermediary who fails to exercise due diligence or who fails to comply with the obligations entrusted under the guidelines (or) who is alleged to have violated any of these guidelines. 19

Conclusion

The Control of Capital Issues Act was replaced with a view to protect the interest of investors through regulating primary and secondary market. The preamble of the Act is to protect the interest of investors. The SEBI Board issued guidelines then and there for the appointment of brokers, issue of securities, grievance redressal, imposition of penalty ...etc. Among other things, powers and functions of the SEBI Board, on registration of stock brokers, Investor Awareness, Building Investor confidence, Guidelines for determining issue of raising foreign equity shares in existing companies, SEBI guidelines on disclosure and Investor Protection, promoters contribution of not less than 20 per cent of the post issue capital and lock-in-period of 5 years from the date of allotment, Guidelines of SEBI Act to provide Initial Public offers through the stock exchanges on on line system, bonus issues, issue of capital by designated financial institutions, preferential issues, OTCEI issues, and miscellaneous guidelines are expected to protect the interest of Investors' protection.