

Law Ministry okays to search & seizure power for SEBI

The capital market regulator, SEBI, is set to retain its search and seizure power with the Law Ministry endorsing what has been prescribed in this regard in an Ordinance.

“The Law Ministry has given its nod on the draft Cabinet note on the Securities Laws (Amendment) Bill that proposes giving power to the regulator as prescribed in the Ordinance.

Now, the effort is to get Cabinet approval on Wednesday (July 23) so that the Bill could be introduced in the current session of Parliament and before the Ordinance lapses,” a senior Government official told *BusinessLine*.

This, along with other provisions of the Bill, will help the regulator in curbing the menace of Ponzi and illegal deposit schemes. The previous Government promulgated the Ordinance thrice — the last one March 28 — after failing to get the Bill passed in the 15th Lok Sabha. Clarifying on the life of the Ordinance, the official said the perception that the Ordinance will lapse on July 18 is not correct.

It has not lapsed, as the first assembly of the 16th Lok Sabha during June 4-11 cannot be called a full-fledged session technically.

It is the ongoing session that started on July 7 and scheduled to end on August 14 that will be treated as first reassembling of Parliament after the general election and of course after March 28, the date of re-promulgation. So, the SEBI Ordinance will lapse only if it is not approved by Parliament within six weeks of reassembling.

The Securities Laws (Amendment) Bill aims to amend three legislation, the Securities Contract Regulation Act, the SEBI Act, and the Depository Act.

The Bill will have all provisions mentioned in the Ordinance, including assessing call data record in securities related offences, registration of money pooling scheme involving an amount of 100 crore or more, attachment of properties and setting up of special courts besides search and seizure power. The Ordinance, dated March 28, has made an amendment saying the SEBI Chairman will record reasons in writing while issuing an order for search and seizure.

Another new provision empowers the SEBI board to recall and enhance the penalty imposed by the adjudicating officer.

The official said there will be some changes in the penalty provisions.

(The Hindu)