

Securities Laws (Amendment) Act, 2004

Section 2 - Amendment of Section 2

In Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) (hereafter in this Chapter referred to as the principal Act),-

(i) clause (aa) shall be re-lettered as clause (ac) thereof and before the clause (ac) as so re-lettered, the following clauses shall be inserted, namely:-

'(aa) "corporatisation" means the succession of a recognised stock exchange, being a body of individuals or a society registered under the Societies Registration Act, 1860 (21 of 1860), by another stock exchange, being a company incorporated for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities carried on by such individuals or society;

(ab) "demutualisation" means the segregation of ownership and management from the trading rights of the members of a recognised stock exchange in accordance with a scheme approved by the Securities and Exchange Board of India;

(ii) clause (ga) shall be re-lettered as clause (gb) thereof and before the clause (gb) as so re-lettered, the following clause shall be inserted, namely:-

'(ga) "scheme" means a scheme for corporatisation or demutualisation of a recognised stock exchange which may provide for-

(i) the issue of shares for a lawful consideration and provision of trading rights in lieu of membership cards of members of a recognised stock exchange;

(ii) the restrictions on voting rights;

(iii) the transfer of property, business, assets, rights, liabilities, recognitions, contracts of the recognised stock exchange, legal proceedings by, or against, the recognised stock exchange, whether in the name of the recognised stock exchange or any trustee or otherwise and any permission given to, or by, the recognised stock exchange;

(iv) the transfer of employees of a recognised stock exchange to another recognised stock exchange;

(v) any other matter required for the purpose of, or in connection with, the corporatisation or demutualisation, as the case may be, of the recognised stock exchange;";

(iii) in clause (h), after sub-clause (ic), the following sub-clause shall be inserted, namely:-

"(id) units or any other such instrument issued to the investors under any mutual fund scheme;";

(iv) for clause (j), the following clause shall be substituted, namely:-

'(j) "stock exchange" means -

(a) any body of individuals, whether incorporated or not, constituted before corporatisation and demutualisation under Sections 4A and 4B, or

(b) a body corporate incorporated under the Companies Act, 1956 (1 of 1956) whether under a scheme of corporatisation and demutualisation or otherwise,

for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities;'.
