

**(Secondary Market)** It is a kind of market, where investors buy and sell securities they already own. Generally most people typically think of as “stock market”. To control all kind of illegal activities in stock market, government of India has set up one regulatory body called as SEBI.

**(SEBI)Securities Exchange Board of India:** To regulate the function of securities market, SEBI was set up on 1988. But It was not able to control the total transaction of the stock market.

In the year of April 1992, SEBI was granted legal status and the basic securities function of the stock market in India.

**(Reason to establish SEBI): –**

The main work of SEBI is, to remove all kind of malpractice from stock market. With the market growth in stock market, lot of malpractice also started like delay in delivery of shares, price fixing, un-officially new premium issue, etc. And day by day people start losing their faith in the stock market. To make correct these entire things, government of India set up one agency or regulatory body called as SEBI.

**(Role of SEBI):**

- SEBI has maintained the following roles. It generally maintains the faith of the investors and always keeps checking the malpractice in the stock market.
- SEBI helps to the issuers, to increase their financial budget and grow there company.
- SEBI helps to the investors to invest their money in a secure and safe manner.

**(Objective of the SEBI):**

- Check the activity of the stock market.
- Prevent any kind of malpractice or fraud in the stock market.
- Protect rights of the investors and provide safety to their investment.

**(Function of SEBI):**

- Protective Function.
- Regulatory Function.
- Developmental Function

**Protective Function:**

- **Check Price Rigging:** Increase the price of the product any illegal basis to get more profit from customer is called as price rigging or price fixing.

- **Prohibits Insider Trading:** Any person connected with a company such as director, promoters or workers, etc. Are called as insider. If any event is going to happen in this company in future, that affect to the company securities, such information is not available for public. Because of personal benefit, insider can use this information that is called as insider trading.
- **Prohibit fraudulent and unfair trade activity:** Any company providing in-correct information, that affect to the buying or selling securities in the market by other person.
- SEBI provides correct guidance to invest the money in correct profitable securities.
- And provide guideline to protect the interest of long-term share holders.
- SEBI has stopped the practice of making preferential allotment of shares unrelated to market prices.

### **Regulatory Function:**

These functions are performed by SEBI to regulate the business in the stock exchange. Following functions are performed to regulate the business in the stock market.

1. SEBI has created some rule and regulations and a code of conduct to regulate the intermediaries like bankers, brokers, underwriters, etc.
2. These intermediaries have been brought under the regulatory purview and private placement has been made more restrictive.
3. SEBI registers and regulates the working of the brokers, sub-brokers, merchant bankers, share transfer agents and all those who are associated with the stock exchanges in any manner.
4. SEBI registers and regulates the working of investment avenues, those are associated with the stock exchanges in any manner.
5. SEBI regulates takeover of the companies.
6. SEBI conducts inquiries and audit process of stock exchanges.

### **Developmental Function:**

SEBI develops some activities, which helps to increase the business in the stock exchanges. Some activities are maintain below.

- SEBI upgrades training of intermediaries of the securities market.
- SEBI tries to forward activities of stock exchange by adopting flexible and adoptable approach in following way:
  - SEBI has permitted internet trading through registered stock brokers.
  - SEBI has made underwriting optional to reduce the cost of issue.
  - For IPO registration of primary market is permitted through stock exchange.