



Regulatory powers of SEBI under the SEBI Act, 1992: A legal and practical perspective

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Abstract

The Securities and Exchange Board of India (SEBI) plays a crucial role in maintaining market integrity, investor protection, and regulatory discipline within the Indian securities market. This paper examines the regulatory, investigative, and enforcement powers conferred upon SEBI under the SEBI Act, 1992, along with their practical implementation in contemporary financial markets. Through doctrinal analysis of statutory provisions, regulations, judicial decisions, and regulatory developments, the study evaluates SEBI's supervisory framework concerning insider trading, market manipulation, disclosure obligations, and intermediary regulation. The paper further analyzes procedural safeguards, appellate mechanisms, and challenges relating to regulatory overreach, technological surveillance, and compliance burdens. It concludes that effective regulatory enforcement must be balanced with procedural accountability and market transparency.

Keywords: SEBI, securities regulation, investor protection, insider trading, market enforcement

Introduction

The journey of Indian securities law has been from a very minimal disclosure market which was broker centric to a statute backed, regulator led market structure where the Securities and Exchange Board of India has been given wide supervisory, investigative, and enforcement powers. This journey went through various phases and finally it has become a statutory regime with the "SEBI Act, 1992" as the capstone legislation which conferred on the Board the triple mandate of protecting investors, promoting market development, and regulating the securities market. The policy issue behind this regulatory framework is very simple. Capital markets are the lifeblood of the economy only when the prices discovered are true, market misconduct is prevented, and intermediaries undergo predictable supervision. In a situation where the regulator lacks strong powers, information asymmetry becomes bigger, manipulation distorts prices, and the money of the common people is taken out of the market and put into unproductive assets. "Section 11" is the most direct expression of this legislative choice by giving SEBI the power to take any actions it considers necessary to protect investors and regulate the market. The law's means of implementation have been expanded by subsequent amendments which have added more powers to the organization such as powers to direct, investigate, penalize, recover and settle, as well as include provisions relating to due process and appellate review.

Their relevance to Indian markets is very clear and direct. Indian domestic equity ownership has become more widespread, domestic institutions have become more active, and retail participation has increased significantly through dematerialized accounts and low-cost platforms. Such a development breathes life into the misconduct costs and makes real time supervision more valuable. SEBI regulatory tools are based on one law, regulations issued by the government, circulars, and informal advice, which together regulate the behavior of intermediaries and disclosure of issuers. The "SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015" establish the minimum

requirements for continuous disclosure and governance, whereas the "SEBI (Prohibition of Insider Trading) Regulations, 2015" and the "SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003" deal with the misuse of information and the creation of the market for manipulative schemes. These structures are the living instruments, which are changed repeatedly to take into account the technology, products, and global standards. SEBI's official compendium acknowledges that there are changes in different areas frequently which is the main reason delegated legislations in this field are very dynamic. The piece is structured around SEBI's powers moving from the written law to actual practice. After presenting the legal framework and the institutional set up, it depicts the devices that SEBI uses to control behavior and provide clarity of expectations. It is licensing and supervisory powers over intermediaries and market infrastructure institutions that are the next focus, followed by examination of investigative triggers, scope and safeguards. Next, the enforcement arsenal is charted, comprising directions, interim measures, adjudicated penalties, settlements, compounding, and recovery. Procedure and due process follow, dealing with show cause practice, evidentiary standards, appellate oversight, and limitation. The next discussion moves to the substantive areas where these powers are most heavily exercised, such as insider trading, manipulation, takeovers, mutual funds and AIFs, and continuous listing disclosures. Cooperation and overlaps finish the analysis, placing SEBI within the multi regulator environment in India and cross border collaboration under IOSCO arrangements. The emphasis is maintained throughout on the lawfulness of the power, the actual workings of its exercise, and the limitations that make the framework impartial, open to review and trustworthy.

Statutory Mandate and Architecture

Legally, the foundation of SEBI's power shows three main objectives and a complex layered institutional design. The Preamble and "Section 11" of the Act define the Board's goals. The Act, however, assigns powers to different roles

like investigation, issuing directions, penalty adjudication, settlement, compounding, and recovery. The institution operates through a Board with delegated internal authority, different departments, and adjudicatory and appellate levels leading to the Securities Appellate Tribunal and, on points of law, the Supreme Court under “Section 15Z”. The Central Government’s rule making and SEBI’s regulation making are two activities that are linked together by a parliamentary laying requirement, which is very significant for the democratic control of the delegated legislation. This structure makes it possible to have an adjustable rule design and fast supervisory response, at the same time, keeping accountability alive through judicial review and legislative oversight.

Preamble and Section 11

The Preamble and “Section 11” sing the same tune of core mandate which is very briefly. SEBI has been given the mandate of protecting investors in securities, promoting the securities market, and regulating the market. “Section 11(1)” gives a residuary power to the Board to take such measures as it deems fit for these ends while “Section 11(2)” enumerates illustrative functions such as regulating business in stock exchanges and other securities markets and requisitioning of information. This mix of a wide mandate with examples has facilitated a purposive interpretation of the law and has been instrumental in the continuation of the delegated regulation throughout the trading, clearing, and settlement value chains. The power under “Section 11B” to give directions and the power under “Section 11C” to conduct investigations are consequent upon this arrangement and enable the regulator to respond to market integrity threats, to obtain information and to take measures to prevent the market from being harmed, all in real time. The provisions ‘textual scaffolding constitute the framework of the equilibrium between investor protection and market development which is at the core of modern securities regulation.

Key Power Conferrals

Subsequent changes to the Act unified SEBI’s functional domain with the Act. The power of the Board to give directions to any person or class of persons for the protection of investors and the securities market is conferred by Section 11B. Section 11C provides for the establishment of the investigation department together with the powers to call for production of documents and, to examine a person on oath. Section 12 provides for the registration of intermediaries and infrastructure institutions in the securities market, thus, opening a gateway for entry as well as for oversight. Chapter VIA sets out the penalty system including the “Sections 15A to 15HB” whereby “Section 15J” is the provision which determines the amount of the penalty. Section 24A provides for the compounding of certain offences by the court concerned and Section 28A caters for a statutory recovery mode where the penalties or monetary directions have not been cleared. The first authority to which appeals are made is the Securities Appellate Tribunal, established under Section 15T, and from there to the Supreme Court under Section 15Z, on questions of law. The power to make regulations is provided for in Section 30 and is subject to being laid before Parliament under Section 31, which ensures legislative oversight over the exercise of delegated powers.

Regulatory Ecosystem

SEBI is part of a financial regulatory ecosystem that is regulated by several authorities, the Reserve Bank of India under the Payment and Settlement Systems Act 2007, the Ministry of Corporate Affairs and SFIO under the Companies Act 2013, the Competition Commission of India under the Competition Act 2002, and the Insolvency and Bankruptcy Board of India, under IBC. The PSS Act gives RBI the power to regulate payment systems but at the same time, it clearly mentions that stock exchanges and clearing corporations are not part of its scope, thus, maintaining SEBI’s jurisdiction over market infrastructure institutions. The Competition Act allows the sectoral regulators and the CCI to make references under “Section 21” and “Section 21A”, which is a way for them to cooperate. SEBI interacts with foreign regulators through IOSCO multilateral and bilateral agreements for information sharing. This network of laws and MoUs is aimed at providing a smooth supervision process that covers market, corporate, competition, and insolvency aspects while at the same time, it is drawing the line to avoid duplication and regulatory arbitrage.

Regulatory Instruments

SEBI’s regulatory outputs are diverse, ranging from binding regulations to explanatory circulars and non-binding informal guidance. The Act gives the Board the power to make regulations, but these have to be laid down before the Parliament. The subordinate legislation gives effect to the Act’s objectives in different market segments, products, and participants. Circulars are used to implement policies quickly, set supervisory expectations, and align market operations. Informal guidance helps to clarify the interpretation of the law in specific facts, especially in areas like takeovers, LODR disclosures, and insider trading compliance. The hierarchy thus created provides for certainty while also allowing for changes to be made iteratively. The regulator’s website keeps the consolidated and last amended texts of the major regulations, thus enabling the participants to keep track of the changing requirements without depending on the outdated instruments. This multi layered instrument set is necessary to be able to function in a high velocity market where innovation can become out of date with static rulebooks faster than one can keep up.

Regulations and Bye Laws

Regulations under “Section 30” are concerned with the provisions of the Act that are implemented throughout the entire chain of market activities. “SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015” is the act governing continuous disclosure and listing requirements of the listed entities. The “SEBI (Prohibition of Insider Trading) Regulations, 2015” deals with trading in which one has possession of UPSI, organized digital databases, and trading plans. The “SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003” are aimed at eliminating manipulative and deceptive practices. The “SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011” are the regulations that lay down the rules regarding compulsory open offers as well as the exemptions. There are also different rules such as “SEBI (Mutual Funds) Regulations, 1996” and “SEBI (Alternative Investment Funds) Regulations, 2012” among others.

Besides that, the recognized stock exchanges also establish bye laws under their parent legislation which, together with SEBI's regulations, form a single body of binding norms for issuers and intermediaries.

Circulars and Guidelines

Circulars implement policy decisions into practical requirements with a pace that formal regulation cannot always match. They are extensively used to set disclosure formats, shorten reporting timelines, and standardize market infrastructure protocols. Master circulars simplify compliance by consolidating instructions covering, inter alia, research analysts, investment advisers, CRAs, and non-convertible securities. Exchanges and depositories, therefore, follow or implement these circulars in their own notices and operating manuals. Therefore, circulars and guidance documents become the frontline instrument for course corrections and risk mitigating nudges, particularly in situations where timeliness is significant for investor protection. The fact that they are publicly available and consolidated on SEBI's portal facilitates uniform expectations and decreases the interpretative friction of the market participants.

Informal Guidance and FAQs

SEBI's "Informal Guidance Scheme, 2003" provides interpretative and no action letters that are based on the "Section 11(1)" powers. Although they are non-binding and limited to the particular case, they provide a lot of insight into the staff's views concerning the grey areas of LODR, PIT, and Takeover compliance. Gradually, they have dealt with matters from the identification of open offer triggers in custom transactions to LODR disclosure issues in global entities and the text of which is organized on SEBI's portal. Moreover, SEBI has consolidated FAQs like the exhaustive PIT FAQs that present the amendments and the earlier clarifications in a nutshell. This structure is not a substitute for the law. It offers interpretive coherence and predictability in those areas where ex ante clarity is helpful for lawful planning and for minimizing inadvertent breaches. The combination of informal guidance and FAQs is still a viable way of connecting the black letter rules with the complicated transactional realities.

Limits on Delegation

Delegation in securities law is a big concept but it doesn't go beyond certain limits. "Section 30" stipulates that regulations must be in harmony with the Act and rules, whereas "Section 31" provides for laying before the Parliament, which allows the control. "Section 29" is the one that indicates rule making by the Central Government. The Act is also equipped with a general "Power to remove difficulties" which is limited in time and cannot go against the parent statute. As a matter of fact, delegated legislation has to be contained within the four corners of SEBI's statutory purposes and is not allowed to create offences or penalties in addition to those provided for in the Act. The organization of the SEBI Act reflects the characteristics of the classic administrative law with limitations, which at the same time, preserve the regulatory design specialized regulatory design. This constitutional feeling is conveyed by means of formal requirements and the always present safeguard of judicial review through appeals and writ jurisdiction.

Licensing and Supervision

Licensing and oversight are at the core of prevention regulation. "Section 12" mandates the registration of intermediaries and market infrastructure institutions, thereby enabling SEBI to verify the eligibility at the time of entry, condition, and conduct control. The "SEBI (Intermediaries) Regulations, 2008" provide the cross-cutting fit and proper test, the disciplinary process, and the framework for temporary suspension or cancellation. Then, sectoral regulations detail the additional requirements for brokers, depositories, portfolio managers, mutual funds, AIFs, and exchanges. The supervision in progress also uses inspections, reporting, and data analytics to locate risk and detect infringements. The method acknowledges that market failures are mostly systemic or operational and that the timely involvement of the supervisory authority is more efficient in protecting than the imposition of penalties ex post. This preventive stance is the real device that goes hand in hand with SEBI's investigative and enforcement powers.

Registration and Fit and Proper

Entry to the market is a condition of an applicant being a fit and proper person, financially sound, and operationally capable. The "SEBI (Intermediaries) Regulations, 2008" define fit and proper criteria that are based on factors such as integrity, reputation, competence, and financial solvency. These regulations provide SEBI with the authority to refuse, suspend, or cancel registration. Besides, specialized regulations add requirements that are specific to the sector. For instance, AIF managers and sponsors have to be eligible and disclose information as per the "SEBI (Alternative Investment Funds) Regulations, 2012" while mutual funds are regulated by the "SEBI (Mutual Funds) Regulations, 1996". Depositories, custodians, and exchanges have to comply with capital adequacy, governance, and systems requirements that are set out in their respective rulebooks. Being fit and proper is not a single screening exercise. It is supported by continuous disclosure obligations and event-based reporting through which SEBI can at any time review suitability if it is the case that there are changes in circumstances.

Ongoing Compliance and Inspections

Compliance is the main focus after registration. Various types of inspections such as routine and risk-based look into books and records, client onboarding, segregation and monitoring of client assets, and supervisory frameworks. Reporting to SEBI and exchanges provides for offsite supervision while deficiency letters and action points are the means to the remedial steps. In case of the identification of misconduct, "Intermediaries Regulations, 2008" provide for the initiation of disciplinary proceedings by a designated authority leading to reasoned orders. This pipeline is intended to speed up the correction, deter recidivism, and escalate only if proportionate. The model understands that most of the breaches arise from weak controls and that supervisory guidance along with the possibility of sanctions is the most effective way to get regulated entities to align their incentives internally.

Supervisory Technology

Just like other regulatory authorities, SEBI has substantially upgraded its surveillance systems by implementing cutting edge technology. A comprehensive market surveillance

system along with a Data Lake architecture are two of the main components of the new infrastructure that has been put together to enable SEBI to conduct in depth analytics and quickly locate any irregularities in the market. Public procurement documents talk about a private cloud and big data stack being set up for scale, security, and elasticity, whereas policy pronouncements mention the use of AI and analytics for the detection of anomalies. These measures are supported by Platforms such as SCORES for investor redress and the SMART ODR portal for disputes. All these measures combined elevate the capabilities of the regulator to carry out data mining in trading activities, cross checking across different venues and instruments, and hence, prioritizing the signals for human scrutiny. Supervisory technology is not a substitute for human judgment. It enhances human judgment by significantly reducing the ratio of noise to signal in markets that generate enormous, rapidly changing data.

Investigative Powers

Investigations are the means through which a corporation may move from observation to action. According to “Section 11C”, SEBI can mandate an investigation if it has reasonable grounds to believe that a violation has occurred or is going to occur. The law gives power to request records, witness examination, and, with judicial authorization, also seizure and search. Impolitically, investigations may concern issuers, intermediaries, or any persons associated with the securities market. In fact, it reflects the reality of the misconduct, which often is derived from unregulated nodes adjacent to regulated entities. The procedure is made to not only get the necessary evidence quickly but to also maintain secrecy during the inquiry because of the market sensitive nature of the allegations. “Section 11(2)” also provides a general power to call for information which allows the gathering of pre investigative facts when the threshold for a formal investigation is not reached.

Information Gathering

Information requests under ‘Section 11(2)’ and ‘Section 11C’ allow for a wide range of documents, electronic records, and statements to be requisitioned from persons connected to the market. SEBI may issue a directive to stock exchanges, depositories, brokers, merchant bankers, auditors, and listed entities to provide records, data extracts, and transaction logs. The framework is aimed at going beyond denial by reaching the people who are associated and facilitate, execute or hide trades. As the modern market footprint is digital, requests are increasingly specifying structured datasets and messaging trails. Respondents are required to preserve the evidence immediately, and if they fail to cooperate, they can be charged with separate violations under the penalty code. The law is not only to ascertain the breach but also to rebuild the complete narrative of the conduct.

Role of Investigating Authority

When appointed by SEBI, an investigating authority, conducts the investigation, records the deposition on the oath, and also seeks the help of the exchanges, depositories, and government agencies. If required, SEBI may proceed to a competent court for permission of search and seizure within the “Section 11C” framework. The secrecy provisions during an investigation serve to protect not only

the integrity of the investigation but also the reputation of the parties involved until the facts are verified. The commission is only a fact-finding agency, not an adjudicator. Its report is used as a show cause proceeding, issuing directions, interim orders, or settlement evaluation. Collaborating with other authorities is normal, as the infringement of securities is generally near company law frauds, money laundering, or tax offences. The statute’s gradual way from inquiry to possible enforcement ensures that the powers for intrusion are protected by a reason to believe standard and later due process.

Forensics and Digital Evidence

Digital forensics are at the core of securities investigations. Sets of emails, trade, and order logs, call data records, device images, and messaging app content can be used to establish chronology, UPSI possession, or collusive trading patterns. “Bharatiya Sakshya Adhiniyam, 2023” unambiguously acknowledges electronic records as evidence, specifying in “Sections 61 and 63” the criteria for the acceptance and proof of the contents, thus facilitating the use of digital trails as evidence in regulatory proceedings. Searches and recordings are governed by the “Bharatiya Nagarik Suraksha Sanhita, 2023”, and among the provisions are audio video recording of searches and statements, which updates the procedural safeguards that are relevant when SEBI acts in coordination with the general law enforcement. Data protection issues come up because the investigations involve the processing of personal data. “The DPDP Act, 2023” provides for statutory exemptions in the case of processing by the State for the purposes of prevention, detection, investigation of offences, and regulatory functions, thus permitting the processing that is lawful but only if it is incidental to SEBI’s mandate.

Enforcement and Remedies

SEBI’s suite of enforcement options aims to fix, stop, and penalize wrong actions. It conservatively relies on directions, may escalate through interim orders, and finally, adjudication imposes monetary penalties. A settlement provides a compliance-oriented way out for the righteous cases, whereas compounding is left to the competent court in respect of certain offences. Recovery provisions are in place to make sure that monetary sanctions are not just an illusion. The overall framework is not by default of the prison type. It is adjusted to market misconduct that is mainly of an economic nature, where the costs of manipulation or disclosure failures should be absorbed by the violators quickly and in a foreseeable manner. Each tool is linked to specific statutory or regulatory provisions, procedural steps that ensure fairness and allow appellate review on fact and law, as the case may be, are also provided.

Directions and Interim Orders

An instrument “Section 11B” gives SEBI the power to send directives to a person or a class of persons that enables the regulator to choose from a wide range of remedial outcomes. Among these are: powers to issue orders to stop and desist under the Act, orders for disgorgement stanching as remedial measures, limitations of access to the market, and orders for compliance to change controls. Such temporary orders issued without notice are only for urgent situations in which a delay may cause harm to investors or

lead to the disappearance of evidence. These orders are issued for protection, not punishment, and they are followed by proceedings in which the right to be heard is maintained. The existence of quick, specific directions is the judicial device that keeps regulatory intervention from being behind when market disorders are rapidly changing. The legal text sets out the authority and the procedural framework within which such urgent measures are subsequently examined.

Monetary Penalties and Adjudication

The penalty provisions in “Chapter VIA” cover quite a range of situations including failure to provide information, misuse of client agreement, neglect of investor grievances, insider trading, market manipulation, and other breaches of regulations. The quantum’s vary significantly in many instances, being directly related to the gains made or the losses avoided, thus, in effect, the liability is aligned with the economic impact. The “Section 15J” enumerates the factors for penalty severity considered by the adjudicating officers, such as disproportionate gain or unfair advantage, loss of investor, and repeated nature of default. The process is detailed in the “SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995” which stipulates that there should be notice, opportunity to be heard, reasoned orders and record keeping. This adjudicatory framework considers most securities violations as civil wrongs; thus, prosecution is only for specially enumerated offences and acceptance of this culture is strengthened through compliance, predictable, documented decision making.

Settlement and Compounding

Settlement is designed to offer a less adversarial way of solving issues that arise from the specified proceedings through the “SEBI (Settlement Proceedings) Regulations, 2018”. An applicant may take a settlement without or with an admission, depending on his/her situation including the seriousness, the manner of the conduct and the impact on the investor. The rules set out the time limits for the filing of applications, the terms of the settlement, and the disclosure requirements which ensure that the market remains fair while also facilitating a quick resolution. Compounding is a separate matter and is under the jurisdiction of the competent court in terms of “Section 24A” for offences that are not punishable only by imprisonment. The presence of settlement and compounding at the same time provides two different but complementary ways of dealing with the risk of both civil and criminal consequences arising from securities contraventions. When these instruments are used properly, they help to save the judges’ time, speed up the process of remediation, and make it possible to return to the prospective compliance.

Recovery and Attachment

Monetary sanctions need a clear and enforceable road to money. “Section 28A” provides that road by allowing the recovery of the imposed penalties and amounts through a recovery officer who, as authorized, may, inter alia, attach and sell the property, arrest and detain in prison, or appoint a receiver for managing the assets. SEBI keeps a public dashboard of recovery proceedings and provides online payment facilities linked to recovery certificates, thus making enforcement visible and trackable. The presence of a statutory recovery backbone that connects adjudication with the actual collection has, therefore, a strong deterrent

effect. Without it, economic sanctions run the risk of being only paper claims. The statutory provision along with the operational transparency, therefore, together, form the basis of the penalty regime’s credibility.

Procedure and Due Process

Fairness and transparency are the two main features that decide the legality of the system. The Act and rules provide for notice, disclosure, reasoned orders, and appellate rights. The show cause practice helps in framing the charges and the hearing allows the representation and the submission of the evidence. Adjudicating officers and whole-time members not only record the reasons but also enable the meaningful appellate scrutiny. Standards of proof correspond to the civil nature of most proceedings, while a few presumptions in insider trading law are policy decisions to counter information asymmetry. The appellate structure is there to confirm that regulatory choices are not beyond review. Limitation and retroactivity issues are raised frequently in a regime of frequent amendments and long running misconduct and they are handled through the statutory text and interpretive practice. These procedures, in effect, maintain proportionality and thus, help in aligning enforcement with market integrity rather than mere sanctioning zeal.

Show Cause and Hearing

Adjudicatory rules demand that a show cause notice, in detail, sets forth the alleged violations along with their legal basis. The adjudicating officer on the appointed day is required to explain the alleged offence and the provisions invoked and also provide an opportunity for producing evidence and making submissions. The decisions being reasoned and recorded, thus, constitute the basis for appellate scrutiny. This template is in line with the person proceeded against being informed and thus, it consolidates the record for a review by the SAT. The SEBI protective mandate and the rights of regulated persons, which are mediated by the show cause and hearing sequence, constitute the primary safeguard. Proper disclosure of the material relied upon and reasoned conclusions being the main instruments of fairness in this civil enforcement regime.

Standards and Evidence

Evidence practice in securities enforcement is primarily influenced by the aims of regulation and the kind of evidence available in contemporary markets. Most of the time, electronic records, trade logs, and communications are at the center of attention, and the “Bharatiya Sakshya Adhinyam, 2023” directly acknowledges the admissibility and proof of electronic records, which is in line with SEBI’s digital first evidentiary model. Insider trading law has a prohibition based on possession under the PIT Regulations, which is further supported by well-defined digital database requirements and trading plans as safe havens that are in line with market reality to provide evidentiary presumptions. Relying on circumstantial evidence is still very important because collusion and UPSI cannot be traced in most cases. The adjudicatory authority has the control to test the connections, assess the importance, and note down the findings that are in agreement with the policy goal of eliminating information advantages.

Appellate Structure

Judicial reviews of orders passed by SEBI and the adjudicating officer may be made before the Securities Appellate Tribunal under “Section 15T”. The SAT functions as a specialized forum with the ability to examine not only the facts but also the law with the sectoral expertise. A further appeal is available before the Supreme Court under “Section 15Z”, only in cases of questions of law, thus maintaining doctrinal coherence while acknowledging SAT’s factual appreciation. The Act, by “Section 15K”, also creates the SAT and places the merge provisions relating to jurisdiction, composition, and independence. This two-tier system is a strong control over regulatory action and leads to better rules through interpretive clarity. It constitutes the constitutional safety net under a regime which otherwise grants wide interventionist powers to ensure market integrity.

Limitation and Retroactivity

Time is a major factor in a rather complicated way of how securities enforcement works. Violations may be recurrent or continued and amendments might often refine obligations that are already in progress. Along with the appellate framework, the Act and rules provide the framework to deal with limitation and retroactivity issues. Different treatments are given to continuing violations, like for instance persistent disclosure failures, as opposed to one off contraventions. Amendments usually take effect in the future unless a different provision is made, but their interpretive impact can be immediate for ongoing conduct. Recovery periods are associated with adjudication and direction dates, whereas appeals have their own statutory windows. The system’s discipline is in recording the dates, understanding the effect of amendments, and coordinating the periods of default with the level of sanctions. Such temporal accuracy is very much required for fairness and thus, to avoid the mistake of judging events from the past as if they had been clear at the time in a rapidly changing regulatory environment.

Substantive Domains of Exercise

Most of the time when the Securities and Exchange Board of India (SEBI) intervenes with its powers, it is to stop situations where the price discovery process is getting obstructed, the confidence of the investors is getting eroded, or the fiduciary stewardship of the public money is getting impaired. For example, insider trading prohibitions help to reduce information asymmetry that is one of the main issues in the fair markets. The PFUTP framework is aimed at targeting manipulations which fabricate or falsely represent liquidity, demand, or price. Takeover regulation, for instance, through the use of various controls, helps to protect minority investors in case of changes in control. Mutual fund and AIF regulations are there to supervise product governance when the retail or sophisticated capitals get pooled. Listing and disclosure under LODR are the means through which timely, comparable, and decision useful information flows as well as corporate governance standards are being enforced. These areas need to be continuously updated since products, technology, and market structure keep changing. The legal powers that were mapped out earlier are the instruments that actually give these substantive frameworks a practical effect.

Insider Trading

The PIT Regulations lay out the prohibition on trading by an insider when they have “unpublished price sensitive information”, specify “connected persons”, and mandate the upkeep of a structured digital database to log communications related to UPSI. Trading plans, Chinese wall arrangements, and inter se transfers among insiders serve as the calibrated defenses within a possession-based prohibition. Changes in 2025 increased the obligations for recording the external receipt of UPSI and trading window norms got refined, reflecting the learning from the recent enforcement. The model views information as the limited commodity that should not be monetized in securities markets, and it provides SEBI with the means to trace the capture and flow of information, which is supported by electronic records and surveillance analytics. Being clear about definitions and obligations helps to put in place preventive controls inside issuers and intermediaries, which is the most efficient form of compliance.

Market Manipulation and Fraud

PFUTP regulations prohibit manipulative and deceptive devices as well as unfair practices that unfairly prevent the discovery of real prices. They cover ancient wash trades and spoofing along with modern cross market and algorithmic strategies intended to deceive. Enforcement depends on order and trade data, cross venue linkages, and, if needed, communications that show intent. Investigative systems at SEBI and exchanges locate the alerts that initiate investigations. The combination of a single broad anti-fraud provision with detailed surveillance understands that rules cannot foresee every fraud scheme and therefore have to be set out in terms of functions. The extent of the prohibition is balanced by due process, reasoned findings, and penalties of a reasonable level linked to gains or investor losses that keep deterrence intact without reducing the provision of legitimate liquidity or hedging.

Takeovers and Substantial Acquisition

Changes in control usually affect the rights of the minority. The Takeover Regulations provide that open offers should be made in the event of certain shareholding or control changes and also require detailed disclosures to be made at the different stages of the transaction. There are some exceptions for restructurings and other specified situations, with SEBI’s role as an interpreter being visible in the informal guidance where the facts of a case are more difficult for the application of general rules. The framework reconciles the transfer of control with the integrity of the market by making sure that the public shareholders are given a chance to exit their investment at a fair price when control rents are transferred. Infringements bring about orders, fines, and, if necessary, corrective actions. The consistent resort to guidance and FAQs along with the enforcement has, notwithstanding the intricacy of the transactional structures, resulted in a quite stable setting which is foreseen by both acquirers and investors

Mutual Funds and AIFs

Pooling regimes need fiduciary duty and a well-functioning product governance framework. Mutual funds are subject to detailed regulatory codes that govern scheme design, valuation, disclosures, and segregation, for example, side pockets. AIFs are under a different regime that provides

more flexibility but also requires disclosure and governance that is suitable for sophisticated investors SEBI's oversight in these segments is mainly concerned with valuation integrity, related party exposures, liquidity risk, and conflicts. Circulars and master circulars are the usual instruments to effect changes quickly in practice, while inspections and thematic reviews are the main means of ensuring that compliance is continuous. The policy objective is to ensure that pooled capital is managed with the necessary discipline, is legally anchored, and is transparently reported to investors, who should be able to make informed decisions and exit at values that correspond to fair portfolio marks.

Listing and Disclosure

LODR is essentially the main support structure of transparency. It lays down the unit standards for financial and material event disclosures that need to be made in a timely manner and should be accurate, the disclosure of the board composition, the oversight of the committee, the governance of the related party transaction, and the engagement of the shareholder. The framework has been repeatedly refined, the latest amendments mainly addressing governance and disclosure controls. Exchanges implement LODR through compliance checks and notices, whereas SEBI holds the authority to give directions, impose penalties, and if necessary, grant forbearance or time bound relaxations in the public interest. The goal is to provide investors with a continuous flow of decision useful information and to bring the governance of the issuer in line with the issuer's governance responsibilities that come with public capital. The main power of LODR in practice is its connection with surveillance, inspection findings, and informal guidance, which makes the regime flexible to the newly arising gaps.

Coordination and Overlaps

Securities regulation is closely related to banking, company law, competition, insolvency, payments, and anti-money laundering. The different interfaces are handled through statutory provisions, circulars, MoUs, and the activities of inter-agency bodies. The PSS Act marks the RBI's area of control over payment systems and excludes stock exchanges and clearing corporations, thus specifying SEBI's scope related to the infrastructure. Sectoral regulators under the Competition Act may refer issues to the CCI and vice versa thus resulting in a well-orchestrated interaction when market structure questions arise in the securities field. Insolvency proceedings lead to LODR changes and carve outs that enable resolution professionals to execute governance functions for listed debtors on the international level, IOSCO agreements provide the basis for cross border cooperation in investigations and enforcement. The lattice allows for specialization with fewer gaps and overlaps.

RBI and Payment Systems

SEBI's domain often interacts with RBI's oversight, for instance, in settlement flows, currency derivatives, or custodial banking. The "Payment and Settlement Systems Act, 2007" grants RBI the authority over payment systems and makes it clear that stock exchanges and clearing corporations are out of its scope, thus, that those are under the securities law umbrella. RBI circulars sometimes mention SEBI recognized exchanges for activities like

hedging by certain entities, which is an example of inter regulatory alignment. Cooperation in terms of data and supervision also continues via both formal and informal channels when market issues need joint intervention. These provisions facilitate the functioning of the coordination that is required when capital markets and banking infrastructure come together, particularly in settlement finality and systemic risk management.

MCA and Companies Act

Corporate law overlaps with securities regulation in areas such as prospectuses, financial reporting, governance, and fraud investigations. The Ministry of Corporate Affairs is in charge of the "Companies Act, 2013", which includes "Section 212" that gives the Serious Fraud Investigation Office (SFIO) the power to look into serious frauds. If the SFIO is handling a case, there may be limitations on parallel investigations of the same allegations under the Companies Act, however, securities violations are still under the jurisdiction of SEBI. LODR requirements interact with company law requirements, and both SEBI and the stock exchanges have issued the guidance on the governance transiting from insolvency that places the obligations of listed entities' resolution professionals. The coordination here lessens the duplication and makes sure that corporate actions that have an impact on the securities market are still in line with the disclosure and investor protection norms.

CCI, IBBI, FIU and Others

Competition issues have been identified as a major source of conflict in market infrastructure or intermediary consolidation. "Sections 21 and 21A of the Competition Act, 2002" are the means used by the statutory authorities and the CCI to communicate and facilitate the considered results. The insolvency timelines and the disclosure obligations of the listed debtors are being governed by LODR and IBBI circulars. SEBI and the exchanges, by adjusting the requirements, are ensuring that the investors are kept informed during the resolution process. The reporting on the prevention of money laundering is at the same time linked with the market supervision through FIU IND arrangements, thus, strengthening the identification of the illegal money flows that go hand in hand with the manipulative schemes. The main objective is the uniform enforcement of policies across the laws that deal with different aspects of the same economic activity. The legal link between these relationships is in each statute's cooperation and reference provisions.

Cross Border Cooperation

Contemporary securities markets have holes in them. SEBI engages in IOSCO activities that facilitate cross border exchange of information and enforcement support to foreign entities dealing in Indian securities or those affecting domestic price discovery. These cooperation channels are vital in insider trading and manipulation cases, which involve offshore accounts, foreign brokers, or global messaging platforms. They also support the supervision of foreign portfolio investors and the overseas intermediaries engaging with Indian markets. The public record of India's cooperation stance and the reference to the IOSCO multilateral framework indicate that SEBI's enforcement power extends beyond local borders, which is necessary to keep the credibility of sanctions in a globalized marketplace.

Conclusion

SEBI's transformation from an advisory body to a technologically advanced regulator backed by law has resulted in a detailed system that combines preventive supervision with legitimate enforcement. The design of the Act centered on Section 11 and further clarified through Sections 11B, 11C, Chapter VIA, and 28A provides the Board with the means to operate quickly, collect proof, apply the penalty of the right severity, and in fact, carry out the collection. The rulebook is permitted to follow market innovation in the areas of listing disclosures, insider trading, market manipulation, takeovers, and pooled vehicles through layered instruments regulations, circulars, and informal guidance. SupTech, SCORES, and SMART ODR enhance the signal to noise ratio and provide recovery. Appellate oversight through SAT and the Supreme Court ensures that the regulator is accountable, thereby, supporting the validity of the broad supervisory powers. Altogether, these elements raise the standard of market integrity, are beneficial to investor confidence, and make the process of domestic participation getting deeper easier.

However, the system's inherent qualities, to a large extent, bring about new challenges that need to be handled carefully. Powers that are open textured require more precise guardrails in order to maintain predictability without lowering responsiveness. Circular churn and uneven data standards may increase the workload of compliance departments, especially in small intermediaries, thus compliance can be "taxed." The need for Digital forensic has increased due to the requirement for a robust chain of custody, cross border assistance, and privacy conscious processing under new evidence and data laws. The penalty calibration, disgorgement doctrine, and settlement transparency initiatives are at the point where they need to be continuously refined in order to prevent the perception of arbitrariness. Coordination of different agencies should be on the level of performance rather than being based on the goodwill of the persons involved. The securities regime in India can still be very flexible and ethical if these issues are resolved, thus, it can be considered a long-term benchmark for emerging market oversight.

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