

THE SECURITIES CONTRACTS (REGULATION)
AMENDMENT ACT, 1959

NO. 49 OF 1959

[8th December, 1959]

An Act to amend the Securities Contracts (Regulation) Act, 1956.

BE it enacted by Parliament in the Tenth Year of the Republic of India as follows:—

Short title

1. This Act may be called the Securities Contracts (Regulation) Amendment Act, 1959.

Insertion of
new section
7A.

2. After section 7 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the principal Act), the following section shall be inserted, namely:—

Power of
recognised
stock ex-
change to
make rules
restricting
voting
rights, etc.

“7A. (1) A recognised stock exchange may make rules or amend any rules made by it to provide for all or any of the following matters, namely:—

(a) the restriction of voting rights to members only in respect of any matter placed before the stock exchange at any meeting;

(b) the regulation of voting rights in respect of any matter placed before the stock exchange at any meeting so that each member may be entitled to have one vote only, irrespective of his share of the paid-up equity capital of the stock exchange;

(c) the restriction on the right of a member to appoint another person as his proxy to attend and vote at a meeting of the stock exchange;

(d) such incidental, consequential and supplementary matters as may be necessary to give effect to any of the matters specified in clauses (a), (b) and (c).

(2) No rules of a recognised stock exchange made or amended in relation to any matter referred to in clauses (a) to (d) of sub-section (1) shall have effect until they have been approved by the Central Government and published by that Government in the Official Gazette and, in approving the rules so made or

amended, the Central Government may make such modifications therein as it thinks fit, and on such publication, the rules as approved by the Central Government shall be deemed to have been validly made, notwithstanding anything to the contrary contained in the Companies Act, 1956."

1 of 1956.

3. For section 28 of the principal Act, the following section shall be substituted, namely:—

Substitution
of new sec-
tion for
section 28.

"28. (1) The provisions of this Act shall not apply to—

Act not to
apply in cer-
tain cases.

(a) the Government, the Reserve Bank of India, any local authority or any corporation set up by a special law or any person who has effected any transaction with or through the agency of any such authority as is referred to in this clause;

(b) any convertible bond or share warrant or any option or right in relation thereto, in so far as it entitles the person in whose favour any of the foregoing has been issued to obtain at his option from the company or other body corporate issuing the same or from any of its shareholders or duly appointed agents shares of the company or other body corporate whether by conversion of the bond or warrant or otherwise, on the basis of the price agreed upon when the same was issued.

(2) Without prejudice to the provisions contained in subsection (1), if the Central Government is satisfied that in the interests of trade and commerce or the economic development of the country it is necessary or expedient so to do, it may, by notification in the Official Gazette, specify any class of contracts as contracts to which this Act or any provision contained therein shall not apply, and also the conditions, limitations or restrictions, if any, subject to which it shall not so apply."