SEBI, MCA SIGN PACT FOR MORE DATA SCRUTINY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

The Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs (MCA) signed a memorandum of understanding (MoU) to facilitate seamless sharing of data and information for carrying out scrutiny, inspection, investigation and prosecution.

This assumes significance as the MCA has the database of all registered firms while SEBI only regulates listed entities that may have unlisted subsidiaries, with the MCA having access to all the data of such unlisted entities.

'Backdrop of frauds'

"The MoU comes in the wake of increasing need for surveillance in the context of corporate frauds affecting important sectors of the economy. As the private sector plays an increasingly vital role in economic growth, the need for a robust corporate governance mechanism becomes the need of the hour," said a statement issued by the SEBI on Friday.

Incidentally, there is already a protocol of sharing of data between the capital markets regulator Ministry and, in many cases, the regulator has also sent its orders against various entities to the MCA for further action.

According to the SEBI statement, the MoU will facilitate the sharing of data and information between the regulator and the MCA on an automatic and regular basis, while enabling sharing of specific information such as details of suspended companies, delisted firms, shareholding pattern from the SEBI and financial statements filed with the Registrar by corporates, returns of allotment of shares and audit reports relating to corporates.

The MoU will ensure that both the MCA and the SEBI have seamless linkage for regulatory purposes and in addition to regular exchange of data, the two will also exchange with each other, on request, any available information for scrutiny, inspection, investigation and prosecution.

A Data Exchange Steering Group will meet periodically to review the data exchange status.

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