

**THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED
EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021**

SEBI vide Notification No. SEBI/LAD-NRO/GN/2021/40 dated 13th August, 2021, issued SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 by consolidating SEBI (Share Based Employee Benefit) Regulations, 2014 and SEBI (Issue of Sweat Equity) Regulations, 2002. The Regulation is effective from the date of publication in the Official Gazette i.e. 13th August, 2021.

As per Regulation 13, every Company which has passed a resolution for the scheme(s) under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, then the Board of Directors shall at each Annual General Meeting (AGM) of the Company, place before the shareholders a certificate from the secretarial auditors of the Company that the scheme(s) has been implemented in accordance with these regulations and in accordance with the resolution of the company in the general meeting.

Further, as per regulation 36, in the general meeting subsequent to the issue of sweat equity shares, the Board of Directors shall place before the shareholders, a certificate from the secretarial auditor of the company that the issue of sweat equity shares has been made in accordance with these regulations and in accordance with the resolution passed by the company authorizing the issue of such sweat equity shares.

Earlier the word used was 'auditor' but now it is specifically mentioned that the certificate from secretarial auditor is required to be placed before the shareholders at each AGM of the Company.

An additional requirement for certification from secretarial auditors is prescribed in Regulation 26(3) and 27(4) of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. As per Regulation 26(3) and 27(4), the secretarial auditor of the company shall certify the compliances with respect to cost of acquisition of shares under the schemes.

Therefore, the companies who have not received the certificate from the Auditors upto 13th August 2021, are required to take this certificate from secretarial auditor of the Company.

Notified regulation is available at:

<https://egazette.nic.in/WriteReadData/2021/228983.pdf>

**Suggestions may be sent to
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