

## **Sebi extends deadline for trusts to comply with new ESOP norms**

Market regulator Securities and Exchange Board of India (Sebi) on Monday extended the deadline to December 31, 2013, for companies to meet new norms that prohibit trusts administering employee stock option plans (ESOPs) from buying their own shares in the secondary market.

The regulator had raised concerns that some entities might be framing such schemes with the purpose of dealing in their own shares to influence share prices in an unfair manner.

Companies now issue ESOPs either directly or through a trust. Under the direct route, fresh shares are issued to employees as and when they exercise the options, while through the trust structure, companies either issue fresh shares to the trusts or the trusts are authorised to buy shares from the market as and when it is appropriate, Corporate Professionals, a Delhi-based boutique investment banking firm said. The regulator said dealings by the trusts raise concerns about their compliance with insider trading norms. It had earlier proposed June 30 as the deadline to adhere to the new norms. Some companies have already wound up their employee trusts to comply with Sebi's rules.

Sebi said employee benefits trusts that have already purchased shares of the company from secondary market before the issue of circular on January 17 can continue to hold such shares, provided they follow the rules framed for such schemes.

*(Economic Times)*