



बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY

Circular NO. 043/IRDA/CIR/COMPLIANCE/MAR-2009

March 17, 2009

CIRCULAR

Sub: Issuance of ESOP/ Sweat Equity to CEO / Managing Director / Whole-time Director -
Compliance with Section 34A of the Insurance Act, 1938

In partial modification of the para (3) and (4) of Form C of Circular No. 031/IRDA/CIR/COMPLIANCE/AUG-2007 dated 23.08.2007, it is now clarified that the issuance of ESOP/ Sweat Equity to Chief Executive Officer/ Managing Director / Whole-time Director / Principal Officer would be governed by the following norms :

1. In case of shares of a promoter/ group / associate companies (whether listed or otherwise) is issued to CEO / WTD/ Principal Officer / Managing Director, then the same will be governed by the provisions of the SEBI as may be applicable to that promoter / group company.
2. In case shares of the insurance company are issued as Sweat Equity, then the same will be governed by the provisions of the Sweat Equity Regulation issued by SEBI except for the guideline relating to pricing of shares.
3. In case of shares of insurance company are offered as ESOPs to Managing Director / Chief Executive Officer / Principal Officer / Whole-time Director, then
 - I. If the CEO / Managing Director / Whole-time Director/ Principal Officer is one of the promoters or directly related to the promoters, then the same will be governed by the provisions of SEBI (Issue of Sweat Equity) Regulations, 2002 except those relating to pricing of the shares.
 - II. In other cases, the same will be governed by the SEBI's ESOS guidelines as amended by the SEBI from time to time except the pricing of the shares.

All other provisions / terms and conditions of the circular No. 031/IRDA/CIR/COMPLIANCE/AUG-2007 shall remain unchanged. Please Acknowledge receipt and ensure strict compliance of the aforesaid.


C R Muralidharan
Member