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THE GAZETTE OF INDIA EXTRAORDINARY
PART III - SECTION 4
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SECURITIES AND EXCHANGE BOARD OF INDIA (BANKERS TO AN ISSUE) REGULATIONS, 1994

No. LE/7/94.- In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board with the previous approval of the Central Government, hereby makes the following regulations, namely :—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994.

Definitions.

2. In these regulations, unless the context otherwise requires,—

[1][(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(aa) "banker to an issue" means a scheduled bank carrying on all or any of the following activities, namely :—

(i) acceptance of application and application monies;

(ii) acceptance of allotment or call monies;

(iii) refund of application monies;

(iv) payment of dividend or interest warrants;

(ab) "body corporate" shall have the meaning assigned to it in or under clause (7) of section 2 of the Companies Act, 1956 (1 of 1956);

(ac) "certificate" means a certificate of [2][***] registration issued by the Board;

1 Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f, 7-9-2006.

2 The words "initial or permanent" was omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to this the words "initial or permanent" were inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

(ad) [3][***]

(ae) "change in control", in relation to a banker to an issue being a body corporate, means :—

(i) if its shares are listed on any recognised stock exchange, change in control within the meaning of regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

(ii) in any other case, change in the controlling interest in the body corporate.

Explanation.—For the purpose of sub-clause (ii), the expression "controlling interest" means an interest, whether direct or indirect, to the extent of at least fifty-one per cent of voting rights in the body corporate;**]**

4**[***]**

(b) "form" means a form specified in Schedule I;

(c) "inspecting authority" means one or more persons appointed by the Reserve Bank of India to exercise powers conferred under Chapter IV;

5**[**(ca) "issue" means an offer of sale or purchase of securities by any body corporate or by any other person or group of persons on his or its or their behalf, as the case may be, to or from the public, or the holders of securities of such body corporate or person or group of persons;**]**

(d) "Reserve Bank" means the Reserve Bank of India established under section 3 of the Reserve Bank of India Act, 1934;

6**[**(e) "scheduled bank" means a bank included in the Second Schedule of the Reserve Bank of India Act, 1934 (2 of 1934);**]**

3 Omitted by Securities and Exchange Board of India (Change in conditions of Registration of Certain Intermediaries) (Amendment) Regulations, 2011. Prior to the omission clause (a) read as under:
"(ad) change of status or constitution" in relation to a banker to an issue—

(i) means any change in its status or constitution of whatsoever nature; and

(ii) without prejudice to generality of sub-clause (i), includes—

(A) amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 391 of the Companies Act, 1956 (1 of 1956) or the corresponding provision of any other law for the time being in force;

(B) change in its managing director or whole time director; and

(C) any change in control over the body corporate;

4 Clause (a) omitted by the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, w.e.f. 27-09-2002. Prior to the omission clause (a) read as under:
"a. "enquiry officer" means any officer of the Board, or any other person, having experience in dealing with the problems relating to securities market, who is authorized by the Board under Chapter V;" 5 Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f, 7-9-2006.

6 Substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f, 7-9-2006. Prior to its substitution, clause (e) read as under:
'(e) "rules" means Securities and Exchange Board of India (Bankers to an Issue) Rules, 1994;'

(f) words and expressions used and not defined in these regulations but defined in the Act 7**[***]** shall have the meanings respectively assigned to them in the Act 8**[***].**

CHAPTER II

REGISTRATION OF BANKERS TO AN ISSUE

Application for grant of certificate 9[of 10[***] registration].

3. (1) An application by scheduled bank for grant of a certificate 11[of 12[***] registration] as banker to an issue shall be made t

13[(1A) An application for registration made under sub-regulation (1) shall be accompanied by a non-refundable application fee as specified in Schedule II.]

(2) Notwithstanding anything contained in sub-regulation (1), any application made prior to coming into force of these regulations containing such particulars or as near thereto as mentioned in Form A shall be treated as an application made in pursuance of sub-regulation (1) and dealt with accordingly.

Application to conform to the requirements.

4. Subject to the provisions of sub-regulation (2) of regulation 3, any application, which is not complete in all respects and does not conform to the instructions specified in the form, shall be rejected:

Provided that, before rejecting any such application, the applicant shall be given an opportunity to remove within the time specified such objections as may be indicated by the Board.

Furnishing of information, clarification and personal representation.

5. (1) The Board may require the applicant to furnish further information or clarification regarding matters relevant to the activity of a banker to an issue for the purposes of disposal of the application.

(2) The applicant officer shall, if so required appear before the Board for personal representation through an officer duly authorised in this regard by the applicant.

Consideration of application.

7 Words "and the rules" were omitted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f, 7-9-2006.

8 Words "or the rules, as the case may be" were omitted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f, 7-9-2006.

9 Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f.05-07-2011.

10 The word "initial" was omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

11 Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

12 The word "initial" was omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

13 Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f, 7-9-2006.

6. The Board shall take into account for considering the grant of a certificate, all matters which are relevant to the activities relating to banker to an issue and in particular whether the applicant fulfils the following requirements, namely :—

(a) the applicant has the necessary infrastructure, communication and data processing facilities and manpower to effectively discharge its activities;

(b) the applicant or any of its directors is not involved in any litigation connected with the securities market and which has an adverse bearing on the business of the applicant or has not been convicted of any economic offence;

(c) the applicant is a scheduled bank;

14[(cc) the applicant is a fit and proper person;]

(d) grant of certificate to the applicant is in the interest of investors.

[15][Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the banker to an issue is a fit and proper person, the Board may take into account the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008**]**

[16][7. Grant of certificate of [17][***] registration.

(1) The Board, on being satisfied that the applicant is eligible, shall send an intimation to the applicant, within one month of such satisfaction, that it has been found eligible for grant of certificate of [18][***] registration and grant a certificate in Form B.

[19][(2) The certificate of registration granted under sub- regulation (1) shall be valid unless it is suspended or cancelled by the Board.]

[14] Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 1998, w.e.f. 05-01-1998.

[15] Substituted by the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, w.e.f. 26-05-2008. Prior to its substitution, the Regulation 6A as inserted by the Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulations, 2004, w.e.f. 20-03-2004, read as under:
"6A. Applicability of Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulations, 2004.- The Provisions of the Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulations, 2004 shall, as far as may be, apply to all applicants or underwriters under these regulations."

[16] Substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011. Prior to the substitution, the Regulation read as under:
"Procedure for registration. 7. (1) The Board on being satisfied that the applicant is eligible shall grant a certificate in Form B and send an intimation to the applicant.
(2) On the grant of a certificate, the applicant shall be liable to pay the fees in accordance with Schedule II." [17] The word "initial" was omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

[18] The word "initial" was omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

[19] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution it read as under:
"(2) The certificate of initial registration granted under sub-regulation (1) shall be valid for a period of five years from the date of its issue to the applicant."

[20][(3) The bankers to an issue who has already been granted certificate of registration by the Board, prior to the commencement of the Securities and Exchange Board of India (Change in Conditions of Registration of Certain Intermediaries) (Amendment) Regulations, 2016 shall be deemed to have been granted a certificate of registration, in terms of sub-regulation (1).]
(4) The grant of a certificate of [21][***] registration shall be subject to payment of the registration fee as specified in Schedule II of these regulations.**]**

7A [22][***]

8. [23][***]

[20] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution it read as under:
"(3) The banker to an issue who has already been granted certificate of registration by the Board, prior to the commencement of the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, and has not completed a period of three years, shall be deemed to have been granted a certificate of initial registration for a period of five years from the date of its certificate of registration, subject to payment of fee for the remaining period of two years, as specified in Schedule II of these regulations."

21 The word "initial" was omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

22 Omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to omission Regulation 7A was inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f 05-07-2011 and read as under:

"**7A. Grant of certificate of permanent registration.**

(1) The banker to an issue who has been granted or deemed to have been granted a certificate of initial registration under regulation 7, may, three months before the expiry of the period of certificate of initial registration, make an application for grant of a certificate of permanent registration in Form A**.**

(2) Thebanker to an issue who has already been granted a certificate of registration by the Board and has completed a period of five years**,** on the date of commencement of the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations 2011, may, three months before the expiry of validity of certificate of registration or before, make an application for grant of a certificate of permanent registration in Form A.

(3) An application under sub-regulation (1) or sub-regulation (2) shall be accompanied by non-refundable application fee as specified in Schedule II of these regulations.

(4) The application for grant of a certificate of permanent registration shall be accompanied by details of the changes that have taken place in the information that was submitted to the Board while seeking initial registration or renewal, as the case may be, and a declaration stating that no changes other than those as mentioned in such details have taken place.

(5) The application for permanent registration made under sub-regulation (1) or (2) shall be dealt with in the same manner as if it were a fresh application for grant of a certificate of initial registration.

(6) The Board, on being satisfied that the applicant is eligible, shall grant a certificate of permanent registration in Form Band shall send an intimation to the applicant.

(7) The grant of a certificate of permanent registration shall be subject to payment of fees specified in Schedule II of these regulations."

24[Conditions of registration.

8A.25[(1)Registration granted under regulation 7 shall be subject to the following conditions, namely – "]

(a) where the banker to an issue proposes 26[change in control], it shall obtain prior approval of the Board for continuing to act as such after the change;

(b) it shall enter into a legally binding agreement with the body corporate for or on whose behalf it is acting as banker to an issue stating therein the allocation of duties and responsibilities between itself and the body corporate for the issue for which it is acting as a banker to an issue;

27[(c) it shall pay the fees for registration, in the manner provided in these regulations.]

(d) it shall take adequate steps for redressal of grievances of the investors within one month of the date of the receipt of the complaint and keep the Board informed about the number, nature and other particulars of the

23 Omitted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011 w.e.f. 05-07-2011. Prior to omission the regulation read as under:

"Renewal of certificate.

8. (1) Three months before the expiry of the period of certificate, the banker to an issue, may if he so desires, make an application for renewal in Form A.

23[(1A) An application for renewal made under sub-regulation (1) shall be accompanied by a non-refundable application fee as specified in Schedule II.**]**

(2) The application for renewal, under sub-regulation (1), shall be dealt with in the same manner as if it were an application made under sub-regulation (1) of regulation 3 for grant of a certificate.

(3) The Board on being satisfied that the applicant fulfils the requirements specified in regulation 6 for renewal of certificate shall grant a certificate in Form B and send an intimation to the applicant.

(4) On the grant of a certificate, the applicant shall be liable to pay the fees in accordance with Schedule II." [24] Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006.

[25] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution it read as under:
"(1) Any [25][initial registration granted under regulation 7 or permanent registration granted under regulation 7A] shall be subject to the following conditions, namely :—"

Also, the words and figure "registration granted under regulation 7 or any renewal granted under regulation 8" were substituted with the words and figures "initial registration granted under regulation 7 or permanent registration granted under regulation 7A" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011 w.e.f. 05-07-2011.

[26] Substituted the words "to change its status or constitution" with "change in control" by Securities and Exchange Board of India (Change in conditions of Registration of certain Intermediaries) (Amendment) Regulations, 2011, w.e.f. 19-04-2011.

[27] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution it read as under:
"(c) it shall pay the fees for [27][initial registration or permanent registration], as the case may be, in the manner provided in these regulations;"
Also, the words "registration or renewal" were substituted with the words "initial registration or permanent registration" were substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

complaints received and the manner in which such complaints have been redressed;

(e) it shall abide by the regulations made under the Act in respect of the activities carried on by it as banker to an issue.

[28][(f) it shall immediately intimate the Board, details of changes that have taken place in the information that was submitted, while seeking registration.]

(2) Nothing contained in clause (a) of sub-regulation (1) shall affect the obligation to obtain a fresh registration under section 12 of the Act in cases where it is applicable.

8B.[29] [***]

Procedure where registration is not granted.

9.[30][(1) Where an application for grant of a certificate of registration under regulation 3 does not satisfy the criteria set out in regulation 6, the Board shall reject the application after giving an opportunity of being heard.]

[31][(2) The refusal to grant registration, shall be communicated by the Board within thirty days of such refusal to the applicant stating therein the grounds on which the application has been rejected.]

(3) Any applicant may, being aggrieved by the decision of the Board, under sub-regulation (1), apply within a period of thirty days from the date of receipt of such intimation to the Board for reconsideration of its decision.

(4) The Board shall reconsider an application made under sub-regulation (3) and communicate its decision as soon as possible in writing to the applicant.

[28] Inserted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

[29] Omitted by Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011. Prior to the omission regulation 8B read as under:
"Period of validity of certificate.

8B.The certificate of registration granted under regulation 7 and its renewal granted under regulation 8, shall be valid for a period of three years from the date of its issue".

[30] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution it read as under:
"(1) Where an application for grant of a certificate [30][of initial registration under regulation 3 or of permanent registration under regulation 7A], does not satisfy the requirements set out in regulation 6, the Board may reject the application after giving an opportunity of being heard."

[31] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution it read as under:
"(2) The [31][refusal to grant initial or permanent registration, as the case may be] shall be communicated by the Board within thirty days of such refusal to the applicant stating therein the grounds on which the application has been rejected."

Also, the words "refusal to grant or renew registration" were substituted with words "refusal to grant initial or permanent registration, as the case may be" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

10. [32]**[***]**

Payment of fees and the consequences of failure to pay fees.

11.[33][(1) Every applicant eligible for grant of registration, shall pay the fees in such manner and within the period specified in Schedule II.]

(2) Where the applicant fails to pay the fees as provided in sub-regulation (1) read with Schedule II, the Board may suspend the registration certificate, whereupon the applicant shall cease to carry on any activity as a banker to an issue for the period during which the suspension subsists.

CHAPTER III

GENERAL OBLIGATIONS AND RESPONSIBILITIES

Maintenance of books of account, records and the documents.

12. (1) Every banker to an issue shall maintain the following records with respect to :—

(a) the number of applications received, the names of the investors, the dates on which the applications were received and the amount so received from the investors;

(b) the time within which the applications received from the investors were forwarded to the body corporate or registrar to an issue, as the case may be;

(c) dates and amount of refund monies paid to the investors;

(d) dates, names and amount of dividend/interest warrant paid to the investors.

(2) Every banker to an issue shall intimate to the Board the place where the records and documents mentioned in sub-regulation (1) are kept.

[32] Omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to omission it read as under: "[32]**[10. Effect of refusal to grant certificate of permanent registration.**

A banker to an issue whose application for grant of certificate of permanent registration has been refused by the Board, on and from the date of the receipt of the communication, shall cease to carry on any activity as banker to an issue:

Provided that the Board may, in the interest of the investors of the securities market, permit to carry on activities undertaken prior to the receipt of the intimation of refusal subject to such condition as the Board may specify."

Also, regulation 10 was substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011. Prior to the substitution the regulation read as under: "Effect of refusal to grant certificate.

10. Any scheduled bank whose application for a certificate has been refused by the Board shall on and from the date of the receipt of the communication under sub-regulation (2) of regulation 9 cease to carry on any activity as banker to an issue."

33 Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution it read as under:

"(1) Every applicant eligible for grant of a certificate 33[of initial or permanent registration, as the case may be] shall pay such fees in such a manner and within the period specified in Schedule II."

Also, the words "of initial or permanent registration, as the case may be" were inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

(3) The banker to an issue shall preserve the records and documents specified in sub-regulation (1) for a minimum period of three years.

Furnishing of information to the Board.

13. Every banker to an issue shall furnish to the Board when required the following information, namely :—

(a) the number of issues for which he was engaged as a banker to an issue;

(b) the number of applications and details of the application monies received by the banker to an issue;

(c) the dates on which the applications received from the investors were forwarded to the body corporate or registrar to an issue;

(d) the dates on which and the amount refunded to the investors;

(e) the payment or dividend/or interest warrants to the investors.

Agreement with bodies corporate.

14. (1) Every banker to an issue shall enter into an agreement with the body corporate for whom it is acting as banker to an issue.

(2) The agreement referred to in sub-regulation (1) shall contain the following clauses, namely :—

(a) the number of centres at which the applications and application monies of an issue of a body corporate will be collected from the investors;

(b) the time within which the statement regarding the applications and application monies received from the investors investing in an issue of a body corporate will be forwarded to the registrar to an issue or the body corporate, as the case may be;

(c) that a daily statement will be sent by the designated controlling branch of the bankers to the issue to the registrar to an issue indicating the number of applications received on that date from the investors investing in the issue of a body corporate, and the amount of application money received.

Board to be informed of any disciplinary action taken by the Reserve Bank.

15. Every banker to an issue shall inform the Board forthwith if any disciplinary action is taken by the Reserve Bank against the banker to an issue only in relation to issue payment work :

Provided that if as a result of any such action, the banker to an issue is prohibited from carrying on the activities, the certificate shall be deemed to have been suspended or cancelled as the case may be.

Code of conduct.

16. Every banker to an issue shall abide by the code of conduct as specified in Schedule III.

34[**Appointment of compliance officer.**

16A. (1) Every banker to an issue shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors' grievances.

(2) The compliance officer shall immediately and independently report to the Board any non-compliance observed by him.]

CHAPTER IV

PROCEDURE FOR INSPECTION

Inspection of Banker to an Issue.

17. The Board may request the Reserve Bank of India to undertake inspection of the books of account, records and documents of the banker to an issue for any of the purposes specified in regulation 18.

Purpose of inspection.

18. The purposes referred to in regulation 17 may be as follows, namely:—

(a) to ensure that the books of account are being maintained in the manner required;

(b) that the provisions of the Act, rules, regulations are being complied with;

(c) to investigate into the complaints received from investors, body corporate or any other person on any matter having a bearing on the activities of the banker to an issue; and

(d) to investigate into such matters as may be required by the Board.

Procedure for inspection.

19. The Reserve Bank shall on a receipt of a request from the Board as soon as possible take steps to undertake inspection of the banker to an issue for such purposes as may be required by the Board in such manner as it may deem fit.

Obligations of banker to an issue on inspection.

20. (1) It shall be the duty of every director, proprietor, partner, officer and employee of the banker to an issue, who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control and furnish him with the statements and information relating to his activities as a banker to an issue within such time as the Reserve Bank may require.

(2) The banker to an issue shall allow the inspecting authority to have reasonable access to the premises occupied by such banker to an issue or by any other person on his behalf and also extend reasonable facility for examining any books,

34 Inserted by the Securities and Exchange Board of India (Investment Advise by Intermediaries) (Amendment) Regulations, 2001, w.e.f. 29-05-2001.

records, documents and computer data in the possession of the banker to an issue or any such other person and also provide copies of documents or other materials which, in the opinion of the Reserve Bank of India are relevant for the purposes of the inspection.

(3) The inspecting authority, in the course of inspection, shall be entitled to examine or record statements of any principal officer, member, director, partner, proprietor and employee of the banker to an issue.

(4) It shall be the duty of every director, proprietor, partner, officer or employee of the banker to an issue to give to the inspecting authority all assistance in connection with the inspection which the banker to an issue may reasonably be expected to give.

Submission of report to the Board.

21. The Reserve Bank of India shall, as soon as may be possible furnish to the Board a copy of the inspection report together with the copies of relevant documents in support of the observations made by the inspecting authority.

[35][Action on inspection or investigation report.

22. The Board or the Chairman shall after consideration of inspection or investigation report take such action as the Board or Chairman may deem fit and appropriate including action under [36][Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.]]

CHAPTER V

PROCEDURE FOR ACTION IN CASE OF DEFAULT

[37][Liability for action in case of default

35 Substituted by the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, w.e.f., 27-09-2002.

36 Substituted for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" by the Securities and Exchange Board of India (intermediaries) Regulations, 2008, w.e.f. 26-05-2008

37 Substituted by the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, w.e.f. 26-05-2008. Prior to the substitution, the regulation read as under:

"23. A banker to an issue who-

(a) fails to comply with any conditions subject to which certificate has been granted;

(b) contravenes any of the provisions of the Act, rules or regulations, shall be dealt with in the manner provided under the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002."

Prior to the above substitution, the regulation read as under:

"23. A banker to an issue who:-

(a)fails to comply with any conditions subject to which certificate has been granted;

(b)contravenes any of the provisions of the Act, rules or regulations; shall be liable to any of the penalties specified in sub regulation .

(2) The penalties referred to in sub- regulation (1) may be either:- (a) suspension of registration; or

23. A banker to issue who contravenes any of the provisions of the Act, Rules or Regulations framed thereunder shall be liable for one or more actions specified therein including the action under Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.**]**

24. to **31.** [38][***]

SCHEDULE I

FORM A

[39][Regulation 3]]

Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994

40[Application for Grant of Certificate of 41[***] Registration as Banker to the Issue]

Name:

.....

.....

Name of person to contact:

....

Designation:

.....

.....

Telephone No.:

.....

.....

1. Applicants must submit a completed application form together with appropriate supporting documents to the Securities and Exchange Board of India.
2. It is important that this application form should be read in conjunction with rules and regulations and the code of conduct for the banker to an issue.
3. Applications for registration will only be considered provided all questions are answered.

(b) cancellation of registration.

38 Regulations 24 to 31 omitted by the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, w.e.f. 27-09-2002.

39 The words "/Regulation 7A" were omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to this the words and figure "Regulation 3" were substituted for the words "Regulation 3/ Regulation 7A " by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

40 Substituted the words and sign "Application for grant / renewal of certificate of registration as bankers to issue" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

41 The words "initial/permanent" were omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

4. Answers must be typed/printed.
5. Information which needs to be supplied in more details may be written on separate sheets which should be attached to the application form.
6. All signatures must be original.

PART I

GENERAL INFORMATION

1. Applicants Details

1.1 Name

1.2 Address of registered office of the Bank :

Pin code: ..... Telephone No. : .....

Telex No.: ..... Fax No. : ..... Address for correspondence :

Pin code : ..... Telephone No. : .....

Telex No. : ..... Fax No. : .....

1.3 Application to Securities and Exchange Board of India for other intermediary activity: .....

2. Organisation Structure:

2.1 Date and Place of Incorporation

Day Month Year Place

2.2 Organisation Chart : General Organisation and specific activity (i.e., applied for registration). Also state the functional responsibility.

2.3 Particulars of all Directors and key management personnel:—[for other than public sector banks only

Name; Qualification; Experience

Ownership details; (date of appointment) other directorship; (Name & date of appointment); previous positions held.]

2.4 Number of employees

2.5 List of major shareholders (holding 5% or more voting shares) Name, Shareholding pattern i.e. No. of shares and its % to total capital)

3.0 Details of infrastructural facilities (To be used for specific activity)

3.1 Data processing capacity

(a) Inhouse:

(b) Others :

3.2 Computer facility :

(a) Hardware configuration

(b) Software used

3.3 Communication and manpower facilities available at controlling branch/head office and at various branches

4.0 Financial Information

4.1 Capital Structure

(Rs. in lakhs)

	Year prior to the preceding year of current year	Preceding year	Current year
(a) Paid-up Capital			
(b) Free reserves (excluding revaluation reserves)			
(c) Total (a) + (b)			

(d) Deposits

(e) Working Funds

4.2 Net Profit

	first year	second year	third year
4.3 Income (From specific activity of Banker to an issue)			

5.0 Other information (For specific activity of Banker to an issue)

5.1 Details of all settled and pending disputes :

Nature of dispute	Name of the party	Pending/settled

5.2 Indicate involvement in any economic and criminal offences in the last three years (For directors)

5.3 Any other information considered relevant to the nature of services rendered by the company

5.4 Name and Address of the Auditors

PART II

SPECIFIC INFORMATION AS TO BANKER TO AN ISSUE

6.0 Business information

6.1 Indicate type of activities carried on/proposed to be carried on. (Collection Bankers for : Application money and/or Allotment money, Refund Bankers, Paying Bankers for payment of dividend/interest warrant).

6.2 Describe modus operandi for handling applications, processing them and for co-ordination between branches, remittance of money, collection and accounting for funds, function of refund bankers.

6.3 Enclose a copy of typical contract entered with the client for the services rendered.

6.4 Enclose list of centres at which the bank has branches out of centre notified by the Ministry of Finance.

7.0 Experience

7.1 Experience as bankers as to the issue (period to be indicated) (Services provided during last year)

7.2 List of clients (Corporate clients only)

(For specific activity)

Name

Services rendered

Declaration

THIS DECLARATION MUST BE SIGNED BY TWO AUTHORISED OFFICIALS OF THE APPLICANT

We hereby apply for registration. We warrant that we have truthfully and fully answered the questions above and provided all the information which might reasonably be considered relevant for the purposes of our registration.

We hereby declare that the information furnished is true and correct and neither the applicant nor any of its Directors and key-executive personnel have been involved in or convicted of economic offences during the last three years or by the Reserve Bank for violation of the provisions of the Reserve Bank of India Act, 1934 and Banking Regulation Act, 1949.

For and on behalf of

....

(Name of Applicant)

....

Director/Officer Director/Officer

.....

Name in Block Letters

.....

.....

Name in Block Letters

.....

Place : Place :

Date : Date :

FORM B

[42[Regulation 7]]

Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994

43[Certificate of Registration]

42 Substituted for the words "Regulation 7/ 7A" by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to this, the words "Regulation 7/ 7A" substituted the word "Regulation 7" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011. 43 Substituted for the words "Certificate of Initial/Permanent Regulation" by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

Prior to this, the words "Certificate of Initial/Permanent Regulation" substituted the words "Certificate of Registration" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

I. In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder the Board hereby grants a certificate of registration to.....as a banker to an issue subject to the conditions in the rules and in accordance with the regulations.

II. Registration Code for the Banker to an issue in BI / / /

44[III. This certificate of registration shall be valid unless it is suspended or cancelled by the Board.]

Date :

Place :

By Order

For and on behalf of

Securities and Exchange Board of India

Authorised Signatory

SCHEDULE II

SECURITIES AND EXCHANGE BOARD OF INDIA (BANKERS TO AN ISSUE) REGULATIONS, 1994

[Regulation 11]

FEES

[45][1. Every banker to an issue shall pay fees of [46][twenty lakh] rupees at the time of grant of certificate of [47][***] registration.

[44] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution paragraph III as substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

read as under:

"III. This certificate of registration shall be valid from ….. to …. / for permanent, unless suspended or cancelled by the Board.]"

Prior to the above, paragraph III was by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

Prior to the substitution the paragraph read as under:

"III. Unless renewed, the certificate of registration is valid from.....to....."

[45] Substituted paragraph 1 and 2 by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011. Prior to the substitution the paragraphs read as under: "1. Every banker to an issue shall pay a sum of [45][ten lakh rupees] as registration fees at the time of the grant of certificate by the Board.

2. Every banker to an issue to keep registration in force shall pay renewal fee of [45][five lakh Rupees] every three years from the fourth year from the date of initial registration."

1A. [48][***]

[49][2. A banker to an issue who has been granted a certificate of registration, to keep its registration in force, shall pay fee of nine lakh rupees every three years from the sixth year, from the date of grant of certificate of registration or from the date of grant of certificate of initial registration granted prior to the commencement of the Securities and Exchange Board of India (Change in Conditions of Registration of Certain Intermediaries (Amendment) Regulations, 2016, as the case may be.]

3.(a) The fee referred to in paragraph 1, shall be paid by the banker to an issue within fifteen days from the date of receipt of intimation from the Board under sub-regulation (1) of regulation 7.

(aa) [50][***]

[51][(b) The fee referred to in paragraph 2 shall be paid by the banker to an issue three months before the expiry of the block for which fee has been paid.]

[46] Substituted for the words "thirteen lakh thirty three thousand and three hundred" by Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2014 w.e.f. 23-05-2014.

[47] The word "initial" was omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

[48] Omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to omission paragraph 1A read as under: "1A. A banker to an issue referred to under sub-regulation (3) of regulation 7, shall pay fee for the remaining period of two years on *pro rata* basis of the fees prescribed under paragraph 2."

[49] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution paragraph 2 read as under:

"2. A banker to an issue who has been granted a certificate of permanent registration, to keep its registration in force, shall pay fees of [49][nine] lakh rupees every three years from the sixth year from the date of grant of certificate of initial registration, or from completion of the period of renewed certificate of registration, as the case may be."

Also, the word "nine" was substituted for the word "five" by Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2014 w.e.f. 23-05-2014.

[50] Omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to omission clause (aa) as inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.read as under:

"(aa) The fees referred to in paragraph 1A shall be paid by the banker to an issue within a period of three months before completion of the period of three years from the date of grant of certificate of initial registration, or within a period of three months from the date of notification of these regulations, as the case may be."

[51] Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution clasue (b) as substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011 read as under:

"(b) The fee referred to in paragraph 2 shall be paid by the banker to an issue, at the time of grant of permanent registration, within fifteen days from the date of receipt of intimation from the Board under sub-regulation (6) of regulation 7A and thereafter the fee shall be paid three months before expiry of the block for which fee has been paid."

[52][3A. The non-refundable fee payable alongwith the application for registration under sub-regulation (1A) of Regulation 3 shall be a sum of fifty thousand rupees.]

4. The fees specified in [53][1, [54][***] 2 and 3A] shall be payable by bankers to an issue [55][by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by a demand draft in favour of "Securities and Exchange Board of India" payable at Mumbai or at the respective regional office.**]**

[56][SCHEDULE III

SECURITIES AND EXCHANGE BOARD OF INDIA (BANKERS TO AN ISSUE) REGULATIONS, 1994

[Regulation 16]

CODE OF CONDUCT

1. A Banker to an issue shall make all efforts to protect the interests of investors.

2. A Banker to an issue shall in the conduct of its business, observe high standards of integrity and fairness in the conduct of its business.

3. A Banker to an issue shall fulfill its obligations in a prompt, ethical and professional manner.

4. A Banker to an issue shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.

Clause (b) was substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011. Prior to the substitution the clause read as under: "(b)The fee referred to in paragraph 2, shall be paid by the banker to an issue within fifteen days from the date of receipt of intimation from the Board under sub-regulation (3) of regulation 8."

52. Substituted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016. Prior to substitution, paragraph 3A as inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006 read as under:

"3A. The non-refundable fee payable along with an application for registration under sub-regulation (1A) of

regulation 3 or an application for [52][permanent registration under sub-regulation (1) or sub-regulation (2) of regulation 7A] shall be a sum of [52][fifty thousand] thousand rupees."
Also, the words "permanent registration under sub-regulation (1) or sub-regulation (2) of regulation 7A" were substituted for the words "renewal of registration under sub-regulation (1A) of regulation 8" by the the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011;
And the words "fifty thousand" were substituted for the words "twenty-five" by Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2014 w.e.f. 23-05-2014.

[53] Substituted the word and figures "1, 2 and 3A" by the the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2011, w.e.f. 05-07-2011.

[54] The words "1A" omitted by the Securities and Exchange Board of India (Change In Conditions Of Registration Of Certain Intermediaries) (Amendment) Regulations, 2016 w.e.f. 08-12-2016.

[55] Inserted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 6-3-2017.

56. Substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2003, w.e.f. 01-10-2003.

5. A Banker to an issue shall not at any time act in collusion with other intermediaries or the issuer in a manner that is detrimental to the investor.

6. A Banker to an issue shall endeavour to ensure that—

(a) inquiries from investors are adequately dealt with;

(b) grievances of investors are redressed in a timely and appropriate manner;

(c) where a complaint is not remedied promptly, the investor is advised of any further steps which may be available to the investor under the regulatory system.

7. A Banker to an issue shall not—

(a) allow blank application forms bearing brokers stamp to be kept at the bank premises or peddled anywhere near the entrance of the premises;

(b) accept applications after office hours or after the date of closure of the issue or on bank holidays;

(c) after the closure of the public issue accept any instruments such as cheques/demand drafts/stock invests from any other source other than the designated Registrar to the Issue;

(d) part with the issue proceeds until listing permission is granted by the stock exchange to the body corporate;

(e) delay in issuing the final certificate pertaining to the collection figures to the Registrar to the Issue, the lead manager and the body corporate and such figures should be submitted within seven working days from the issue closure date.

8. A Banker to an issue shall be prompt in disbursing dividends, interests, or any such accrual income received or collected by him on behalf of his clients.

9. A Banker to an issue shall not make any exaggerated statement, whether oral or written to the client, either about its qualification or capability to render certain services or its achievements in regard to services rendered to other clients.

10. A Banker to an issue shall always endeavour to render the best possible advice to the clients having regard to the clients' needs and the environments and his own professional skill.

11. A Banker to an issue shall not divulge to anybody either orally or in writing, directly or indirectly, any confidential information about its clients which has come to its knowledge,

without taking prior permission of its clients except where such disclosures are required to be made in compliance with any law for the time being in force.

12. A Banker to an issue shall avoid conflict of interest and make adequate disclosure of his interest.

13. A Banker to an issue shall put in place a mechanism to resolve any conflict of interest situation that may arise in the conduct of its business or where any conflict of interest arises, shall take reasonable steps to resolve the same in an equitable manner.

14. A Banker to an issue shall make appropriate disclosure to the client of its possible source or potential areas of conflict of duties and interest while acting as banker to an issue which would impair its ability to render fair, objective and unbiased services.

15. A Banker to an issue shall not indulge in any unfair competition, which is likely to harm the interests of other bankers to an issue or investors or is likely to place such other bankers to an issue in a disadvantageous position while competing for or executing any assignment.

16. A Banker to an issue shall not discriminate amongst its clients, save and except on ethical and commercial considerations.

17. A Banker to an issue shall ensure that any change in registration status/any penal action taken by Board or any material change in financials which may adversely affect the interests of clients/investors is promptly informed to the clients and any business remaining outstanding is transferred to another registered person in accordance with any instructions of the affected clients/investors.

18. A Banker to an issue shall maintain an appropriate level of knowledge and competency and abide by the provisions of the Act, regulations, circulars and guidelines of the Board. The banker to an issue shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

19. A Banker to an issue shall ensure that the Board is promptly informed about any action, legal proceedings, etc., initiated against it in respect of any material breach or non-compliance by it, of any law, rules, regulations, and directions of the Board or of any other regulatory body.

20. A Banker to an issue shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Board.

21. A Banker to an issue shall not neglect or fail or refuse to submit to the Board or other agencies with which it is registered, such books, documents, correspondence, and papers or any part thereof as may be demanded/requested from time to time.

22. A Banker to an issue shall abide by the provisions of such acts and rules, regulations, guidelines, resolutions, notifications, directions, circulars and instructions as may be issued from time to time by the Central Government, the Reserve Bank of India, the Indian Banks Association or the Board and as may be applicable and relevant to the activities carried on by the banker to an issue.

23. (a) A Banker to an issue or any of his employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of its interest including long or short position in the said security has been made, while rendering such advice.

(b) In case, an employee of the banker to an issue is rendering such advice, the banker to an issue shall ensure that he discloses his interest, the interest of his

dependent family members and that of the employer including employer's long or short position in the said security, while rendering such advice.

24. A Banker to an issue or any of its directors, or employee having the management of the whole or substantially the whole of affairs of the business, shall not, either through its account or their respective accounts or through their family members, relatives or friends indulge in any insider trading.

25. A Banker to an issue shall have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, its clients, investors and other registered entities from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.

26. A Banker to an issue shall provide adequate freedom and powers to its compliance officer for the effective discharge of its duties.

27. A Banker to an issue shall develop its own internal code of conduct for governing its internal operations and laying down its standards of appropriate conduct for its employees and officers in the carrying out of their duties as a banker to an issue and as a part of the industry. Such a code may extend to the maintenance of professional excellence and standards, integrity, confidentiality, objectivity, avoidance of conflict of interests, disclosure of shareholdings and interests, etc.

28. A Banker to an issue shall ensure that any person it employs or appoints to conduct a business is fit and proper and otherwise qualified to act in the capacity so employed or appointed (including having relevant professional training or experience).

29. A Banker to an issue shall ensure that it has adequate resources to supervise diligently and does supervise diligently persons employed or appointed by it to conduct business on its behalf.

30. A Banker to an issue shall be responsible for the acts or omissions of its employees and agents in respect to the conduct of its business.

31. A Banker to an issue shall ensure that the senior management, particularly decision makers have access to all relevant information about the business on a timely basis.

32. A Banker to an issue also registered with the Board in other capacity shall endeavour to ensure that arms length relationship is maintained in terms of both manpower and infrastructure between the activities carried out as banker to an issue and other permitted activities.

33. A Banker to an issue shall not be a party to or instrumental for—

(a) creation of false market;

(b) price rigging or manipulation; or

(c) passing of unpublished price sensitive information in respect of securities which are listed and proposed to be listed in any stock exchange to any person or intermediary.**]**