

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

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**THE GAZETTE OF INDIA EXTRAORDINARY**  
**PART III - SECTION 4**  
**PUBLISHED BY AUTHORITY**  
**NOTIFICATION**  
**THE 14TH DAY OF JULY 1994**  
**BOMBAY**

**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.

(2) They shall come into force on the date of their publication in the Official Gazette.

**Definitions.**

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

<sup>1</sup>[(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 registration issued by the Board;

(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

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

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

<sup>2</sup>[\*\*\*]

- (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;
- <sup>3</sup>[(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;
- <sup>4</sup>[(e) “scheduled bank” means a bank included in the Second Schedule of the Reserve Bank of India Act, 1934 (2 of 1934);]
- (f) words and expressions used and not defined in these regulations but defined in the Act <sup>5</sup>[\*\*\*] shall have the meanings respectively assigned to them in the Act <sup>6</sup>[\*\*\*].

## CHAPTER II

### REGISTRATION OF BANKERS TO AN ISSUE

#### Application for grant of certificate.

- 3.** (1) An application by scheduled bank for grant of a certificate as banker to an issue shall be made to the Board in Form A.

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<sup>2</sup> 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;”

<sup>3</sup> Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 7-9-2006.

<sup>4</sup> 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;”

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup>[(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.**

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;
- <sup>8</sup>[(cc) the applicant is a fit and proper person;]
- (d) grant of certificate to the applicant is in the interest of investors.

<sup>9</sup>**[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

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

<sup>8</sup> Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 1998, w.e.f. 05-01-1998.

<sup>9</sup> 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.”

Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008]

**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.

**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.

<sup>10</sup>[(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.

<sup>11</sup>**[Conditions of registration.**

8A. (1) Any registration granted under regulation 7 or any renewal granted under regulation 8 shall be subject to the following conditions, namely :—

- (a) where the banker to an issue proposes to change its status or constitution, 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;
- (c) it shall pay the fees for registration or renewal, as the case may be, 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 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.

(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.

**Period of validity of certificate.**

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<sup>10</sup> Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006.

<sup>11</sup> Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006.

**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.]

**Procedure where registration is not granted.**

**9.** (1) Where an application for grant of a certificate under regulation 3 or of renewal under regulation 8, does not satisfy the requirements set out in regulation 6, the Board may reject the application after giving an opportunity of being heard.

(2) The refusal to grant or renew 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.

**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.

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

**11.** (1) Every applicant eligible for grant of a certificate shall pay such fees in such a 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.

(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.

<sup>12</sup>**[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.]

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<sup>12</sup> Inserted by the Securities and Exchange Board of India (Investment Advise by Intermediaries) (Amendment) Regulations, 2001, w.e.f. 29-05-2001.



## **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, 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.

<sup>13</sup>[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 <sup>14</sup>[Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.]

**CHAPTER V  
PROCEDURE FOR ACTION IN CASE OF DEFAULT**

<sup>15</sup>[Liability for action in case of default

**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.** <sup>16</sup>[\*\*\*]

SCHEDULE I

FORMS

**FORM A**

[Regulation 3]

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

**Application for grant/renewal of certificate of registration as bankers 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.

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<sup>13</sup> 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.

<sup>14</sup> 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

<sup>15</sup> Substituted by the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, w.e.f. 26-05-2008.

<sup>16</sup> 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.

3. Applications for registration will only be considered provided all questions are answered.
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
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##### 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
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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
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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**

[Regulation 7]

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

**Certificate of Registration**

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 / / /

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

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**

- <sup>17</sup>[1. Every banker to an issue shall pay a sum of <sup>18</sup>[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 <sup>19</sup>[five lakh Rupees] every three years from the fourth year from the date of initial registration.
- 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.
- (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.
- <sup>20</sup>[3A. The non-refundable fee payable along with an application for registration under sub-regulation (1A) of regulation 3 or an application for renewal of registration under sub-regulation (1A) of regulation 8 shall be a sum of twenty-five thousand rupees.]
4. The fees specified in <sup>21</sup>[paragraphs 1, 2 and 3A] shall be payable by bankers to an issue by a demand draft in favour of "Securities and Exchange Board of India" payable at Mumbai or at the respective regional office.]

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<sup>17</sup> Substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 1999, w.e.f. 30-09-1999

<sup>18</sup> Substituted for "Rupees five lacs" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006.

<sup>19</sup> Substituted for "Rs.2.5 lacs" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006.

<sup>20</sup> Inserted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006.

<sup>21</sup> Substituted for "paragraphs 1 and 2" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006, w.e.f. 07-09-2006.

<sup>22</sup>[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 fulfil 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.
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.

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<sup>22</sup> Substituted by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2003, w.e.f. 01-10-2003.

**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.]