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SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 5th July, 2011

SECURITIES AND EXCHANGE BOARD OF INDIA (MERCHANT BANKERS) (AMENDMENT) REGULATIONS, 2011

No. LAD-NRO/GN/2011-12/09/21233 - In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to amend the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, namely:-

1. These Regulations may be called the Securities and Exchange Board of India (Merchant Bankers) (Amendment) Regulations, 2011.

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

3. In regulation 2, in clause (ab), after the words “certificate of” and before the words “registration issued by the Board” the words “initial or permanent” shall be inserted.

4. In regulation 3, -
    i. in the marginal note, after the word “certificate” the words “of initial registration” shall be inserted;
    ii. in sub-regulation (1), after the word “certificate” and before the words “shall be made” the words “of initial registration” shall be inserted.
5. Regulation 8 shall be substituted with the following, namely: -

“**8. Grant of certificate of initial registration.**

(1) The Board, on being satisfied that the applicant is eligible, shall grant a certificate of initial registration in Form B and shall send an intimation to the applicant.

(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.

(3) The merchant banker who has already been granted certificate of registration by the Board, prior to the commencement of the Securities and Exchange Board of India (Merchant Bankers) (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 prescribed in Schedule II of these regulations.

(4) On the grant of a certificate of initial registration the merchant banker shall be liable to pay the fee in accordance with Schedule II of these regulations."

6. After regulation 8, the following new regulation shall be inserted, namely:-

"**8A. Grant of certificate of permanent registration.**

(1) The merchant banker who has been granted or deemed to have been granted a certificate of initial registration under regulation 8, 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) The merchant banker 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 (Merchant Bankers) (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 a 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 B and shall send an intimation to the applicant.

(7) On the grant of a certificate of permanent registration the merchant banker shall be liable to pay the fee in accordance with Schedule II of these regulations."

7. Regulation 9 shall be omitted.

8. In regulation 9A, in sub-regulation (1), -
    i. in the opening sentence the word "registration" shall be substituted with the words "initial registration" and the words and figure "renewal granted under regulation 9" shall be substituted with the words and figure "permanent registration granted under regulation 8A";
    ii. in clause (b), the words "registration or renewal" shall be substituted with the words "initial registration or permanent registration";
    iii. in clause (d), the words "certificate or renewal thereof" shall be substituted with the words "initial registration or permanent registration"
9. Regulation 9B shall be omitted.

10. In regulation 10, -

    i. in sub-regulation (1), the words and figures "under regulation 3 or of renewal under regulation 9" shall be substituted with the words and figures "of initial registration under regulation 3 or of permanent registration under regulation 8A".
    ii. in sub-regulation (2), the word "registration" shall be substituted with the words "initial registration or permanent registration, as the case may be,".

11. Regulation 11 shall be substituted with the following, namely: -

"**11. Effect of refusal to grant certificate of permanent registration.**

Any applicant, whose application for grant of a certificate of permanent registration has been refused by the Board, on and from the date of receipt of the communication, shall not carry on any activity as a merchant banker:

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

12. In Schedule I, -

i. in Form A, -

a. the word and figure ‘Regulation 3” shall be substituted with the words, figures and sign “Regulation 3/ Regulation 8A”;

b. the words and sign “Application for Grant of Certificate/ Renewal of Certificate” shall be substituted with the words and sign “Application for Grant of Certificate of Initial/ Permanent Registration”.

ii. in Form B, -

a. the word and figure ‘Regulation 8” shall be substituted with the words, figure and sign “Regulation 8/ Regulation 8A”.
b. the words “Certificate of Registration” shall be substituted with the words and sign “Certificate of Initial/ Permanent Registration”.
c. paragraph III shall be substituted with the following, namely:-

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

13. In schedule II, -

i. paragraph 1 and 2 shall be substituted with the following paragraphs, namely:-

“1. Every merchant banker shall pay a sum of thirteen lakhs thirty three thousand and three hundred rupees as registration fee at the time of grant of certificate of initial registration.

1A. A merchant banker referred to under sub-regulation (3) of regulation 8 shall pay fee for the remaining period of two years on *pro rata* basis to the fee prescribed under paragraph 2.

2. A merchant banker who has been granted a certificate of permanent registration, to keep its registration in force, shall pay a fee of five 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."

ii. in paragraph 3, -

   a. after clause (a), a new clause shall be inserted, namely: -

      "(aa) The fee referred to in paragraph 1A shall be paid by the merchant banker 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.";

   b. clause (b) shall be substituted with the following, namely: -

      "(b) The fee referred to in paragraph 2 shall be paid by the merchant banker, 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 8A and thereafter the fee shall be paid three months before expiry of the block for which fee has been paid.".

iii. in paragraph 3A, the words "renewal of registration under sub-regulation (1A) of regulation 9" shall be substituted with the words "permanent registration under sub-regulation (1) or sub-regulation (2) of regulation 8A".

iv. in paragraph 4, the word and figures"1 , 2 and 3A" shall be substituted with the word and figures"1, 1A, 2 and 3A".

U. K. SINHA

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnotes:

1. The principal regulations Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 were published in Official Gazette of India on 22nd December, 1992 vide No.LE/11112/92.

2. The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 were subsequently amended on:

(a) September 7, 1995 by the Securities and Exchange Board of India (Merchant Bankers) Amendment Regulations, 1995 vide No. SEBI/LE/1/9/95;
(b) November 28, 1995 by the Securities and Exchange Board of India (Payment of Fees) Amendment Regulations, 1995 vide No. S.O. 939 (E);
(c) June 6, 1996 by the Securities and Exchange Board of India (Merchant Bankers) Amendment Regulations, 1996 vide SEBI/LE/III/5/96;
(d) December 9, 1997 by the Securities and Exchange Board of India (Merchant Bankers) Amendment Regulations, 1997 vide No. S.O. 837 (E);
(e) December 15, 1997 by the Securities and Exchange Board of India (Merchant Bankers) Amendment Regulations, 1997 vide No. S. O. 869(E);
(f) January 21, 1998 by the Securities and Exchange Board of India (Merchant Bankers) Amendment Regulations, 1998 vide No. S.O. 74 (E).
(g) September 30, 1999 by the Securities and Exchange Board of India (Merchant Bankers) (Amendment) Regulations, 1999 vide No. S.O. 799 (E).
(h) November 17, 1999 by the Securities and Exchange Board of India (Merchant Bankers) (Second Amendment) Regulations, 1999 vide No. S.O. 1119 (E).
(i) March 28, 2000 by the Securities and Exchange Board of India (Appeal to the Securities Appellate Tribunal) (Amendment) Regulations, 2000 vide No. S.O. 278 (E).
(j) May 29, 2001 by the Securities and Exchange Board of India (Investment Advice by Intermediaries) (Amendment) Regulations, 2001 vide No. S.O. 476 (E).
(k) September 27, 2002 by the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 vide No. S.O. 1045 (E).
(l) October 1, 2003 by the Securities and Exchange Board of India (Merchant Bankers) (Amendment) Regulations, 2003 vide No. S.O. 1154 (E).
(m) March 10, 2004 by the Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulations, 2004 vide S.O. No. 398(E).
(n) April 18, 2006 by the Securities and Exchange Board of India (Merchant Bankers) (Amendment) Regulations, 2006 vide No. S.O. 560 (E).
(o) May 3, 2006 by the Securities and Exchange Board of India (Merchant Bankers) (Second Amendment) Regulations, 2006 vide No. S.O. 640 (E).
(p) September 7, 2006 by the Securities and Exchange Board of India (Merchant Bankers) (Third Amendment) Regulations, 2006 vide No. S.O. 1448 (E).
(q) May 28, 2007 by the Securities and Exchange Board of India (Merchant Bankers) (Amendment) Regulations, 2007 vide Notification No.11/LC/GN/2007/2517.
(r) March 31, 2008 by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2008 vide F. No. 11/LC/GN/2008/21669.

(s) May 26, 2008 by the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 vide Notification No. LAD-NRO/GN/2008/11/126538.
(t) August 26, 2009 by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 vide Notification No. LAD/ NRO/GN/2009-10/15/174471.
(u) April 13, 2010 by the Securities and Exchange Board of India (Merchant Bankers) (Amendment) Regulations, 2010 vide Notification No. LAD-NRO/GN/2010-11/04/1109.
(v) April 13, 2011 by the Securities and Exchange Board of India (Change in Conditions of Registration of Certain Intermediaries) (Amendment) Regulations, 2011 vide Notification No. LAD/ NRO/ GN/ 2011-12/03/12650.

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