

Securities and Exchange Board of India (Merchant Bankers) Rules, 1992

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Securities and Exchange Board of India (Merchant Bankers) Rules, 1992

In exercise of the powers conferred by Section 29 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Central Government hereby makes the following rules, namely :-

1. Short title and commencement :-

- (1) These rules may be called the Securities and Exchange Board of India (Merchant Bankers) Rules, 1992
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. Definition :-

In these rules, unless the context otherwise requires-

- (a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992) ;
- (b) "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);
- (c) "certificate" means a certificate of registration issued by the Board;
- (d) "issue" means-
 - (i) public offer of securities for sale;
 - (ii) sale or purchase of securities Or transfeir thereof by any other

means, by any body corporate or any person on his own behalf or on behalf of the body corporate through a merchant banker ;

(e) "merchant banker" means any person who is engaged in the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management.

(f) "regulations" means the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

3. No person to act as merchant banker without registration :-

No person shall carry on any activity as a merchant banker unless he holds a certificate granted by the Board under the regulations: Provided that such person, who were engaged as merchant banker prior to the coming into force of the Act, may continue to carry on activity as merchant banker if he has made an application for such registration till the disposal of such application.

4. Conditions to grant or renewal of certificate to merchant banker :-

The Board may grant or renew a certificate to a merchant banker subject to the following conditions, namely-

(a) merchant banker, in case of any change in its status and constitution shall obtain the prior permission of the Board to carry on its activities as a merchant banker;

(b) he shall pay the amount of fees for registration or renewal; as the case may be, in the manner provided in the regulations ;

(c) he 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;

(d) he shall abide by the rules and regulations made under the Act in respect of the activities carried on by the merchant banker.

5. Period of validity of the certificate :-

The certificate of the registration or its renewal as the case may be issued under Rule 4 shall be valid for a period of three years from the date of its issue to the applicant.

