

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

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

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 1  
PRELIMINARY

**1. Short title and commencement :-**

- (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.

**2. Definitions :-**

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) "bankers 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 Sec. 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 Sec. 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;

(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 percent of voting rights in the body corporate;"

(b) "form" means a form specified in Schedule 1;

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

**2**"(ca) "issue" mean an offer of sale or purchase of securities by any body corporate or by an 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>3</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>4</sup>[ \* \* \* ] shall have the meanings respectively assigned to them in the Act or the rules <sup>5</sup> [ \* \* \* ].

In the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, In Regulation 2, after the opening part and before clause (b), the following clause shall be inserted, namely: "(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992); (aa) "bankers 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 Sec. 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 Sec. 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; (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 percent of voting rights in the body corporate;" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006.

In the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, In Regulation 2, after clause (c), the following clause shall be inserted, namely: "(ca) "issue" mean an offer of sale or purchase of securities by any body corporate or by an 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;" by the

Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006.

In the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, In Regulation 2, clauses (e) shall be substituted in place of :- "(e) "rules" means Securities and Exchange Board of India (Bankers to an Issue) Rules, 1994;" by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006.

In the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, In Regulation 2, in clause (f), the words "and the rules" occurring after the words "defined in the Act" shall be omitted, by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006.

In the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, In Regulation 2, in clause (f), the words "or the rules, as the case may be" occurring at the end shall be omitted, by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006.

## CHAPTER 2

### REGISTRATION OF BANKERS TO AN ISSUE

#### **3. Application for grant of certificate :-**

(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.

**6** (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.

In the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, in Regulation 3, after sub-regulation (1), the following sub-regulation shall be inserted, namely: "(1A) An application for registration made under sub-regulation (1) shall be accompanied by a non-refundable application fee as specified in Schedule II." by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006.

#### **4. Application to conform to the requirements :-**

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.

**5. Furnishing of information, clarification and personal representation :-**

(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.

**6. Consideration of application :-**

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>1</sup> [(cc) the applicant is a fit and proper persons

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

1. Inserted by the SEBI (Bankers to an Issue)Amendment Regulations, 1998, w.e.f. 5-1-1998,

**7. Procedure for registration :-**

(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.

### **8. Renewal of certificate :-**

(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.

**8** (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 ground of a certificate, the applicant shall be liable to pay the fees in accordance with Schedule II.

In the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, in Regulation 8, after sub-regulation (1), the following sub-regulation shall be inserted, namely: "(1A) An application for renewal made under sub-regulation (1) shall be accompanied by a non-refundable application fee as specified in Schedule II." by the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2006.

### **9. Procedure where registration Is not granted :-**

(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.

**10. Effect of refusal to grant certificate :-**

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.

**11. Payment of fees and the consequences of failure to pay fees :-**

(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 3

GENERAL OBLIGATIONS AND RESPONSIBILITIES

**12. Maintenance of books of account, records and the documents :-**

(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.

**13. Furnishing of Information to the Board :-**

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.

**14. Agreement with bodies corporate :-**

(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.

**15. Board to be informed of any disciplinary action taken by the Reserve Bank :-**

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.

**16. Code of conduct :-**

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

**16A. Appointment of Compliance Officer :-**

**1**

(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.

1. Inserted by "The Securities and Exchange Board of India (Investment Advice by Intermediaries)(Amendment)Regulations, 2001

CHAPTER 4

PROCEDURE FOR INSPECTION

**17. Inspection of Banker to an Issue :-**

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.

**18. Purpose of inspection :-**

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.

**19. Procedure for inspection :-**

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.

**20. Obligations of banker to an issue on inspection :-**

(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.

**21. Submission of report to the Board :-**

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.

**22. Communication of findings, etc., to the banker to an**

**issue :-**

(1) The Board shall after consideration of the inspection report communicate the findings to the banker to an issue to give him an opportunity of being heard before any action is taken by the Board on the findings of the inspecting authority.

(2) On receipt of the explanation, if any, from the banker to an issue, the Board may call upon the banker to an issue to take such measures as the Board may deem fit in the interest of the securities market and for due compliance with the provisions of the Act, rules and regulations.

CHAPTER 5

PROCEDURE FOR ACTION IN CASE OF DEFAULT

**23. Liability for action in case of default :-**

(1) 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).

(2) The penalties referred to in sub-regulation (1) may be either :-

(a) suspension of registration; or

(b) cancellation of registration.

**24. Suspension of registration :-**

(1) A penalty of suspension of registration of a banker to an issue may be imposed where:-

(i) the banker to an issue violates the provisions of the Act, rules and regulations;

(ii) the banker to an issue-

(a) fails to furnish any information relating to his activity as banker to an issue as required by the Board;

(b) furnishes wrong or false information;

(c) does not furnish information as required by the Board under regulation 13;

(iii) the banker to an issue fails to resolve the complaints of the investors or fails to give a satisfactory reply to the Board in this behalf;

(iv) the banker to an issue is guilty of misconduct or improper or unbusinesslike or unprofessional conduct which is not in accordance with the code of conduct specified in Schedule III;

(v) the banker to an issue fails to pay the fees;

(vi) the banker to an issue does not carry out his obligations as specified in the regulations.

### **25. Cancellation of registration :-**

A penalty of cancellation of registration of a banker to an issue may be imposed where:-

(i) the financial position of the banker to an issue deteriorates to such an extent that the Board is of the opinion that his continuance as banker to an issue is not in the interest of investors;

(ii) the banker to an issue is guilty of fraud, or is convicted of a criminal offence; and

(iii) in case of repeated defaults of the nature mentioned in regulation 24 provided that the Board furnishes the reasons for cancellation in writing.

### **26. Manner of making order of suspension and cancellation :-**

No order of penalty of suspension or cancellation, as the case may be, shall be imposed except after holding an enquiry in accordance with the procedure specified in regulation 27.

### **27. Manner of holding enquiry before suspension or cancellation :-**

(1) For the purpose of holding an enquiry under regulation 26 the Board may appoint an enquiry officer.

(2) The enquiry officer shall issue to the banker to an issue a notice at the registered office or the principal place of business of the banker to an issue.

(3) The banker to an issue may, within thirty days from the date of receipt of such notice, furnish to the enquiry officer a reply together with copies of documentary or other evidence relied on by it.

(4) The enquiry officer shall give a reasonable opportunity of hearing to the banker to an issue to enable it to make submissions in support of reply made under sub-regulation (3).

(5) Before the enquiry officer, the banker to an issue may appear through any person duly authorised by the banker to an issue :

Provided that no lawyer or advocate shall be permitted to represent the banker to an issue at the enquiry:

Provided further that where a lawyer or an advocate has been appointed by the Board as a presenting officer under sub-regulation (6) it shall be lawful for the banker to an issue to present its case through a lawyer or advocate.

(6) If it is considered necessary, the enquiry officer may ask the Board to appoint a presenting officer to present its case.

(7) The enquiry officer shall, after taking into account all relevant facts and submissions made by the banker to an issue, submit a report to the Board and recommend the penalty to be imposed as also the grounds on the basis of which the proposed penalty is justified.

### **28. Show-cause notice and order :-**

(1) On receipt of the report from the enquiry officer, the Board shall consider the same and issue a show-cause notice as to why the penalty as proposed by the enquiry officer should not be imposed.

(2) The banker to an issue shall within twenty-one days of the date of the receipt of the show-cause notice send a reply to the Board.

(3) The Board after considering the reply to the show-cause notice, if received, shall as soon as possible but not later than thirty days from the receipt of the reply, if any, pass such order as it deems fit.

(4) Every order passed under sub-regulation (3) shall be self-contained and give reasons for the conclusions stated therein including justification of the penalty imposed by that order.

(5) The Board shall send a copy of the order under sub-regulation (3) to the banker to an issue.

### **29. Effect of suspension and cancellation of registration of banker to an issue :-**

(1) On and from the date of the suspension, the banker to an issue shall cease to carry on any activity as a banker to an issue during the period of suspension.

(2) On and from the date of cancellation the banker to an issue shall with immediate effect cease to carry on any activity as a banker to an issue.

**30. Publication of order of suspension :-**

The order of suspension or cancellation of certificate passed under sub-regulation (3) of regulation 28, shall be published in at least two daily newspapers by the Board.

**31. Appeal to the Central Government :-**

**1** Any person aggrieved by an order of the Board made, on and after the commencement of the Securities Laws (Second Amendment) Act, 1999, (i.e., after 16th December 1999), under these regulations may prefer an appeal to a Securities Appellate Tribunal having jurisdiction in the matter"

1. Substituted for regulation 31 "Any person aggrieved by an order of the Board may prefer an appeal to the Central Government" by the Securities and Exchange Board of India (Appeal to the Securities Appellate Tribunal) (Amendment) Regulations, 2000

SCHEDULE 1

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SCHEDULE 2

4

SCHEDULE 3

SCHEDULE

[Regulation 16]
<b>Schedule III</b>
Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
[Regulation 16]
<b>CODE OF CONDUCT</b>
1. A Banker to an issue shall make all efforts to protect the interests of invest ors.
1. 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.

2. A Banker to an issue shall fulfill its obligations in a prompt, ethical and professional manner.
3. A Banker to an issue shall at all times exercise due, diligence, ensure proper care and exercise independent professional judgment.
4. 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.
5. 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 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 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;
  - a. 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.