SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

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THE GAZETTE OF INDIA

EXTRAORDINARY PART – III – SECTION 4

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NOTIFICATION

Mumbai, the 26th May, 2008

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SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

No **LAD-NRO/GN/2008/11/126538** 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, namely: -

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

(2) They shall come into force in relation to different classes of intermediaries on such dates as the Board may by notification in the Official Gazette appoint:

Provided that the provisions of Chapters V and VI of these regulations shall come into force on the date of publication of these regulations in the Official Gazette.

Definitions.

2. (1) In these regulations, unless the context otherwise requires: -

(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
(b) "associate" means any person controlled, directly or indirectly, by the intermediary, or any person who controls, directly or indirectly, the intermediary, or any entity or person under common control with such intermediary, and where such intermediary is a natural person will include any relative of such intermediary and where such intermediary is a body corporate will include its group companies (as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (Act No. 54 of 1969) or any re-enactment thereof) or companies under the same management;
(c) "certificate" means a certificate of registration granted to an intermediary by the Board under the relevant regulations;
(d) **"**change of status or constitution", in relation to an intermediary includes-
(i) 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 or any agreement or arrangement which would have the effect of such corporate restructuring;
(ii) any change in control of the intermediary;
(iii) any change in the legal status of the intermediary;
(e) "control", in relation to an intermediary shall include the power to, directly or indirectly, control the management or policy decisions of such intermediary by person or persons acting individually or in concert;
(f) "Form" means a Form in Schedule I;
(g) "intermediary" means a person mentioned in clauses (b) and (ba) of sub-section
(2) of section 11 and sub-section (1) and (1A) of section 12 of the Act and includes an asset management company in relation to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, a clearing member of a clearing corporation or clearing house [1][, foreign portfolio investors] and a trading member of a derivative segment [2][or currency derivatives segment] of a stock exchange but does not include [3][***] foreign venture capital investor, mutual fund, collective investment scheme and venture capital fund;
(h) "inspecting authority" means one or more persons appointed by the Board to undertake inspection of the books, accounts, records and documents of an intermediary in terms of sub-regulation (1) of regulation 17;
(i) "principal officer" means any person who is responsible for the activities of an intermediary and includes-

(i) proprietor, in the case of a proprietary concern;
(ii) any partner, in the case of a partnership firm;
(iii) whole time/executive director/managing director, in the case of a body corporate;
(iv) trustee, in the case of a trust;
(v) any key employee; and (vi)any person designated as a principal officer under the relevant regulations;

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1 Inserted by SEBI (Foreign Portfolio Investors) Regulations, 2014, w.e.f. 07-01-2014.
2 Inserted by the SEBI (Stock Brokers and Sub- Brokers) (Amendment) Regulations, 2008, w.e.f. 11.08.2008.
3 Words "foreign institutional investor," omitted by the SEBI (Foreign Portfolio Investors) Regulations, 2014, w.e.f. 7-1-2014.

(j) "relevant regulations" means any regulations made by the Board applicable to a class of intermediaries;
(k) "securities laws" means the Act, the Securities Contract (Regulations) Act 1956 (42 of 1956), the Depositories Act,1996 (22 of 1996), and the rules and regulations made thereunder;
(l) "schedule" means a schedule annexed to these regulations;
(m) "self regulatory organization" means an organization of a class of intermediaries duly recognised by or registered with the Board and includes a stock exchange [4][;]
[5][(n) "wilful defaulter" means any person who is categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any person whose director, promoter or principal officer is categorized as such.]

(2) Words and expressions used and not defined in these regulations shall have the meaning assigned thereto under the Act; or the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, 1956 (1 of 1956) or the Depositories Act, 1996 (22 of 1996) or under the rules or regulations made thereunder.

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CHAPTER II

REGISTRATION OF INTERMEDIARIES

Application for grant of certificate.

3. (1) On and from the commencement of these regulations, an application, for grant of a certificate to act as an intermediary, shall be made to the Board in Form A of Schedule I with such additional information as required to be provided under the relevant regulations, and the application fee, as specified in the relevant regulations:

Provided that the applicant seeking registration to act as a stock broker or sub-broker or a trading member or a clearing member or a depository participant shall make the application along with such additional information through the stock exchange or through the clearing corporation of which the applicant is a member or trading member or through the depository in which the applicant proposes to act as a participant, as the case may be:

Provided further that on and from the date specified by the Board by a notification in the Official Gazette, an application for registration to act as an intermediary as may be specified by the Board, shall be made to the relevant self regulatory organization in Form A with such additional information and the application fee as specified in the relevant regulations.
(2) The stock exchange, the clearing corporation, the depository or the specified self regulatory organization, as the case may be, shall examine the eligibility of the applicant in terms of these regulations, relevant regulations and the rules, regulations or bye-laws of the

[4] Substituted for the symbol "." by the SEBI (Intermediaries) (Amendment) Regulations, 2016, w.e.f. 25.05.2016.

[5] Inserted by the SEBI (Intermediaries) (Amendment) Regulations, 2016, w.e.f. 25.05.2016.

concerned stock exchange, clearing corporation, depository or the self regulatory organization and forward the application with the application fees to the Board along with its recommendation as early as possible but not later than thirty days of receipt of the complete application with the specified application fees.

(3) Notwithstanding anything contained in sub-regulation (1), any application made by an intermediary prior to the commencement of these regulations in relation to such intermediary, containing such particulars or as near thereto as are specified in Form A and such additional information as required under the relevant regulations which is pending with the Board, shall be treated as an application made in pursuance of sub-regulation (1) and be dealt with accordingly.

(4) An intermediary, who was granted a certificate under the relevant regulations prior to the commencement of these regulations in relation to such intermediary, may continue to act as such, subject to the following –

(a) where the certificate was granted for a specified period, an application for grant of certificate under sub-regulation (1) shall be made by the intermediary at least three months prior to the expiry of such period or three months prior to expiry of two years from the commencement of these regulations in relation to such intermediary, whichever is earlier and if the intermediary fails to do so, it shall cease to act as an intermediary on and from the expiry of the aforementioned period;

(b) where a certificate has been granted to an intermediary on a permanent basis, the certificate may continue to be valid under these regulations subject to the condition that the intermediary shall, within two years of commencement of these regulations in relation to such intermediary, furnish the information in Form A to the Board and upload the information in Part I thereof on the website specified by the Board:

Provided that the time specified in clause (b) may be extended by the Board up to a period of six months on sufficient reasons being shown by the intermediary.

(5) An intermediary who has compiled with the provisions of clause (b) of sub- regulation (4), shall be deemed to have been granted certificate under these regulations, subject to the payment of fees specified under the relevant regulations.

(6) Subject to the provisions of the relevant regulations, an applicant or an intermediary as the case may be may carry on the activities of one or more intermediaries only if it obtains a separate certificate to carry on each such activity.

Disclosure of information.

4. (1) The information contained in Part I of Form A shall be disclosed to the public by uploading such information on the website as specified by the Board:

Provided that the other relevant information furnished by the intermediary in Part II of Form A which relates to commercial confidence and private information of the intermediary, may be treated as confidential by the Board.

(2) Any material change in the information furnished or uploaded under these regulations shall be updated by the intermediary promptly but not later than fifteen days of the occurrence of such change.

Furnishing of information and clarification.

5. (1) The Board may require the applicant to furnish further information or clarifications, regarding matters relevant to the activity of such an intermediary or which may otherwise be considered necessary by the Board, to consider and dispose of the application.

(2) The applicant shall furnish such information and clarification to the satisfaction of the Board, within the time specified in this regard by the Board.

Verification of information.

6. (1) While considering the application, the information furnished by the applicant and its eligibility, the Board may, if it so desires, verify the information by physical verification of documents, office space, and inspect the availability of office space, infrastructure, and technological support which the applicant is required to have.

(2) For the purpose under sub-regulation (1), the Board may appoint any person including an auditor.

Consideration of application.

7. (1) For considering the eligibility of the applicant and grant of certificate to such applicant, the Board shall take into account all matters which it deems relevant to the activities in the securities market, including but not limited to the following -

(a) whether the applicant or any of its associates have in the past been refused certificate by the Board and if so, the ground for such refusal;
(b) whether the applicant, its directors or partners, or trustees, as the case may be or its principal officer is involved in any pending litigation connected with the securities market which has an adverse bearing on the business of the applicant or on development or functioning of the securities markets;
(c) whether the applicant satisfies the eligibility criteria and other requirements as specified in these regulations and the relevant regulations;
(d) whether the grant of a certificate to the applicant is in the interest of the investors and the development of the securities market.
(2) Any application for grant of certificate:-
(a) which is not complete in all respects and does not conform to the requirements in Form A and the requirements specified in the relevant regulation;
(b) which does not contain such additional information as required by the Board;
(c) which is incorrect, false or misleading in nature;
(d) where the applicant is not in compliance with the eligibility requirements as set out under these regulations or the relevant regulations;
(e) where the applicant is not a ‘fit and proper person' as stated in Schedule II;
(f) where the principal officer does not have the requisite qualification or experience as required under the relevant regulations;

shall be rejected by the Board for reasons to be recorded by the Board in writing.
(3) Before rejecting an application, the applicant shall be given an opportunity in writing to

make good the deficiencies within the time specified by the Board, for the purpose:

Provided that where an application is rejected for the reason that it contains false or misleading information, no such opportunity may be given and the applicant shall not make any application for grant of certificate under these regulations or any other regulations for a period of one year from the date of such rejection.

Procedure for grant of certificate.

8. (1) The Board on being satisfied that the applicant is eligible, shall grant a certificate in the form specified in the relevant regulations and send an intimation to the applicant in this regard:

Provided that where a pending proceeding before the Board or any court or tribunal may result in the suspension or cancellation of the certificate, the Board may give a conditional registration.

(2) When an intermediary, who has been granted a certificate and who has filed Form A under these regulations, wishes to commence a new activity which requires a separate certificate under the relevant regulations, it shall, while seeking such certificate, not be required to file Form A, and shall furnish to the Board only such additional information as is required under the relevant regulations.

Conditions of certificate.

9. (1) Any certificate granted by the Board to an intermediary shall be subject to the following conditions, namely:—

(a) where the intermediary proposes to change its status or constitution, it shall obtain prior approval of the Board for continuing to act as an intermediary after such change in status or constitution;
(b) it shall pay the applicable fees in accordance with the relevant regulations;
(c) it shall abide by the provisions of the securities laws and the directions, guidelines and circulars as may be issued thereunder;
(d) it shall continuously comply with the requirements of regulation 4;
(e) it shall meet the eligibility criteria and other requirements specified in these regulations and the relevant regulations:

Provided that the Board may impose other conditions as it may deem fit in the interest of investors or orderly development of the securities market or for regulation of the working of the intermediary and the intermediary shall comply with such conditions.

(2) A request for prior approval, under clause (a) of sub regulation (1) which is complete in all respects shall be disposed off by the Board within a period of sixty days from the date of receipt of such request and where the decision of the Board has not been communicated to the

intermediary within the said period of sixty days, the prior approval shall be deemed to have been granted.

(3) The request for prior approval under clause (a) of sub regulation (1) shall contain the information in Form A in respect of the intermediary after the proposed change in status or constitution and the information under Part I of Form A shall be uploaded in the website specified by the Board.

Effect of refusal to grant certificate or expiry of certificate.

10. (1) Where an intermediary has failed to make an application under sub-regulation (4) of regulation 3 or where an existing intermediary has been refused grant of certificate under these regulations, the intermediary shall:

(a) forthwith cease to act as such intermediary;
(b) transfer its activities to another intermediary which has been granted a certificate for carrying on such activity and allow its clients or investors to withdraw or transfer their securities or funds held in its custody without any additional cost to such client or investor;
(c) make provisions as regards liability incurred or assumed by the intermediary;
(d) take such other action, within the time period and in the manner, as may be required under the relevant regulations or as may be directed by the Board.

(2) While refusing grant of certificate under these regulations to an intermediary, the Board may impose such conditions upon the intermediary as it deems fit for protection of investors or clients of the intermediary or the securities market and such conditions shall be complied with.

Period of validity of certificate.

11. Subject to compliance with the provisions of the Act, these regulations and the relevant regulations, the certificate granted to an intermediary shall be permanent unless surrendered by the intermediary or suspended or cancelled in accordance with these regulations.

CHAPTER III

GENERAL OBLIGATIONS OF INTERMEDIARIES

General obligations.

12. (1) An intermediary shall provide the Board with a certificate of its compliance officer on the 1st April of each year certifying:

(a) the compliance by the intermediary with all the obligations, responsibilities and the fulfillment of the eligibility criteria on a continuous basis under these regulations and the relevant regulations;

(b) that all disclosures made in Form A and under the relevant regulations are true and complete.

(2) Each intermediary shall prominently display a photocopy of the certificate at all its offices including branch offices.
(3) The intermediary shall also prominently display the name and contact details of the compliance officer to whom complaint may be made in the event of any investor grievance.
(4) The intermediary shall maintain such books, accounts and records as specified in the relevant regulations.

Redressal of investor grievances.

13. (1) The intermediary shall make endeavours to redress investor grievances promptly but not later than forty-five days of receipt thereof and when called upon by the Board to do so it shall redress the grievances of investors within the time specified by the Board.

(2) The intermediary shall maintain records regarding investor grievances received by it and redressal of such grievances.
(3) The intermediary shall at the end of each quarter of a Financial Year ending on 31st March upload information about the number of investor grievances received, redressed and those remaining unresolved beyond three months of the receipt thereof by the intermediary on the website specified by the Board.

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Appointment of compliance officer.

14. (1) An intermediary shall appoint a compliance officer for monitoring the compliance by it of the requirements of the Act, rules, regulations, notifications, guidelines, circulars and orders made or issued by the Board or the Central Government, or the rules, regulations and bye-laws of the concerned stock exchanges, or the self regulatory organization, where applicable:

Provided that the intermediary may not appoint compliance officer if it is not carrying on the activity of the intermediary.

(2) The compliance officer shall report to the intermediary or its board of directors, in writing, of any material non-compliance by the intermediary.

Investment advice.

15. (1) An intermediary, its directors, officers, employees or key management personnel 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, direct or indirect, including its long or short position in the said security has been made, while rendering such advice.

(2) If an intermediary's directors, officers, employees or key management personnel are rendering such advice, the intermediary shall ensure that while rendering such advice 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.
(3) An intermediary shall not make a recommendation to any client or investor who may be expected to rely thereon to acquire, dispose of or retain any securities unless he has reasonable grounds to believe that the recommendation is suitable.

Code of conduct.

16. An intermediary and its directors, officers, employees and key management personnel shall continuously abide by the code of conduct specified in Schedule III.

CHAPTER IV

INSPECTION AND DISCIPLINARY PROCEEDINGS

Right of inspection by the Board.

17. (1) Without prejudice to the provisions of section 11 and section 11C of the Act, the Board may appoint one or more persons as inspecting authority to undertake the inspection of the books, accounts, records including telephone records and electronic records and documents of an intermediary for any purpose, including the purposes as specified under sub-regulation (2).

(2) The purposes referred to in sub-regulation (1) may include:-

(a) to ensure that the books of account, records including telephone records and electronic records and documents are being maintained in the manner required under the relevant regulations;
(b) to ascertain whether adequate internal control systems, procedures and safeguards have been established and are being followed by the intermediary to fulfill its obligations under the relevant regulations;
(c) to ascertain whether any circumstances exist which would render the intermediary unfit or ineligible;
(d) to ascertain whether the provisions of the securities laws and the directions or circulars issued thereunder are being complied with;
(e) to inquire into the complaints received from investors, clients, other market participants or any other person on any matter having a bearing on the activities of the intermediary;
(f) to inquire suo motu into such matters as may be deemed fit in the interest of investors or the securities market.

Notice before inspection.

18. (1) Before undertaking an inspection under regulation 17, the inspecting authority shall give a notice to the concerned intermediary:

Provided that where the inspecting authority is satisfied that in the interest of the investors no such notice should be given, it may, for reasons to be recorded in writing, dispense with such notice.

(2) During the course of inspection, the intermediary shall be bound to discharge its obligations provided under regulation 19.

Obligations of Intermediary on inspection.

19. (1) It shall be the duty of every director, proprietor, partner, trustee, officer, employee and any agent of an intermediary which is being inspected, to produce to the inspecting authority such books, accounts, records including telephone records and electronic records and documents in his custody or control and furnish to the inspecting authority with such statements and information relating to its activities within such time as the inspecting authority may require.

(2) The intermediary shall allow the inspecting authority to have reasonable access to the premises occupied by such intermediary or by any other person on its behalf and also extend reasonable facility for examining any books, records including telephone records and electronic records and documents in the possession of the intermediary or any such other person and also provide copies of documents or other material which in the opinion of the inspecting authority are relevant for the purposes of the inspection.

(3) Without prejudice to the provisions of sub-section (3) of section 11 of the Act, the inspecting authority shall, in the course of inspection, be entitled to examine or record statements of any principal officer, director, trustee, partner, proprietor or employee of such intermediary.

(4) It shall be the duty of every director, proprietor, trustee, partner, officer and employee of such intermediary to give to the inspecting authority all assistance which the inspecting authority may reasonably require in connection with the inspection.

Indiacode

Appointment of auditor or valuer.

20. (1) The Board may appoint a qualified auditor to inspect the books of account or the affairs of an intermediary:

Provided that the auditor so appointed shall have the same powers of the inspecting authority mentioned in regulation 17 and the obligation of the intermediary and its employees mentioned in regulation 19 shall be applicable to the inspection under this regulation.

Explanation: For the purpose of this sub-regulation, the expression 'qualified auditor' shall have the meaning derived from section 226 of the Companies Act, 1956 (1 of 1956).

(2) The Board may appoint a qualified valuer or direct a qualified valuer to be appointed by the intermediary, if so considered necessary by the Board.

(3) The expenses of such audit under sub-regulation (1) or valuation under sub-regulation (2) shall be borne by the intermediary.

Submission of report to the Board.

21. (1) The inspecting authority shall submit an inspection report including interim reports to the Board.

(2) On submission of the inspection report, the Board may take such action thereon as it may deem fit and appropriate.

CHAPTER V

ACTION IN CASE OF DEFAULT AND MANNER OF SUSPENSION OR CANCELLATION OF CERTIFICATE

Definitions.

22. In this Chapter unless the context otherwise requires, -

(a) "date of receipt of reply" includes the date on which the noticee makes oral submissions, if any;
(b) "designated authority" means an officer of the Board and includes a bench of such officers appointed under regulation 24;
(c) "designated member" means the Chairman or a Whole Time Member of the Board designated for the purpose;
[6][(ca) "Executive Director" means an officer of the Board who is appointed as such by the Board;]
(d) "noticee" means the person to whom a notice has been issued under this Chapter.

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Cancellation or suspension of registration and other actions.

23. Where any person who has been granted a certificate of registration under the Act or regulations made thereunder, –

(a) fails to comply with any conditions subject to which a certificate of registration has been granted to him;
(b) contravenes any of the provisions of the securities laws or directions, instructions or circulars issued thereunder;

the Board may, without prejudice to any action under the securities laws or directions, instructions or circulars issued thereunder, by order take such action in the manner provided under these regulations.

Appointment of designated authority.

24. [7][(1) Where it appears to the designated member, that any person who has been granted a certificate

[6] Inserted by the Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2017, w.e.f. 21.11.2017
[7] Substituted ibid. prior to substitution, the sub-regulation read as follows:

of registration under the Act and regulations made thereunder has committed any default of the nature specified in regulation 23, the designated member may approve the initiation of proceedings under this Chapter against such person.

(2) The Executive Director shall thereafter appoint an officer not below the rank of a Division Chief, as a designated authority:

Provided that the executive director may, at his discretion, appoint a bench of three officers, each of whom shall not be below the rank of a Division Chief:

Provided further that such bench shall be presided by the senior most amongst them and all the decisions or recommendations of such bench shall be by way of majority.]

[8][(3)] No officer who has conducted investigation or inspection in respect of the alleged violation shall be appointed as a designated authority.

Issuance of notice.

25. (1) The designated authority shall, if it finds reasonable grounds to do so, issue a notice to the concerned person requiring him to show cause as to why the certificate of registration granted to it, should not be suspended or cancelled or why any other action provided herein should not be taken.

(2) Every notice under sub-regulation (1) shall specify the contravention alleged to have been committed by the noticee indicating the provisions of the Act, rules, regulations, circulars or guidelines in respect of which the contravention is alleged to have taken place.

(3) There shall be annexed to the notice issued under sub- regulation (1) copies of documents relied on in making of the imputations and extracts of relevant portions of documents, reports containing the findings arrived at in an investigation or inspection, if any, carried out.

(4) The noticee shall be called upon to submit within a period to be specified in the notice, not exceeding twenty-one days from the date of service thereof, a written representation along with documentary evidence, if any, in support of the representation to the designated authority.

Reply by the noticee.

26. (1) The noticee shall submit to the designated authority its written representation within the period specified in the notice along with documentary evidence, if any, in support thereof: Provided that the designated authority may extend the time specified in the notice for sufficient grounds shown by the noticee and after recording reasons in writing.

(2) If the noticee does not reply to the show cause notice, the designated authority may proceed with the matter ex-parte recording the reasons for doing so and make recommendation as the case may be on the basis of material facts available before it.

"(1) Where it appears to the designated member, that any person who has been granted certificate of registration under the Act, regulations made thereunder has committed any default of the nature specified in regulation 23, he may appoint an officer not below the rank of a Division Chief, as a designated authority:

Provided that the designated member may, at his discretion, appoint a bench of three officers, each of whom shall not be below the rank of a Division Chief: Provided further that such bench shall be presided by the senior most amongst them and all the decisions or recommendations of such bench shall be by way of majority."

[8] Re-numbered by the Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2017, w.e.f. 21.11.2017

Action in case of default.

27. After considering the representations, if any, of the noticee, the facts and circumstances of the case and applicable provisions of law or directions, instructions or circulars administered by the Board the designated authority shall submit a report, where the facts so warrant, recommending, –

(i) suspension of certificate of registration for a specified period;

(ii) cancellation of certificate of registration;

(iii) prohibiting the noticee to take up any new assignment or contract or launch a new scheme for the period specified in the order;

(iv) debarring a principal officer of the noticee from being employed or associated with any registered intermediary or other registered person for the period specified in the order;

(v) debarring a branch or an office of the noticee from carrying out activities for the specified period;

(vi) warning the noticee.

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Procedure for action on receipt of the recommendation.

28. (1) On receipt of the report recommending the measures from the designated authority, the designated member shall consider the same and issue a show cause notice to the noticee enclosing a copy of the report submitted by the designated authority calling upon the noticee to submit its written representation as to why the action, including passing of appropriate direction, as the designated member considers appropriate, should not be taken.

(2) The noticee may, within twenty one days of receipt of the notice send a reply to the designated member who may pass appropriate order after considering the reply, if any received from the noticee and providing the person with an opportunity of being heard, as expeditiously as possible and endeavour shall be made to pass the order within one hundred and twenty days from the date of receipt of reply of the notice or hearing.

Common order.

29. The designated member may pass a common order in respect of a number of noticees where the subject matter in question is substantially the same or similar in nature.

Intimation of the order.

30. (1) Every report made by a designated authority and every order passed by the designated member under this Chapter shall be dated and signed.

(2) A copy of the order passed under this Chapter shall be sent to the noticee and also

uploaded on the website of the Board.

(3) If the noticee is a member of a stock exchange, clearing corporation, a depository or a self-regulatory organization, a copy of the order shall also be sent to the concerned stock exchange, clearing corporation, depository or self regulatory organization.

Surrender of any certificate of registration.

31. (1) Any person, who has been granted a certificate of registration under the Act or the regulations made thereunder, desirous of giving up its activity and surrender the certificate, may make a request for such surrender to the Board and while disposing such request, the Board shall not be bound by the procedure specified in the foregoing provisions of this Chapter.

(2) While disposing a request under this regulation, the Board may require the concerned person to satisfy the Board the factors as it deems fit, including but not limited to the following -

(a) the arrangements made by the person for maintenance and preservation of records and other documents required to be maintained under the relevant regulations;

(b) redressal of investor grievances;

(c) transfer of records, funds or securities of its clients;

(d) the arrangements made by it for ensuring continuity of service to the clients;

(e) defaults or pending action, if any.

(3) While accepting surrender, the Board may impose such conditions upon the person as it deems fit for protection of the investors or its clients or the securities market and such person shall comply with such conditions.

Effect of debarment, suspension, cancellation or surrender.

32. (1) On and from the date of debarment or suspension of the certificate, the concerned person shall-

(a) not undertake any new assignment or contract or launch any new scheme and during the period of such debarment or suspension it shall cease to carry on any activity in respect of which certificate had been granted;

(b) allow its clients or investors to withdraw or transfer their securities or funds held in its custody or withdraw any assignment given to it, without any additional cost to such client or investor;

(c) make provisions as regards liability incurred or assumed by it;

(d) take such other action including the action relating to any records or documents and securities or money of the investors that may be in custody or control of such person, within the time period and in the manner, as may be required under the relevant regulations or as may be directed by the Board while passing order under this Chapter or otherwise.

(2) On and from the date of surrender or cancellation of the certificate, the concerned person shall-

(a) return the certificate of registration so cancelled to the Board and shall not represent itself to be a holder of certificate for carrying out the activity for which such certificate had been granted;

(b) cease to carry on any activity in respect of which the certificate had been granted;

(c) transfer its activities to another person holding a valid certificate of registration to carry on such activity and allow its clients or investors to withdraw or transfer their securities or funds held in its custody or to withdraw any assignment given to it, without any additional cost to

such client or investor;
(d) make provisions as regards liability incurred or assumed by it;
(e) take such other action including the action relating to any records or documents and securities or money of the investors that may be in custody or control of such person, within the time period and in the manner, as may be required under the relevant regulations or as may be directed by the Board while passing order under this Chapter or otherwise.

Appeal to Securities Appellate Tribunal

33. The person aggrieved by an order under these regulations may prefer an appeal to the Securities Appellate Tribunal against such order in accordance with the provisions of section 15T of the Act and Rules prescribed in this regards.

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[9][CHAPTER VA

33A. Situations when summary procedure to be followed. -
Notwithstanding anything contained in these regulations, any proceedings initiated under Chapter III of the erstwhile Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (repealed vide notification No. LAD-NRO/GN/2008/11/126538 dated May 26, 2008) prior to the coming into force of these regulations, shall be disposed of in accordance with the provisions of this chapter.

33B. Procedure to be followed under this chapter

(1) The Chairman or member may appoint an officer of the Board, not below the rank of Assistant General Manager or Assistant Legal Advisor for giving his recommendation after following the procedure under this regulation in respect of the proceedings referred to in regulation 33A:
Provided that in respect of the proceedings referred to in regulation 33A, if a representation is received from an intermediary to dispense with the procedure laid down in regulation 33B, the Chairman or the member may not appoint an officer of the Board under this sub-regulation and pass an appropriate order after considering the representation of the intermediary.
(2) The officer appointed under sub-regulation (1) shall issue to the intermediary, against whom the proceedings are being held, a notice requiring the intermediary to make a written submission in reply to the notice within such time, not exceeding fifteen days after the receipt of the notice, as may be specified in the notice:
Provided that the officer may extend the time mentioned under sub-regulation (2) for sufficient reasons to be recorded in writing.

[9] Inserted by the SEBI (Intermediaries) (Amendment) Regulations, 2009, w.e.f. 14.07.2009.

(3) If the intermediary fails to make a written submission to the notice within the period specified in the notice, the officer shall, after considering the circumstances and in light of the material on record, submit a report to the Chairman or the member, as the case may be, and may recommend taking of any action under regulation 27 as he considers appropriate in the circumstances of the case and shall give reasons for recommending such action.

(4) If the intermediary makes submission within the said period, the officer shall, after considering the submission so made, submit a report to the Chairman or the member, as the case may be, and may recommend taking of any action under regulation 27 as he considers appropriate in the circumstances of the case and shall give reasons for recommending such action.

(5) The Chairman or the member, as the case may be, after receipt of recommendations from the officer under sub-regulation (3) or sub-regulation (4), shall pass such orders as he may deem appropriate.

(6) The Chairman or the member may pass a common order in respect of a number of intermediaries where the subject matter in question is substantially the same or similar in nature.

33C. Publication of order. - The Board shall issue a press release in respect of an order under this chapter in at least two newspapers of which at least one shall have nationwide circulation and shall also put the order on the website of the Board.]

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CHAPTER VI

MISCELLANEOUS

Manner of service of notice and order and publication of order.

34. (1) Any notice issued or order passed under these regulations may be served -

(a) by hand delivery to the concerned person or his duly authorized agent; or

(b) by delivery, at the address available on the records of the Board and addressed to that person or his duly authorized agent, by registered post acknowledgement due or by speed post or by such courier service or by electronic mail service or by any other means of transmission which affords a record of delivery; or

(c) in case of a stock broker or a sub-broker or a depository participant through the concerned stock exchange or the depository respectively; and

(d) if it cannot be served as per clause (a) or (b) or (c), by affixing the same on the door or some other conspicuous part of the premises in which such person resides or is known to have last resided or carries on business or is known to have last carried on business or personally works for gain or is known to have last personally worked for gain.

(2) Every order passed under these regulations shall be put on the website of the Board.

Directions.

35. Without prejudice to any order under the securities laws and the directions, guidelines and circulars as may be issued thereunder including an order under Chapter V of these regulations the

Board may in the interest of the securities market, in the interest of the investors or for the purpose of securing the proper management of any intermediary, issue, necessary direction including but not limited to any or all of the following -

(a) directing the intermediary or other persons associated with securities market to refund any money or securities collected from the investors under any scheme or otherwise ,with or without interest;
(b) directing the intermediary or other persons associated with securities market not to access the capital market or not to deal in securities for a particular period or not to associate with any intermediary or with any capital market related activity;
(c) directing the recognised stock exchange concerned not to permit trading in the securities or units issued by a mutual fund or collective investment scheme;
(d) directing the recognised stock exchange concerned to suspend trading in the securities or units issued by a mutual fund or collective investment scheme;
(e) any other direction which the Board may deem fit and proper in the circumstances of the case:

Provided that before issuing any directions the Board shall give a reasonable opportunity of being heard to the persons concerned: Provided further that if the circumstances warrant any interim direction is required to be passed immediately, the Board shall give a reasonable opportunity of hearing to the persons concerned after passing the direction, without any undue delay.

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Power of the Board to issue clarifications.

36. In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications and guidelines in the form of circulars.

Amendments to other regulations.

37. The regulations specified in the Schedule IV shall be amended in the manner and to the extent stated therein.

Repeal and savings

38. (1) With effect from publication of these regulations in the Official Gazette –

(a) the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and imposing Penalty) Regulations, 2002; and
(b) the Securities and Exchange Board of India (Criteria for Fit and Proper Persons) Regulations, 2004 shall be repealed.

(2) Notwithstanding such repeal, anything done or any action taken under those regulations including an enquiry commenced or notice issued under the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and imposing Penalty) Regulations, 2002, before the publication of these regulations in the Official Gazette, shall be deemed to have been done or taken or commenced under the corresponding provisions of these regulations.

(3) After the repeal of the regulations referred to in sub-regulation (1), any reference thereto in any

regulation, guidelines, circulars shall be deemed to be a reference to Chapter V and Schedule II, respectively.

SCHEDULE I

SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

[Regulation 3]

FORM A
Application for grant of certificate

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The information contained herein is updated as on: dd/mm/yy

INSTRUCTIONS FOR FILLING UP FORM –

1 Applicants must submit to the Board a completed application form together with appropriate supporting documents and applicable application fees. Supporting documents should be attested as true by a notary public.

2 This application form should be filled in accordance with the regulations.

3 Application for registration will be considered, only if it is complete in all respects.

4 All answers must be typed.

5 Information which needs to be supplied in more detail may be given on separate sheets which should be attached to the application form.

6 All signatures on the application must be original.

7 Every page of the form as well as every additional sheet must be initialed by the authorised signatory of the applicant.

Part I

1. General details of the applicant and its affiliates: Management Compliance Matrix/Structure

1.1. Name of the applicant:

1.2. Address of the registered office, address for correspondence, telephone numbers, fax numbers, e-mail, website, name and telephone number of the contact person, address of branch office, if any:

1.3. Date and place of incorporation/establishment and registration number given by the Registrar of Companies or any other authority:

1.4. Legal status of the applicant and the law, under which it is incorporated, established or registered, if any including where the applicant is a listed entity, the details of the exchanges (whether in India or abroad) where the applicant is listed:

1.5. Brief description of the principal activity of the applicant: (along with copies of the constitutional documents of the applicant)

1.6. Year of commencement of such activities (if applicable):

1.7. Shareholding pattern of the applicant (please set out the names of all such persons who hold

whether directly or indirectly more than 5% of the shareholding or voting rights in the company):

Name of the shareholder	No. of Shares	[% of shareholding] / [% of voting rights]

Where control over the applicant is exercised by a person by way of an agreement or arrangement, details and documentation in relation to such agreement or arrangement as the case may be.

1.8. Details of significant affiliates of the applicant operating in India or abroad and activities carried out by them including details as regards the legal status of each such affiliates and the law, under which it is incorporated, established or registered, if any

Legal Status and details of registration	
Name	
Address	
Telephone no	
Fax No	
E-mail address	
Nature of interest of the applicant in the affiliate, if any	
Nature of interest of such affiliate in the applicant, if any	

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1.9. Details of registration / recognition of the applicant with the Board and with other regulatory authorities or with stock exchanges or self regulatory organization (whether in India or abroad):

The Regulator / SRO	Details of registration	Registration No.	Period of validity

1.10. Details of registration / recognition of each affiliates of the applicant with the Board or with other regulatory authorities or with stock exchanges or self regulatory organizations (whether in India or abroad):

The	Details of	Registration No.	Period of validity

Regulator / SRO	registration		

1.11 Details of the Compliance Officer: 1.12 Details of principal officers

Name	
Job Title	
Business Address	

Telephone no	
Fax No	
E-mail address	

Name Of Person	**Responsibility**	**Qualification / Experience**

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1.13 Details of the Key Management Personnel

Name Of Person	**Responsibility**	**Qualification / Experience**

1.14 Details of any conviction or any declaration of insolvency/winding-up of the applicant.

1.15 Details of actions taken against the applicant or its associates by any regulatory authorities.

Sr. No.	**Authority**	**Description of alleged default**	**Action taken**	**Current status**

Explanation: For the purpose of this clause "affiliate" shall mean where the applicant is a

company, its holding company and its subsidiaries and where the applicant is an individual his/her dependant relatives.

2. Details of arbitration/litigation which could have a material adverse effect on the functioning of the intermediary and investor complaints.

2.1 Complaints pending for over three months:

2.2 Arbitration / litigation cases:

2 **Brief description of the group**

S. No.	Name of the complainant	Date of receipt of complaint	Short description of complaint	Current status

Forum	Name of the Petitioner	Short description of issue	Current stage of proceedings	Details of interim orders passed	Details of final award / order

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1 Brief description of the group, if any, to which the applicant belongs. Please confirm the details of the company and the group, tracing them down to the individual persons in control.

2 **Management Details:**

4.1 Provide the following details of the directors / partners / trustees of the applicant as the case may be:

Name	
Details of interest in the applicant	
Directorships in other entities	
Controlling interest in other entities	

4.2 Names of Promoters of the Applicant should be provided.

Part II

5. Financial Reporting and Disclosure (where the intermediary is active):

5.1 Audited balance sheets and profit and loss account statements for the past three years (including notes to accounts);

5.2 Net Worth of the applicant for the past three years; segment wise turnover of the applicant (where necessary) [for eg. where the applicant is a stock broker, then the segment wise turnover i.e. turnover under the cash segment, the derivative segment, the commodities segment etc. may be provided)

6. Details of the taxation authority:

6.1 Please provide details of the authority where the applicant is subject to taxation.

1 Permanent Account Number/Registration Number/Code given by tax authority (if any) of the applicant and its directors, as applicable::

2 **Details of promoters and management personnel**

7.1 Provide address and contact details (including telephone numbers, email, fax etc.) of the applicant's promoters as specified in Clause 4.2 of Part I of the Form.

7.2 Provide details of address and contact details (including telephone numbers, email, fax etc.) of the applicant's management personnel as specified in Clause 4.1 of Part I of the Form.

7.3 Provide Director's Identification Number of the directors of the applicant

8.Details of any show cause notices received by the applicant from any regulatory authority.

Sr. No.	Date of Notice	Details of alleged violation	Current status

9.Undertaking and Declarations:

We hereby represent, warrant and declare that:

1 The information supplied in the application, including the attachment sheets thereto, is complete, true and accurate in all respects;

2 We are in compliance with, and have adhered to and fulfilled, all the criteria and conditions applicable for grant of certificate;

3 We further undertake that we will immediately notify the Securities and Exchange Board of India of any change in the information provided in the application in the manner as set out under the regulations;

4 We further undertake that we shall comply with the provisions of the Securities and Exchange Board of India Act, 1992 and the rules, regulations, guidelines, notifications, circulars, and any other directions as may be passed by the Securities and Exchange Board of India from time to time, issued thereunder and applicable to us, and all other relevant laws including

guidelines issued by the Reserve Bank of India and the Government of India.

5 We further undertake that as a condition of grant of certificate, we shall abide by such operational instructions/ directives as may be issued by Securities and Exchange Board of India from time to time under provisions of the Act or any other law for the time being in force.

For and on behalf of (Name of the applicant)

Name of the applicant	
Signature	
Name of signatory	
Position	
Date	*dd/mm/yyyy*

Notes:

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SCHEDULE II

SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

(See regulations 7)

Criteria for determining a 'fit and proper person'

For the purpose of determining as to whether an applicant or the intermediary is a 'fit and proper person' the Board may take account of any consideration as it deems fit, including but not limited to the following criteria in relation to the applicant or the intermediary, the principal officer [10][, the director, the promoter] and the key management persons by whatever name called –

(a) integrity, reputation and character;
(b) absence of convictions and restraint orders;
(c) competence including financial solvency and networth[11][;]
[12][(d) absence of categorization as a wilful defaulter.]

SCHEDULE III

[10] Inserted by the SEBI (Intermediaries) (Amendment) Regulations, 2016, w.e.f. 25.05.2016.

[11] Substituted for the symbol "." by the SEBI (Intermediaries) (Amendment) Regulations, 2016, w.e.f. 25.05.2016.

[12] Inserted by the SEBI (Intermediaries) (Amendment) Regulations, 2016, w.e.f. 25.05.2016.

SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

[See regulation 16]

CODE OF CONDUCT

I. INVESTOR PROTECTION

1.1 Investors/Clients

Every intermediary shall make all efforts to protect the interests of investors and shall render the best possible advice to its clients having regard to the client's needs and the environments and his own professional skills.

1.2 High Standards of Service

An intermediary shall ensure that it and its key management personnel, employees, contractors and agents, shall in the conduct of their business, observe high standards of integrity, dignity, fairness, ethics and professionalism and all professional dealings shall be affected in a prompt, effective and efficient manner.

An intermediary shall be responsible for the acts or omissions of its employees and agents in respect to the conduct of its business.

1.3 Exercise of Due Diligence and no Collusion

An intermediary shall at all times render high standards of service, exercise due skill and diligence over persons employed or appointed by it, ensure proper care and exercise independent professional judgment and shall not at any time act in collusion with other intermediaries in a manner that is detrimental to the investor(s).

1.4 Fees

An intermediary shall not increase charges/ fees for the services rendered without proper advance notice to its clients/investors.

II. DISBURSAL OF AMOUNTS

2.1 Disbursal of Amounts

An intermediary shall be prompt in disbursing dividends, interests or any such accrual income received or collected by it on behalf of its clients/investors.

III. DISBURSAL OF INFORMATION

3.1 An intermediary shall ensure that adequate disclosures are made to the clients/investors in a comprehensible and timely manner so as to enable them to make a balanced and informed decision.

3.2 An intermediary shall not make any misrepresentation and ensure that the information provided to the clients/investors is not misleading.

3.3 **An intermediary shall not make any exaggerated statement whether oral or written to the client/investor, either about its qualification or capability to render certain** services or its achievements in regard to services rendered to other

clients/investors.

3.4 An intermediary shall not divulge to anybody, either orally or in writing, directly or indirectly, any confidential information about its clients/investors, which has come to its knowledge, without taking prior permission of its clients/investors except where such disclosures are required to be made in compliance with any law for the time being in force.

IV. CONFLICT OF INTEREST

4.1 An intermediary shall avoid conflict of interest and make adequate disclosure of his interest and 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. An intermediary shall make appropriate disclosure to the client/investor of its possible source or potential areas of conflict of duties and interest while acting as an intermediary which would impair its ability to render fair, objective and unbiased services.

4.2 An Intermediary or any of its directors, or employee having the management of the whole or substantially the whole of affairs of the business, or an associate of the intermediary shall not, either through its account or their respective accounts or through their family members, relatives or friends indulge in any insider trading.

V. COMPLIANCE AND CORPORATE GOVERNANCE

5.1 An Intermediary shall ensure that good corporate policies and corporate governance is in place. It shall not engage in fraudulent and manipulative transactions in the securities listed on any stock exchange in India and shall not indulge in any unfair competition (including resorting to unfair means for inducing another intermediaries' clients) which is likely to harm the interests of other intermediaries or investors or is likely to place such other intermediaries in a disadvantageous position while competing for or executing any assignment.

5.2 An Intermediary shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. It shall also ensure that for electronic records and data, up-to-date back up is always available with it.

5.3 An Intermediary shall not be a party to or instrumental in or indulge in— a) creation of false market for securities listed or proposed to be listed on any stock exchange in India; b) price rigging or manipulation of prices of securities listed or proposed to be listed on any stock exchange in India; or

c) passing of unpublished price sensitive information in respect of securities which are listed or proposed to be listed on any stock exchange to any person or intermediary, or

d) any activity for distorting market equilibrium or which may affect the smooth functioning of the market or for personal gain.

5.4 An Intermediary shall co-operate with the Board, or any authority designated by the Board, as and when required and shall not make any untrue statement or suppress any

material fact in any documents, reports, papers or information furnished to the Board or 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.

5.5 An Intermediary 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/investors and any business remaining outstanding is transferred to another registered person in accordance with any instructions of the affected clients/investors or as per the instructions of the Board and the provisions of the relevant regulations.

5.6 An Intermediary shall maintain an appropriate level of knowledge and competency and abide by the provisions of any act, regulations, circulars and guidelines of the Central Government, the Reserve Bank of India, the Board, the stock exchange or any other applicable statutory or self regulatory or other body, as the case may be, and as may be applicable to the Intermediary in respect of the business carried on by such Intermediary. An Intermediary shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

5.7 An Intermediary 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.

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VI. INTERMEDIARY INFRASTRUCTURE REQUIREMENTS

6.1 An Intermediary 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.

6.2 An Intermediary also registered with the Board in any other capacity/ category shall endeavour to ensure that arms length relationship is maintained in terms of both manpower and infrastructure between the activities carried out as an Intermediary and other permitted activities.

6.3 An Intermediary shall establish and maintain adequate infrastructural facility to be able to discharge its services as such intermediary to the satisfaction of clients/investors, and the operating procedures and systems of the intermediaries shall be well documented and backed by operations manuals.

6.4 An Intermediary shall create and maintain the records of all documents and data in their in custody in such manner that the tracing of such document or data is facilitated in the event of loss of original records or documents for any reason.

SCHEDULE IV

SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

[See regulation 37]

Amendments to other regulations

1. **Amendment of Securities and Exchange Board of India, (Bankers to an Issue) Regulations, 1994.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"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."

(ii) In regulation 22, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) For regulation 23, the following regulation shall be substituted, namely:-

"**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."

2. **Amendment of Securities and Exchange Board of India, (Collective Investment Schemes) Regulations, 1999**

(i) For regulation 9A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

9A. For the purpose of determining whether an applicant or the collective investment management company 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."

(ii) In regulation 56, for the words "the Securities and Exchange Board of India (Procedure

for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) In regulation 59, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

3. **Amendment of Securities and Exchange Board of India, (Credit Rating Agencies) Regulations, 1999.**

(i) For regulation 5A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

5A. For the purpose of determining whether an applicant or the credit rating agency 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."

(ii) In regulation 33, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) For regulation 34, the following regulation shall be substituted, namely:- "**Liability for action in case of default**

34. A credit rating agency which 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."

4. **Amendment of Securities and Exchange Board of India, (Custodian of Securities) Regulations, 1996.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the custodian of securities 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."

(ii) In regulation 25, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) In regulation 26, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

5. **Amendment of Securities and Exchange Board of India, (Debenture Trustees) Regulations, 1993.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the debenture trustee 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."

(ii) In regulation 23, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) In regulation 25, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

6. **Amendment of Securities and Exchange Board of India, (Depositories and Participants) Regulations, 1996.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the depository and participant 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."

(ii) In regulation 63, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) In regulation 64, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

7. **Amendment of Securities and Exchange Board of India, (Foreign Institutional Investors) Regulations, 1995**.

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the foreign institutional investor 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."

(ii) For regulation 21, the following regulation shall be substituted, namely:-

"**Liability for action in case of default**

21. A foreign institutional investor 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."

8. **Amendment of Securities and Exchange Board of India, (Foreign Venture Capital Investors) Regulations, 2000.**

(i) For regulation 4A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

4A. For the purpose of determining whether an applicant or the foreign venture capital investor 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."

(ii) In regulation 23, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

9. **Amendment of Securities and Exchange Board of India, (Merchant Bankers) Regulations, 1992.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the merchant banker 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."

(ii) In regulation 33, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) For regulation 35, the following regulation shall be substituted, namely:- "**Liability for action in case of default**

35. A merchant banker 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."

10. **Amendment of Securities and Exchange Board of India, (Mutual Funds) Regulations, 1996.**

(i) For regulation 7A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

7A. For the purpose of determining whether an applicant or the mutual fund 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."

(ii) In regulation 65, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) In regulation 68, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

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11. **Amendment of Securities and Exchange Board of India, (Portfolio Managers) Regulations, 1993.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the portfolio manager 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."

(ii) In regulation 28, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) For regulation 30, the following regulations shall be substituted, namely:- "**Liability for action in case of default"**

30. A portfolio manager 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."

12. **Amendment of Securities and Exchange Board of India, (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the registrar to an issue and share transfer agent 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."

(ii) In regulation 20, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) In regulation 22, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

13. **Amendment of Securities and Exchange Board of India, (Stock Brokers and Sub-Brokers) Regulations, 1992.**

(i) For regulation 5A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

5A. For the purpose of determining whether an applicant or the stock broker, sub-broker, trading member and clearing member 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."

(ii) In regulation 23, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) In sub-regulation (ii) of regulation 25, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iv) In regulation 27, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

14. **Amendment of Securities and Exchange Board of India, (Underwriters) Regulations, 1993.**

(i) For regulation 6A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

6A. For the purpose of determining whether an applicant or the underwriter 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."

(ii) In regulation 23, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

(iii) For regulation 25, the following regulation shall be substituted, namely:-

"**Liability for action in case of default**

25. An underwriter 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."

15. **Amendment of Securities and Exchange Board of India, (Venture Capital Funds) Regulations, 1996.**

(i) For regulation 4A, the following regulation shall be substituted, namely: -

"Criteria for fit and proper person

4A. For the purpose of determining whether an applicant or the venture capital fund 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."

(ii) In regulation 30, for the words "the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" the words "Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008" shall be substituted.

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C.B.BHAVE,
CHAIRMAN