

iv. Intermediaries Associated with the Securities Markets

Primary market

Merchant bankers, underwriters and portfolio managers

In December 1997 Non Banking Finance Companies (NBFCs) registered with RBI were debarred from seeking registration as merchant bankers. However merchant bankers were permitted to carry on activities of primary dealers in government securities. Accordingly, SEBI Merchant Bankers Regulations were also amended to treat NBFCs registered with the Reserve Bank of India for the specific purpose of carrying on activities of primary dealers as eligible for registration as merchant bankers with the Board.

The existing fee structure for merchant bankers, portfolio managers and underwriters was rationalised and a mechanism for upfront payment of fees was introduced by amending the relevant regulations.

Part III gives further details of registration of merchant bankers, underwriters and portfolio managers during 1999-2000.

Debenture trustees

Debenture Trustees are registered and regulated by the SEBI under the provisions of SEBI (Debenture Trustees) Rules and Regulations, 1993. As on 31.3.2000, 38 Debenture Trustees were registered with SEBI.

Debenture Trustees are required to submit quarterly reports in the prescribed format to SEBI. The SEBI is also conducting inspection of their activities. On the basis of quarterly reports and the inspection reports, the SEBI monitors the activities of the Debenture Trustees and take suitable action against them in case of violation/non-adherence to rules, regulations, etc. The quarterly report was amended vide circular dated April 19, 2000 to make the information called for from the DT comprehensive.

Bankers to an issue

Bankers to an Issue are registered and regulated by the SEBI under the provisions of SEBI (Bankers to an Issue) Rules and Regulations, 1994. Under these regulations, registration commenced in 1994-95. SEBI (Bankers to an Issue) Regulations, 1994 were amended (vide gazette notification dated September 30, 1999) making it mandatory for the intermediary to pay the fees up front at the time of grant of certificate of registration and renewal there after. After amendment the registration fee is Rs.5,00,000/- and the renewal fee is Rs.2,50,000/-.

All registered bankers to an Issue were directed by way of circular on July 9, 1999 to submit the annual report as stipulated in our earlier circular dated April 21, 1995.

Registrar to an issue and share transfer agents

Registrars to an Issue (RTI) and Share Transfer Agents (STA) are registered and regulated by the SEBI under the provisions of SEBI (Registrar to an Issue and Share Transfer Agents) Rules and Regulations, 1993. Under these regulations, registration commenced in the year 1993-94 and is granted under the two categories: Category I to act as both Registrar to an Issue and Share Transfer Agent and Category II to act as either Registrar to an Issue or Share Transfer Agents.

Registrar to an Issue and Share Transfer Agents are required to submit quarterly reports in

prescribed format to SEBI. The SEBI is also conducting inspection of their activities. On the basis of the quarterly reports and the inspection reports, the SEBI monitors the activities of the Registrars to an Issue and Share Transfer Agents and take suitable action against them in case of violation of provisions of Rules, Regulations and Circulars etc.

SEBI (Registrars to an issue and Share Transfer Agent) Regulations were amended (vide gazette notification dated September 30, 1999) making it mandatory for the intermediary to pay the fees up front at the time of grant of certificate of registration and renewal there after. The registration fees for Category I – Rs. 50,000/- and Category II– Rs.30,000/-. The renewal fees for Category I – Rs.40,000/- and Category II – Rs.25,000/-

During the year, the SEBI (RTI/STA) Rules and Regulations were amended to provide that in-house STA need not fulfill the Capital adequacy requirement of having a net worth of Rs 3 lakh.