



pnb investment services ltd.

(A wholly owned subsidiary of Punjab National Bank)

10th June, 2022

Regd. Office:

10, Rakesh Deep Building, Yusuf Sarai Commercial Complex,

Gulmohar Enclave, New Delhi 110049 Tel: 011-41032929

Fax : 011-41035057 E-Mail: delhi_corporate@pnbisl.com

GST No - 07AAECP9801F1ZG

To,

Securities and Exchange Board of India
Market Intermediaries Regulation and Supervision Department (MIRSD)
SEBI Bhawan, Plot No. C4-A
G- Block, Bandra Kurla Complex,
Bandra (East)
Mumbai-400051

Respected Ma'am/Sir,

Subject: Request for Informal Guidance by way of an Interpretive letter (Clause 5 (ii) under the SEBI (Informal Guidance) Scheme, 2003 ("Scheme") in relation to carrying on the activities as Direct Selling Agent (DSA) for Housing Loan, Mortgage Loan and Car Loan on behalf of Punjab National Bank and other banks/Financial Institutions (FIs).

We would like to submit the following facts for your consideration and opinion w.r.t carrying on the activities as Direct Selling Agent, in order to market the products of Punjab National Bank and other banks/FIs like Housing Loan, Mortgage Loan and Car Loan by a Category I Merchant Banker registered with Securities and Exchange Board of India ("SEBI").

A. Background of the Company

PNB Investment Services Limited ("PNBISL") is a wholly owned subsidiary of Punjab National Bank. It was incorporated under Companies Act, 1956 (CIN No. U65191DL2009GOI187146) on 2nd February, 2009. The Company has registered office at 10, Rakesh Deep building, Yusuf Sarai, Commercial Complex, Gulmohar Enclave, New Delhi-110049, Corporate office in Mumbai and representative office in Ahmedabad.

The Company has Paid up capital of Rs. 20 crore and net worth of Rs. 46.99 crore as on 31.03.2022.

PNBISL is registered with SEBI as a Category I Merchant Banker with Registration number as INM000011617. (Copy attached as Annexure-A)

Further the company is also engaged in providing Corporate Advisory Services, Trusteeship Services and registered with SEBI as Debenture Trustee with Registration number as IND000000510 (Copy attached as Annexure-B)

B. Brief Synopsis about Direct Selling Agent (DSA)

The Company intends to venture into another activity i.e. to act as Direct Selling Agent (DSA) for Punjab National Bank and other Banks for canvassing the retail customers for generation of leads and conversion of prospects into customers. Primarily as DSA, the company will canvass home loans/mortgage loans and car loans for banks.



Corporate Office: PNB Pragati Towers, 2nd Floor, Plot No. C-9, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Tel: 022-26532745 Fax: 022-26532687 Email: mumbai_corporate@pnbisl.com Website: www.pnbisl.com

CIN: U65191DL2009GOI187146

Role of DSA:

- a) Sourcing/marketing of loan only and this will not result in creation of any liability.
- b) Meeting prospective customers to explain the details about the latest products of the banks.
- c) Working within the framework of "Code of Conduct and Responsibility".
- d) Marketing of Housing Loan, Mortgage Loan and Car Loan of the banks.

PNBISL will not be responsible for any due diligence and processing of the loan applications. Further, there will not be any financial liability on PNBISL and the loan amount sanctioned by PNB/ other Banks/FIs will be on their books and PNBISL will be entitled to only the fees based on the mutually agreed terms and conditions. Sanction of loan shall be at the sole discretion of the Bank as per the extant guidelines. Bank's arrangement with PNBISL will be on commission/fee basis.

PNBISL follows the highest standards of corporate governance, with all its business verticals working on a Chinese Wall concept basis and the same will be followed up in the new proposed business vertical of DSA.

C. PNBISL can engage as DSA in terms of clause (C)(1) Other objects of Memorandum of Association (MOA) of PNBISL (Copy Attached as Annexure-C) which reads as under:

To carry on the business of commission agents, contractors, factors, general merchants, exporters and importers, concessionaries, general store-keepers, carriers, forwarding contractors, forwarding agents, warehousemen and to act as agent or brokers and as trustees for any person or Company and to undertake and perform subcontracts and to do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise, and either alone or jointly with others and either by or through agents, subcontractors, trustees or otherwise.

D. Purpose of Clarification

Regulation 13A of the SEBI (Merchant Bankers) Regulations, 1992 restricts the Merchant Bankers to carry on any business other than that in the securities market and reads as under:

No merchant banker, other than a bank or a public financial institution, who has been granted a certificate of registration under these regulations shall after June 30th, 1998 carry on any business other than that in the securities market.

Notwithstanding anything contained above, a merchant banker who prior to the date of notification of the securities and exchange board of India (Merchant Bankers) Amendment Regulations, 1997, has entered into a contract in respect of a business other than that of the securities market, may, if he so desires, discharge his obligations under such contract:

Provided that a merchant banker who has been granted certificate of registration to act as primary or satellite dealer by Reserve Bank of India, may carry on such business as may be permitted by Reserve Bank of India.



E. Clarification / Informal Guidance

In view of the above, we seek your guidance on the following:

- Whether PNBISL, which is registered with SEBI as a Category I Merchant Banker, can act as a Direct Selling Agent (DSA) by starting a fresh business vertical for marketing/sourcing of retail products i.e. home loans/mortgage loans and car loans on behalf of Punjab National Bank or other banks/FIs.

In case of any query regarding the opinion sought, we request you to kindly communicate at following address:

Ms. Isha Goel
Company Secretary
PNB Investment Services Limited
10, Rakesh Deep building,
Yusuf Sarai Commercial Complex,
Gulmohar Enclave, Green Park,
New Delhi
M: 9899785811
Email: cs@pnbisl.com

In accordance with paragraph 6 of Informal Guidance Scheme, this letter is accompanied demand draft no. 393846 dated 10.06.2022 for Rs. 25,000/- (Rupees Twenty-Five Thousand Only) in favour of "Securities and Exchange Board of India", payable at Mumbai towards fees for seeking informal guidance and request you to kindly give your opinion.

Further as per Para 11 of the Scheme, we request your good office to give confidential treatment to the application submitted by us for a period of 90 days from the date of SEBI's response.

We would highly appreciate your earliest action in relation to above.

Thanking you

Yours Sincerely,

For PNB Investment Services Limited


Taufique Alam
Managing Director & CEO



Enclosures: As stated above.