



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

**General Manager**  
Corporation Finance Department  
Division of Policy and Development  
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SEBI/HO/CFD/PoD-2/OW/P/2022/29230/1

July 19, 2022

**PNB Investment Services Limited**  
10, Rakesh Deep building,  
Yusuf Sarai Commercial Complex,  
Gulmohar Enclave, Green Park,  
New Delhi-110049  
Email: [cs@pnbisl.com](mailto:cs@pnbisl.com)

**Kind attention: Ms. Isha Goel (Company Secretary)**

Madam,

**Sub: Your request for Interpretative letter under para 5(ii) of SEBI (Informal Guidance) Scheme 2003**

1. We refer to your captioned letter dated June 14, 2022 seeking guidance by way of an Interpretive Letter under the SEBI (Informal Guidance) Scheme, 2003 ("hereinafter Scheme").
2. In your letter under reference you have, *inter-alia*, stated as under-
  - a. PNB Investment Services Ltd. ("Company") is a wholly owned subsidiary of Punjab National Bank and is registered as a Category 1 Merchant Banker.
  - b. The company is also engaged in providing Corporate Advisory Services, Trusteeship Services and registered with SEBI as Debenture Trustee.
  - c. 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 canvas home loans/mortgage loans and car loans for banks including sourcing/marketing of loan only and this will not result in creation of any liability, meeting prospective customers to explain the details about the latest products of the banks, working within the framework of "Code of Conduct and Responsibility", marketing of housing loan, mortgage loan and car loan of the banks.
  - d. The company shall not be responsible for any due diligence and processing of the loan applications and there shall not be any financial liability on the company. The company shall only be entitled to the fees based on the mutually agreed terms and conditions.
3. In light of the aforesaid submissions, you have sought informal guidance by way of an interpretive letter with SEBI as to whether the company, which is registered with SEBI as Category 1 Merchant Banker, can act as a Direct Selling Agent by starting a fresh business

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.  
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : [www.sebi.gov.in](http://www.sebi.gov.in)

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.  
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अनुवर्ती :  
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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.

**4. Our Comments:**

The submissions made in your letter have been considered and in our view on the issues raised in your letter are as under-

- a. PNB Investment Services Ltd. is registered with SEBI as a Category I Merchant Banker and thus are administered through SEBI (Merchant Bankers) Regulations, 1992.
  - b. Regulation 13A of Merchant Bankers regulations clearly states that a merchant banker cannot carry on any business other than in the securities market. The extract of the regulation is as under-  
**Regulation 13A.** *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 30, 1998] carry on any business other than that in the securities market.*
  - c. Regulation 13A was further clarified by the SEBI circular dated June 05, 1998, whereby certain other activities such as 'advisory services for projects', 'syndication of rupee term loans', 'international financial advisory services' have also been specifically permitted.
  - d. Since referral activities for non-security related products and/or services does not fall within the purview of the activities permitted by regulation 13A nor is specifically enumerated in the aforesaid circular, you are not permitted to undertake such business.
5. The issue raised by you and the corresponding response provided by SEBI is similar to response provided by SEBI to Barclays Securities (India) Pvt. Ltd. on August 23, 2010.
  6. This position is based on the representation made to the division in your aforesaid letters under reference. Different facts or condition might require different results. This letter does not express a decision of the Board on the question referred.
  7. You may note that the above views are expressed only with respect to the clarification sought on the provisions referred by you in your aforesaid letter and do not affect the applicability of any other law or Regulations administered by SEBI or any other authority.
  8. As requested by you, this letter will not be made available to the public for a period of 90 days from the date of this letter.

Yours faithfully,

  
Yogita Jadhav