

Securities Businessperson (Merchant Banker) Regulations, 2008

In exercise of the power conferred by section 116 of the Securities Related Act, 2007, the Securities Board of Nepal, upon the approval of the Government of Nepal hereby makes the regulations as follows:

Chapter-1 **PRELIMINARY**

1. **Short title and commencement:**

- (1) These regulations may be called the “Securities Businessperson (Merchant Banker) Regulations, 2008”.
- (2) They shall come into force from the date prescribed by the Securities Board of Nepal.

2. **Definitions:**

In these regulations, unless the subject or the context otherwise requires:-

- (a) “Act” means Securities Related Act, 2007.
- (b) “Board” means Securities Board of Nepal constituted pursuant to section 3 of the Act.
- (c) “License” means the license provided by the Board authorizing to carry out securities business as Merchant Banker.
- (d) “Merchant Banker” means securities businessperson which has obtained license to perform one or more function pursuant to Regulation 16.
- (e) “Merchant Banking Business” means one or more business as mentioned in Regulation 16.
- (f) “Issue Manager” means securities businessperson who has obtained license to carry out functions as mentioned in Part (a) of the Regulation 16.
- (g) “Securities Underwriter” means securities businessperson who has obtained license to carry out functions as mentioned in Part (b) of the Regulation 16.
- (h) “Share Registrar” means securities businessperson who has obtained license to carry out functions as mentioned in Part (c) of the Regulation 16.
- (i) “Portfolio Manager” means securities businessperson who has obtained license to carry out functions as mentioned in Part (d) of the Regulation 16.

Chapter 2 **PROVISIONS RELATED TO LICENSE**

3. **Application to be submitted for Obtaining License:**

- (1) A corporate body desirous to carry out securities business as Merchant Banker pursuant to this regulation shall submit an application to the Board in the format prescribed in Schedule-1 along with application fee prescribed in Schedule-2.
- (2) The application to be submitted pursuant to Sub-regulation (1) shall be accompanied by the following information and documents:
 - (a) Information related to directors and chief executive as mentioned in Schedule-3.
 - (b) Information and documents related to the applicant body corporate as mentioned in the Schedule- 4.
 - (c) If the promoter is a company or body corporate, information and documents as mentioned in the Schedule-5.
- (3) The Board, while examining the information or documents submitted with the application deems it appropriate, may require the applicant to furnish further information, documents or clarification.
- (4) The Board, while examining the application and attached information and documents according to the provisions of the Act and this regulation, finds that the procedures prescribed under this regulation has not been complied with or false information or documents have been submitted, the Board may cancel the application submitted pursuant to Sub-regulation (1).
- (5) The applicant, before issuance of the license, is required to furnish the Board any changes, in the particulars submitted with the application pursuant to Sub-regulation (1).

4. Issuance of License:

- (1) Upon examination of the application and information and documents submitted, the Board, based on the provisions of these regulations, finds it appropriate to grant license, may inform the applicant to make the required infrastructure ready.
- (2) Within six months from the day informed by the Board pursuant to Sub-regulation (1), the prescribed infrastructures shall have to make ready and information regarding the following particulars shall have to be furnished to the Board:
 - (a) Information regarding office location and occupied area.
 - (b) Information regarding the office equipments and technology provisioned to carry out the licensed business.
 - (c) Provisions regarding the organization structure and job description.
 - (d) Manpower provisions in the format given in Schedule-6 required for carrying out the securities business.
- (3) Within thirty days of the receipt of information pursuant to Sub-regulation (2), the Board shall make on-site inspection and make enquiry on the state of infrastructure and if found adequate, may receive license fee as per the Schedule-2 and issue license in the format given in Schedule-7.
- (4) Whatsoever mentioned elsewhere in this regulation, the Board upon examination of the infrastructure prepared by the applicant pursuant to Sub-regulation (3), if finds inadequate, may allow maximum of three months period to make additional arrangement.

5. License to be Obtained by those Operating Securities Business:
- (1) Securities businesspersons operating merchant banking business pursuant to this regulation at the commencement of the Act shall apply to the Board within three months from the date of commencement of this regulation with application fee as per the Schedule- 2 along with the following information and documents:-
 - (a) Copy of update Memorandum and Articles
 - (b) Copy of decision of the Board of Directors regarding the obtaining of the license
 - (c) Original certificate of registration of securities businessperson already obtained.
 - (d) Updated information about location of the office and space area, office equipments and means of communication, and organization structure and job allocation provisioned for conducting Merchant Banking Business.
 - (e) Information on the Directors and Chief Executive as prescribed in Schedule-3.
 - (f) Update information on the manpower provisioned for the Merchant Banking Business as prescribed in the Schedule-6.
 - (2) The Board shall examine the application of the Merchant Banker submitted along with application fee and required information and documents pursuant to Sub-regulation (1) and shall issue license in the format as mentioned in the Schedule-7.
 - (3) Within three months from the date of submission of application pursuant to Sub-regulation (1), the Board may conduct onsite inspection and enquire about the infrastructure available to conduct securities business as mentioned in Part (d) Sub-regulation (1) and if finds the infrastructure inadequate, may issue directive to make further provisions.
6. Application to be made for the Exit from or Entry to New Business:
- (1) If a Merchant Banker decides to exit from any or all of the business which it has obtained license shall, within thirty days of such decision, apply along with the original Merchant Banking License, to the Board for necessary action.
 - (2) Merchant Banker desirous to add new business under these regulations may apply to the Board with the application fee as mentioned in Schedule-2 along with following particulars and documents related to the securities business it is applying for:
 - (a) Feasibility study report,
 - (b) Three year business plan,
 - (c) Copy of decision of the Board of Directors regarding the obtaining of the license to add new business
 - (d) Document to verify that the paid up capital requirement for the additional business as mentioned in the Schedule-9 has been fulfilled
 - (e) Original license of the Merchant Banker.
 - (f) Manpower and infrastructure provisioned to carry out additional business.
 - (3) While reviewing the application made pursuant to the Sub-regulation (1), the Board if deems appropriate, may require the applicant to furnish further information or documents or may seek clarification.

- (4) The Board before issuing license for additional business may make on-site inspection and make enquiry about the infrastructure prepared by the Merchant Banker.
 - (5) The Board after examining the application submitted pursuant to Sub-regulation (2) and upon receiving license fee shall cancel the original license and instead of which shall issue new license.
7. Renewal of License:
 - (1) Those Merchant Bankers obtaining license under these regulations shall have to get the license renewed by applying to the Board in the format prescribed in the Schedule-8, along with annual fee as per the Schedule-2 within three months of the expiry of each financial year.
 - (2) A Merchant Banker who has not applied for renewal within the period as stipulated in the Sub-regulation (1) can not carry out securities business after the expiry of the period until the license is renewed.
8. Suspension and cancellation of license:

The procedure for the suspension and cancellation of license as mentioned in the Section 88 and 89 shall be according to the Nepal Securities Board Related Regulations, 2007.

Chapter 3

PROVISIONS RELATED TO CAPITAL AND OWNERSHIP

9. Minimum Capital and Economic Resources:

The body corporate desirous to carry out Merchant Banking Business pursuant to these regulations shall require to meet the minimum capital requirement as stipulated in the Schedule-9.
10. Provisions related to Ownership:
 - (1) Whatsoever mentioned elsewhere in these regulations, the Board may issue directives to the licensed Merchant Banker requiring it to make public issue stipulating the percentage and time frame as required, for the healthy operation of the Merchant Banking Business.
 - (2) If a foreign individual, company or body corporate intends to have ownership of the Merchant Banker, shall have to obtain permission to invest or operate business in Nepal under the prevailing laws or shall have to obtain permission from the government.
 - (3) Shareholders of the licensed Merchant Banker, excepting those subscribing to publicly issued shares, may sale their shares only to the individual, company or body corporate that are qualified and are not disqualified to own the promoter share under these regulations.
 - (4) Shareholders of the Merchant Bankers, excepting those owning publicly issued shares, shall not sale shares they own within one year from the date of obtaining the license.
11. Disqualification to be a promoter:

- (1) The following persons shall not be qualified to own promoter share of a Merchant Banker:-
 - (a) convicted in the criminal cases of moral turpitude,
 - (b) If convicted in the cases of corruption or fraud, not before the five years of clearing the sentence,
 - (c) If declared insolvent for loan default, not completed five years from the date of such insolvency,
 - (d) Not in the black list of the Credit Information Centre,
 - (e) Directors of the body corporate that failed to get its securities listed after making public issue or that its listing has been cancelled,
 - (f) Directors of the company or body corporate which are having the disqualification as mentioned in the Sub-regulation (2).
- (2) The following company or body corporate shall not be qualified to own the promoter share of a Merchant Banker:-
 - (a) One declared insolvent for loan default,
 - (b) A body corporate having responsibility to make its financial statements public, has failed to make the audited financial statements public continuously for three years.
 - (c) One remaining in the black list of the Credit Information Center,
 - (d) The person with disqualification pursuant to Sub-regulation (1) has been a promoter, director or chief executive.

Chapter 4

PROVISIONS RELATED TO DIRECTOR AND CHIEF EXECUTIVE

12. Appointment of Director and Chief Executive:
 - (1) A Merchant Banker shall have to appoint the directors and chief executive who meet the qualification and do not have any disqualification pursuant to these regulations.
 - (2) In case the Merchant Banker appoints new director or chief executive, the Board shall have to be reported on the director or chief executive as mentioned in the Shedule-3, within seven days of such appointment.
13. Qualification of the Directors and Chief Executive:

The qualification of the directors and the chief executive of the Merchant Banker shall be as follows:-

 - (a) A two-third of the directors including chairman and executive chief shall have a minimum bachelor degree in economics or commerce or finance or accounts or management or commercial law from a recognized educational institution or be a certified chartered account and having a minimum of three years experience in industry, commerce or securities market or accounts, finance or commercial law or in management related functions in financial sector,
 - (b) Possessing Nepali Citizenship
Provided that even a foreign citizen can also be director or chief executive with the approval of the government.

14. Disqualification of directors and chief executive:
The director or chief executive of the Merchant Banker shall not be having the following disqualifications:-
- (a) Insane or of unsound mind,
 - (b) Taking position of benefit in the Board, Stock Exchange or other Merchant Banker Institution,
 - (c) Convicted in the criminal offence of moral turpitude,
 - (d) A person who is declared insolvent or who is director or chief executive of an insolvent company or a body corporate and a period of five years has not elapsed,
 - (e) A person who is in the black list of Credit Information Centre or who is director or chief executive of a company or body corporate that is in such list.
 - (f) A person who remained as director or chief executive in a body corporate that did not get listed after going public or that its listing has been cancelled.
 - (g) Securities business person whose license has been cancelled for the violation Securities Related laws.
15. Continuation of provisions related to Qualification:
- (1) A Merchant Bank shall maintain the qualification required for the directors and chief executive throughout the period of validity of its license
 - (2) The director or chief executive shall be considered to be automatically terminated from date of failing to meeting the qualification pursuant to Sub-regulation (1).
 - (3) Should the situation pursuant to Sub-regulation (2) arise, the Merchant Banker shall require informing the Board and appoint the director or chief executive meeting the qualification and not having any disqualification under these regulations within three months and inform the Board.

Chapter 5

PROVISIONS RELATING TO BUSINESS OPERATION AND FEES

16. Functions of the Merchant Banker:
- (1) Merchant Banker having obtained the license may carry out one or more than one of the following functions:-
 - (a) All the functions related to issue and sales management of securities including drafting of prospectus, offer documents and other related documents,
 - (b) Underwriting by entering into agreement with body corporate and undertake to purchase the unsubscribed portion of securities offered by body corporate,
 - (c) Provide share registration related services such as maintaining register of ownership of securities and execute name transfer on behalf of the body corporate,
 - (d) Provide portfolio management services to the clients by entering into an agreement.

- (2) A Merchant Banker obtaining license under these regulations shall not carry out functions other than Merchant Banking Business,

Provided that such restriction shall not be applicable to banks and financial institutions.

- (3) Notwithstanding anything contained in this regulation Merchant Banker may carry out other securities business pursuant to Section 63 of the Act after obtaining the license.

17. Require to Entering into an Agreement:

- (1) A Merchant Banker before providing Merchant Banking Services shall have to enter into an agreement with the relevant person or body corporate by mentioning the services it provides and rights and obligation of both the service users and providers.
- (2) The agreement so entered pursuant to Sub-regulation (1) shall have to be submitted to the Board within fifteen days of conclusion of the agreement.
- (3) The parties agreeing to provide or use Merchant Banking Services shall be obliged to honor the terms of the agreement.
- (4) The Board may prescribe the format of the agreement to be entered under these regulations.

18. Business may be conducted jointly:

- (1) A Merchant Banker may provide its services in its role as Lead Merchant Banker while appointing other Merchant Bankers as Joint Merchant Bankers
- (2) The Lead Merchant Banker while doing business jointly with joint Merchant Bankers under these regulations shall have to enter into an agreement and report the agreement to the Board.
- (3) A Lead Merchant Banker while rendering service by appointing joint Merchant Bankers shall have to obtain the consent of the related party to whom it is providing its services.

19. Responsibility of Issue Manager:

The Issue Manager shall have responsibility for all the issue related activities inclusive of information and disclosures, opening of the subscription list and collecting money, allotment of securities, refund and distribution of certificates.

20. Responsibility of Share Registrar:

Share Registrar shall have responsibility to execute transfer of securities received after completion of required transfer procedures, verify ownership of securities, maintain the record of the holders of securities and carry out other activities related to share registration.

21. Responsibility of Securities Underwriter:

Securities Underwriter shall have responsibility inclusive of its obligation to subscribe for the unsold portion of the securities it agreed to underwrite and make payment for the security.

22. Responsibility of the Portfolio Manager:
The responsibility of portfolio manager shall be inclusive of entering into agreement with the clients for portfolio management, opening client's accounts, buying and selling securities on behalf of the clients as per the terms of agreement make payment and provide other portfolio related services.
23. Transaction Limit:
The Board, based on the paid up capital or net assets value, may prescribe from time to time, the limit for the business transaction that a Licensed Merchant Banker may carry out under these regulations.
24. Service fee:
- (1) A Merchant Banker may charge fees for providing securities transaction related services according to the Schedule-10.
 - (2) The Merchant Banker shall require submitting five percent of total service fee received from Merchant Banking Business during the year to the Board within one month from the end of the financial year.

Chapter 6

PROVISIONS RELATED TO RECORD, INFORMATION AND DISCLOSURES

25. Maintaining Accounts and Documents:
- (1) A Merchant Banker shall require keeping its books of accounts and prepare financial reports including profit and loss accounts, balance sheet and cash flow statements in the format and standards as prescribed under the prevailing laws.
 - (2) While preparing financial statements by a licensed bank and financial institutions pursuant to Sub-regulation (1), a separate income and expenditure shall have to be prepared in a separate schedule for merchant banking transactions.
 - (3) The Board, from time to time, may prescribe the format for records and statements to be maintained by the Merchant Banker for the merchant banking transactions.
26. Reports to be submitted:
- (1) A Merchant Banker shall submit its audited financial statement for each financial year and business report for the period to the Board within three months from the end of the financial year.
 - (2) A Merchant Banker shall submit semi-annual report of its merchant banking business to the Board within sixty days of the expiry of the semi-annual period.
 - (3) If the reports could not be submitted within the period pursuant to Sub-regulation (1), the Board may, on the application of the Merchant Banker stating appropriate reason thereof, may grant extension for another three months. The Board may

impose fine on the Merchant Banker pursuant to the provisions of the regulation for failure to submit annual report even in the period so extended.

- (4) In consideration to the need for regulating the market, the Board may prescribe the format for the reports to be submitted pursuant to Sub-regulation (1) and (2) and also may require additional information to be disclosed in the report.

27. Require Audit to be done by the Registered Auditor:

A Merchant Banker shall require the audit of its business account to be done by the auditor drawn from list of auditors registered with the Board.

28. Information and Details to be submitted:

- (1) Merchant Banker shall require submitting the Board the following information and details within the time period as mentioned below:-
- (a) In case the Merchant Banker is going to open branch office or liaison office to conduct merchant banking business, information related to it at least seven days before such opening.
 - (b) Information on closure of branch office or liaison office, within seven days of such closure.
 - (c) Information before the amendment in the Memorandum and Articles if such amendment affects the merchant banking business.
- (2) Merchant Banker shall immediately inform the Board on the following matters:-
- (a) Change in address, contact telephone, fax number, email etc.,
 - (b) Any action taken or proceedings initiated under prevailing law against the Merchant Banker or its promoter, director and executive chief,
 - (c) Director or chief executive listed in the black list maintained by Credit Information Center.

Chapter 7 **MISCELLANEOUS**

29. To comply with the Code of Business Conduct:

Merchant Banker shall require complying with the code of business conduct issued by the Board.

30. Provisions related to the Net Capital:

The Board may, from time to time, prescribe the Net Capital requirement for the Merchant Banker.

31. Maintaining the Record of Proceedings:

- (1) The Board shall maintain the record of Merchant Banker or related person who has been taken action according to the law for the violation of Act and non-compliance to the orders or directives issued by the Board.

- (2) The Board may deny giving an access to the services available under the Act to the company, body corporate, natural person or any company or body corporate where such person has been included in the record pursuant to Sub-regulation (1).
32. To be prescribed through the directives or guidelines:
The Board may, from time to time, prescribe additional provisions related to Merchant Banking Business through the issuance of directives and guidelines depending on the requirement.
33. To be According to these Regulations:
These regulations shall be applicable in the matters specified under it and the rest shall be according to other regulations issued under the Act.
34. Amendment or change in the Schedule:
The Board may amend or make changes in the Schedule according to the requirement.
35. Repeal and Saving:
- (1) The provisions related to merchant banking business under the Securities Transaction Regulations, 1993 are hereby repealed.
 - (2) Notwithstanding such repeal, anything done or action taken or proceedings under the said provisions shall be deemed to have been done or taken under corresponding provisions of these regulations.

Schedule-1
(Related to Sub-regulation (1) of Regulation (3))

Format of License Application

Date:-

Ms Securities Board of Nepal

.....

Reference: Granting License to Conduct Merchant Banking Business

We are desirous to conduct the Merchant Banking Business as mentioned below under the Securities Related Act and Regulations, bye-laws, directives and other prevailing laws of Nepal. Hence we, hereby submit this application along with the fee, information and documents as required.

We are qualified and have fulfilled the requirements prescribed to carry out Merchant Banking Business. The attached documents and information is true, factual and estimates are reasonable. We have neither knowingly concealed nor exaggerated the details presented herewith. If convicted to have concealed relevant fact or to have presented wrong document or information, we hereby submit to bear with consequences according to the terms of the law.

Merchant Banking Business Applied for:-

Issue Management ()
Securities Underwriting ()
Share Registration ()
Portfolio Management ()

Chief Executive:

Name:

Signature:

Applicant body corporate:

Name:

Address: Zone..... District..... VDC/Municipality

Locality (Tole)..... Block No. Tel No Fax..... email.....

Seal of body corporate

Schedule-2
(Related to Sub-regulation (1) of Regulation 3, Sub-regulation (3) of Regulation 4
and Sub-regulation (1) of Regulation 5)

Application fee, license fee and annual fee

Type of Merchant Banking Business	Application fee	License fee	Annual fee
Issue Management, Rs	10,000	150,000	75,000
Share Registration, Rs	10,000	50,000	25,000
Securities Underwriter, Rs	10,000	150,000	75, 000
Portfolio Management, Rs	10,000	50,000	25,000

Note:

1. Applicant submitting application for all types of Merchant Banking Business prescribed under these regulations may submit Rs 25,000 as application fee, Rs 350,000 as license fee and Rs 150,000 as annual fee in a lump sum.
2. Merchant Banker conducting all types of Merchant Banking Business prescribed in this regulation may submit Rs 150,000 as annual fee in a lump sum.

Schedule-3

(Related to Part (a) of Sub-regulation (2) of Regulation 3 and part (e) of Sub-regulation (1) of Regulation 5 and Sub-regulation (2) of Regulation 12)

Profile of the director/ chief executive

Photo

Name:

Permanent address: Zone....District....VDC/Municipality....

Tole (area): Ward No.....House/Block No...Phone...Email...

Present address: Zone...District...VDC/Municipality

Tole (area)...Ward No...House/Block No...Phone No...Fax...Email...

Father's Name:

Grand father's Name:

Name of husband or wife:

Academic qualification:

Professional experience:

Training:

In case holding one percent or more or occupying a position of benefit in other company or body corporate, relevant details:

In case of having family relation with other promoter, director or chief executive of the Applicant Company or body corporate, related information;

In case any action taken or action pending under the Securities or other law against self or related company or body corporate, details thereof:

Declaration on having fulfilled qualification required for and not having disqualification as stipulated for the director or chief executive of the Merchant Banker.

Signature.....

Document to be attached:

1. Copy of documents to verify qualification, experience and affiliation, if any with other institutions.
2. Copy of citizenship certificate

Schedule-4
(Related to Part (b) of Sub-regulation (2) of Regulation 3)

Information and documents related to the applicant body corporate

- a. Copy of registered certificate
- b. Copy of memorandum and articles
- c. Copy of related act and subsidiary rules and by-laws in case of body corporate established under special act
- d. Feasibility study report by the type of merchant banking activities proposed by the applicant
- e. Three years business plan of the merchant banking activity including projected financial statements for the coming three year
- f. Copy of decision of the board of directors regarding to obtaining of the license
- g. Document to verify paid up capital
- h. Details on share ownership of the promoters
- i. Name, full address, contact telephone and share ownership of the owners with five percent or more of the paid up capital
- j. Audited financial statements of the last financial year in the format and accounting standards prescribed by law
(If the body corporate has not completed fiscal year after establishment may produce updated financial statement for the interim period verified by the management)
- k. Description regarding the location of the proposed merchant banking business office, space area, office equipments, means of communication and manpower related information.
- l. Information related to organization and job description planned for the Merchant Banking Business.
- m. If ownership held in other company or body corporate, related information.

Schedule-5
(Related to part (c) of Sub-regulation (2) of Regulation 3)

Information and documents to be submitted related to the Promoter Company or Body Corporate

- (a) A Copy of registered certificate,
- (b) A Copy of Memorandum and Articles each
- (c) A copy of the act and related regulation and bylaws if established under any special act,
- (d) A decision of the board of directors regarding the investment in the body corporate which is desirous to function as a Merchant Banker,
- (e) Audited financial statement of the previous financial year prepared in accordance with format and standards prescribed by the prevailing law and also annual report prepared with the inclusion of information related to the operation of its business during the year. (Updated financial statement and operation report verified by the management may be presented in case of company or body corporate which has not completed the financial year after establishment)
- (f) Name, full address, contact telephone number and information on the stake in ownership if holding a five percent or more in the paid up capital
- (g) Declaration of the company or body corporate that it does not have disqualification to acquire ownership of the Merchant Banker as per this Regulation.
- (h) In case any action was taken or proceeding is going on against the company, body corporate or director or chief executive under the Securities Related or other law such related information.
- (i) In case the company or body corporate has ownership in other company or body corporate, such related information.
- (j) The following information and documents related to the directors and chief executive:-
 - Name and full address
 - In case of ownership or holding any position of benefit, related information

(Note: Applicable information and document may be presented if a foreign company or body corporate is promoter of the Merchant Banker)

Schedule-6
(Related to part (d) of Sub-regulation (2) of Regulation 4)

Information related to the human resources

S.No.	Full Name	Address	Position	Job responsibility	Academic qualification	Work experiences

Schedule-7
(Related to Sub-regulation (3) of Regulation 4 and Sub-regulation (3) of Regulation 5)

Securities Board of Nepal
Kathmandu.

Securities Businessperson (Merchant Banker) License

License No.....

This license has been issued to M/S,with head office at.....to carry out the functions mentioned below as Securities Businessperson (Merchant Banker) under the Securities Related Act and subsidiary Regulations, Directives and other prevailing laws

Issue and Sales Management
Securities Underwriting
Share Registration
Portfolio Management

This license shall be valid until unless renewed

Authorized Signature:
Name:
Position:
Date:
Seal of the Board:

Schedule-8
(Related to Sub-regulation (1) of Regulation 7)

Format of Application for Renewal of License

Date:-.....

M/S Securities Board of Nepal
.....

Reference: License Renewal

The license to carry out function as Merchant Banker under the Securities Businessperson (Merchant Banker) Regulation, 2008 is valid until I hereby submit this application along with the license and the annual fee and request for the renewal of the license.

Authorized Signature:

Name:

Position:

Seal of body corporate:

Schedule-9
(Related to Sub-regulation (1) of Regulation 9)

Paid up Capital (Minimum)

In rupees

1. Issue Manager	30,000,000
2. Securities Underwriter	40,000,000
3. Share Registrar	10,000,000
4. Portfolio Manager	10,000,000

Note: Applicant requesting for all types of Merchant Banking Business as prescribed under these regulations shall require having at least Rs.70, 000,000 as paid up capital.

Schedule-10
(Related to Sub-regulation (1) of Regulation 24)

Service Fees

Merchant Bankers may charge following fees for their services:

1. Service charge of a maximum two percent on the amount of issue for the issue management services either through public issue or circular method
2. Service charge of maximum four percent on the amount underwritten for the underwriting of securities for the public issue or issue through circular method.
3. A service fee of Rs 10 may be charged for execution of securities transfer. Also the annual service fee of the Merchant Banker functioning as Share Registrar shall be as according to the agreement between the Merchant Banker and the body corporate.
4. Service fee chargeable from the client for Portfolio Management shall be as per the agreement between the Merchant Banker and the client