Role of Intermediaries in Fund Raising

Lesson 17

KEY CONCEPTS

■ Intermediaries ■ Investment Adviser ■ Financial Planning ■ Risk Profiling ■ Suitability ■ Merchant Banker ■ Portfolio Manager ■ Disclosure Document

Learning Objectives

To understand:

- Various Intermediaries associated with the Primary Market
- Role and Responsibilities of Investment Adviser, Merchant Banker and Portfolio Manager
- Regulatory framework governing Investment Adviser, Merchant Banker, Portfolio Manager
- Role of a Company Secretary

Lesson Outline

- Introduction
- Investment Advisers (IAs)
- SEBI (Investment Advisers) Regulations, 2013
- Responsibilities of an Investment Adviser
- Disclosure to clients
- Administration and Supervision of IAs
- Exemptions from registration under IA Regulations
- Major Developments/Amendments to be considered by Investment Advisers
- Liability for action in case of default
- Summary of the provisions of SEBI (IA) Regulations
- Merchant Bankers
- SEBI (Merchant Bankers) Regulations, 1992
- Role of Merchant banker in an IPO
- Responsibilities of Merchant bankers
- General Obligations and Responsibilities of Merchant Banker
- Activities and Timelines – IPO
- Portfolio Managers
- SEBI (Portfolio Managers) Regulations, 2020
- General responsibilities of a Portfolio Manager
- Role of a Company Secretary
- Lesson Round-Up
- Test Yourself
- List of Further Readings
- Other References

REGULATORY FRAMEWORK

- SEBI (Investment Adviser) Regulations, 2013
- SEBI (Merchant Bankers) Regulations, 1992
- SEBI (Portfolio Managers) Regulations, 2020
- SEBI (Intermediaries) Regulations, 2008

INTRODUCTION

Intermediaries are an integral part of securities market. They are the facilitators ensuring seamless functioning of securities market. SEBI regulates various intermediaries in the primary markets through Regulations for these intermediaries. These Regulations allow SEBI to inspect the functioning of these intermediaries and to ensure that their conduct is market appropriate and fair.

Market intermediaries, being a vital link between regulators, issuers and investors, constitute one of the various components of the financial market. They play a very important role in development of the market by providing a variety of services. SEBI is responsible for the registration, supervision, compliance monitoring and inspections of all market intermediaries in respect of all segments of the markets viz. equity, equity derivatives, currency derivatives, debt and debt related derivatives and commodity derivatives.

Regulation of market intermediaries has following objectives:

i. To ensure regulation of the segment

ii. To protect investors

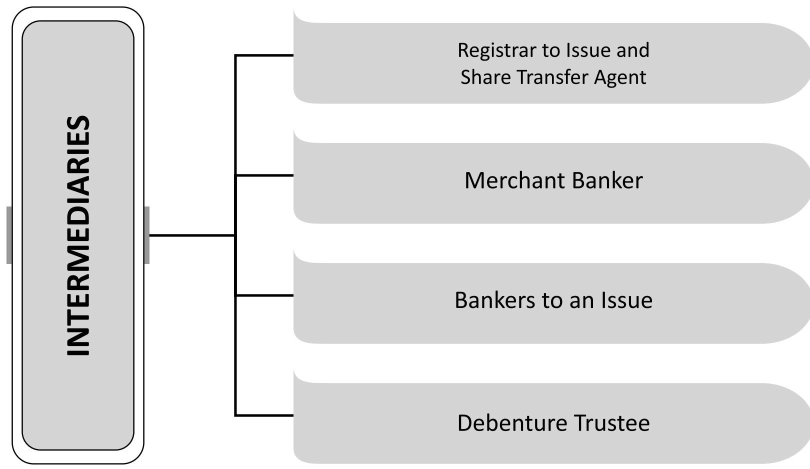
iii. To protect client assets from insolvency of the intermediaries and guarding against defaults as well as sudden disruption in the market;

iv. To ensure that the intermediaries are fair and diligent in dealing with their clients; and

v. To reduce conflict of interest.

The regulation sets qualifying standards, prudential standards, internal controls and risk management standards and enforces a code of conduct. In order to enhance investor confidence, it is necessary that all the intermediaries maintain high standards of integrity and fairness and also act with due skill, care and diligence in conducting their business with high levels of compliance. The various intermediaries' regulations have been framed under the SEBI Act, 1992 and the Depositories Act, 1996 for registration and regulation of all market intermediaries. Under these acts, the government and SEBI issue notifications, guidelines and circulars that market intermediaries need to comply with. SEBI's regulations aim to ensure that intermediaries offer quality services to stakeholders, besides fair and sound conduct and compliance practices.

The Intermediaries associated with the Primary Market are:



INVESTMENT ADVISERS

Who is an Investment Adviser?

In terms of the SEBI (Investment Advisers) Regulations, 2013 ('IA Regulations'), **Investment Adviser (IA)** is a person who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes a part-time investment adviser or any person who holds out as an investment adviser, by whatever name called.

Investment Advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities and advice on investment portfolio containing securities, whether written, oral or through any other means of communication for the benefit of the client and includes financial planning.

Advice exclusively relating to non-securities market which is regulated by sectoral regulators through registration etc. is outside the scope of these regulations. However, advice on the portfolio which contains securities or investment products is covered within the scope of these regulations and includes financial planning.

Advice given through newspaper, magazines, any electronic or broadcasting or telecommunications media, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations. However, trading calls shall not considered as investment advice.

SEBI (Investment Advisers) Regulations, 2013

Since there was a proliferation of investment advisors in the country, there arose a need to regulate them. In order to regulate the entities who for consideration, are engaged in the business of providing investment advice to investors, SEBI came up with SEBI (Investment Advisers) Regulations, 2013 **('IA Regulations')**.

In terms of the IA Regulations, a person shall not act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from SEBI on and from the commencement of IA Regulations unless an exemption specifically applies.

928 Investment Advisers are registered with SEBI as on April 03, 2025

If any person found to be engaged in providing investment advisory services without getting registered with SEBI, appropriate action as deemed fit, under the Investment Advisers Regulations and the SEBI Act, 1992 may be initiated.

Question 1: Whether insurance agent or insurance broker is exempted from obtaining registration under IA Regulations?

Answer: Insurance Agents or Insurance Brokers registered with IRDA who provide advice in various insurance products across manufacturers shall be regulated by IRDA only. If such Insurance Agents or Insurance Brokers expand their activities to include investment advice on other financial products, then they shall be register and be regulated under the IA Regulations for financial products other than insurance products.

Question 2: Whether a person acting in multiple capacities such as insurance agent, pension advisor, mutual fund distributor, etc. is exempted from obtaining registration under IA Regulations?

Answer: A person acting in multiple capacities such as insurance agent, pension advisor, mutual fund distributor, etc. planning to expand his/her scope of activities to include investment advice on other financial products or engaged in the financial planning of the clients may be registered and regulated under IA Regulations for advising on such other financial products or financial planning of the clients.

Responsibilities of an Investment Adviser

- An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.
- An investment adviser shall not receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying products or securities for which advice is provided.
- An investment adviser shall maintain an arms-length relationship between its activities as an investment adviser and other activities.
- An investment adviser which is also engaged in activities other than investment advisory services shall ensure that its investment advisory services are clearly segregated from all its other activities, in the manner as prescribed hereunder.
- An investment adviser shall ensure that in case of any conflict of interest of the investment advisory activities with other activities, such conflict of interest shall be disclosed to the client.
- An investment adviser shall not divulge any confidential information about its client, which has come to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force.
- An investment advisor shall not enter into transactions on its own account which is contrary to its advice given to clients for a period of 15 days from the day of such advice.
- An investment advisor shall follow Know Your Client procedure as specified by SEBI from time to time.
- An investment adviser shall abide by Code of Conduct as specified in Third Schedule of the SEBI (IA) Regulations, 2013.
- An investment adviser shall not act on its own account, knowingly to sell securities or investment products to or purchase securities or investment product from a client.
- In case of change in control of the investment adviser, prior approval from the SEBI shall be taken.
- Investment advisers shall furnish to the SEBI information and reports as may be specified by the SEBI from time to time.
- It shall be the responsibility of the investment adviser to ensure compliance with the certification and qualification requirements at all times.

- An investment adviser who uses Artificial Intelligence tools, irrespective of the scale and scenario of adoption of such tools, for servicing its clients shall be solely responsible for the security, confidentiality, integrity of the client data, use of any other information or data to arrive at investment advice, investment advice based on output of Artificial Intelligence tools and compliance with any law for the time being in force.

- An investment adviser shall ensure compliance with the Investor Charter specified by the SEBI.

Redressal of client grievances

- An investment adviser shall redress client grievances promptly but not later than twenty-one calendar days from the date of receipt of the grievance.
- An investment adviser shall have adequate procedure for expeditious grievance redressal.
- Client grievances pertaining to financial products in which investments have been made based on investment advice, shall fall within the purview of the regulator of such financial product.
- Any dispute between the investment adviser and his client shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration in accordance with the procedure specified by SEBI or through Ombudsman authorized or appointed for the purpose by any regulatory authority, as applicable.

In its continuous pursuit of protection of interests of investors in the securities market, SEBI has launched the new version of the SEBI Complaint Redress System (SCORES 2.0) on April 1, 2024. The new version of SCORES strengthens the investor complaint redress mechanism in the securities market by making the process more efficient through auto-routing, auto-escalation, monitoring by the 'Designated Bodies and reduction of timelines. The new SCORES system has also been made more user friendly. SCORES is an online system where investors in securities market can lodge their complaints through web URL and an App.

The website URL for SCORES 2.0 from April 01, 2024 is *https://scores.sebi.gov.in.* The salient features of SCORES 2.0 are as follows:

i. Reduced and uniform timelines for redressal of investor complaints across the Securities Market i.e. 21 Calendar days from date of receipt of complaint.

ii. Introduction of auto- routing of complaints to the concerned regulated entity so as to eliminate time lapses, if any, in the flow of complaints.

iii. Monitoring of the timely redress of the investors' complaints by the 'Designated Bodies'.

iv. Providing two levels of review: First review by the 'Designated Body' if the investor is dissatisfied with the resolution provided by the concerned regulated entity. Second review by SEBI if the investor is still dissatisfied after the first review.

v. Introduction of auto-escalation of complaint to the next level in case of non- adherence to the prescribed timelines by the regulated entity or the Designated Body as the case may be.

vi. Integration with KYC Registration Agency database for easy registration of the investor on to SCORES

Appointment of compliance officer

A non-individual investment adviser shall appoint either:

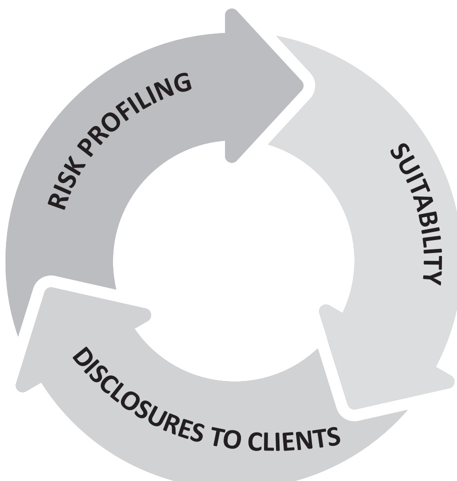
(i) a compliance officer; or

(ii) an independent professional who is a member of Institute of Chartered Accountants of India or **Institute of Company Secretaries of India** or Institute of Cost Accountants of India or member of any other professional body as may be specified by the SEBI, provided such a professional holds a relevant certification from NISM, as may be specified by the SEBI;

who shall be responsible for monitoring the compliance by the investment adviser in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the Board.

Where independent professional as mentioned above is appointed for monitoring compliance, the principal officer shall submit an undertaking to the SEBI or the body or body corporate recognized under regulation 14 of these regulations to the effect that the principal officer shall be responsible for monitoring the compliance in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the SEBI.

Key Parameters



A. Risk Profiling

Investment adviser shall ensure that it obtains from the client, such information as is necessary for the purpose of giving investment advice, including the following :

- age;
- investment objectives including time for which they wish to stay invested, the purposes of the investment;
- income details;
- existing investments/ assets;
- risk appetite/ tolerance;
- liability/borrowing details.

The Investment adviser ought to have a process for assessing the risk a client is willing and able to take, including assessing a client's capacity for absorbing loss, identifying whether client is unwilling or unable to accept the risk of loss of capital and appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.

B. Suitability

An Investment adviser shall ensure that -

- All investments on which investment advice is provided is appropriate to the risk profile of the client;
- It has a documented process for selecting investments based on client's investment objectives and financial situation;
- It understands the nature and risks of products or assets selected for clients;
- It has a reasonable basis for believing that a recommendation or transaction entered into:
    - meets the client's investment objectives;
    - is such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance;
    - is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction.

Whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upon a reasonable assessment that the structure and risk reward profile of financial product is consistent with client's experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.

C. Disclosure to clients

An investment adviser shall :

- disclose to a prospective client, all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services, affiliations with other intermediaries and such other information as is necessary to take an informed decision on whether or not to avail its services.
- disclose to the client its holding or position, if any, in the financial products or securities which are subject matter of advice.
- disclose to the client any actual or potential conflicts of interest arising from any connection to or association with any issuer of products/ securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of investment advisory services.
- disclose all material facts relating to the key features of the products or securities, particularly, performance track record.
- draw the client's attention to the warnings, disclaimers in documents, advertising materials relating to an investment product which it is recommending to the client.
- An investment adviser who provides advisory services in respect of products or services which are outside the purview of the Board, shall disclose to the client that such products or services and his advisory services in respect of such products or services are outside the regulatory purview of SEBI and no recourse from the SEBI shall be available to such clients for any grievance arising

therefrom. An investment adviser shall also disclose to the client the extent of use of Artificial Intelligence tools in providing investment advice.

Administration and Supervision of IAs

SEBI IA Regulations provide that SEBI may recognise any body or body corporate for the purpose of administration and supervision of Investment Advisors. Accordingly, SEBI vide circular dated June 18, 2021 has provided the framework for administration and supervision of Investment Advisers under IA Regulations and has recognised BSE Administration & Supervision Limited (BASL), a wholly owned subsidiary of BSE Limited as "*Investment Adviser Administration and Supervisory Body"* ("IAASB"). IAASB shall also be responsible for grievance redressal of clients and IAs, taking administrative actions against IAs, monitoring activities of IAs through periodic reporting, maintenance of database of IAs and submission of periodic reports to SEBI.

Exemptions from registration under IA Regulations

The following entities have been *inter alia* provided exemptions from registration under the SEBI IA Regulations:

a) Any person who gives general comments in good faith in regard to trends in the financial or securities market or the economic situation where such comments do not specify any particular securities or investment product;

b) Entities which are providing advice/incidental advice to their primary activity and are regulated by the respective regulator/self-regulatory body/institute. These include-

   i. Insurance agent or insurance broker;

   ii. Any pension advisor;

   iii. Any distributor of mutual funds;

   iv. Any advocate, solicitor or law firm;

   v. Any member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost and Works Accountants of India, Actuarial Society of India or any other professional body;

   vi. Any stock broker, portfolio manager or merchant banker registered under respective SEBI Regulations, who provides any investment advice to its clients incidental to their primary activity:

   However, such intermediaries shall comply with the general obligation(s) and responsibilities as specified in Chapter III of these regulations.

   vii. Any fund manager of a mutual fund, alternative investment fund or any other intermediary, by whatever name called.

c) Any person who provides investment advice exclusively to clients based out of India (except Non-Resident Indian or Person of Indian Origin).

Mandate for periodic reporting – latest reform on monitoring of Investment Advisors:

On May 21, 2024, SEBI issued a master circular mandating periodic reporting for Investment Advisers. SEBI has also recognized Investment Advisers Administration and Supervisory Body ("IAASB") for the purpose of administration and supervision of Investment Advisers ("IAs") under regulation 14 of the IA Regulations.

To improve transparency and protect investors from misleading financial advice circulating on social media, SEBI, vide this Master Circular, also mandated investment advisors to disclose details of their social media presence twice a year. This move comes amidst growing concerns about unregistered influencers and even registered advisors misusing social media platforms to provide unauthorized or misleading investment tips.

The IAASB has to be provided information on:

a. accounts, pages, channels, or other social media platforms used by the advisors.

b. detailed information regarding various aspects of their operations.

c. details about bank accounts established for receiving advisory fees, disclose their office addresses, share information about their shareholding patterns, and provide information about any advertisements they have issued.

d. half-yearly reports on September 30 and March 31 of every financial year.

SEBI's move aims to enhance transparency and accountability in the financial advisory sector, ensuring that investors are protected from unsolicited or unverified advice on social media platforms.

Major Developments/Amendments to be considered by Investment Advisers

In order to strengthen the IA Regulations further, SEBI made certain amendments to the IA Regulations vide SEBI (Investment Advisers) (Amendment) Regulations, 2020 with effect from September 30, 2020. It includes strengthening of educational and experience criteria, Net worth requirements, fees charged by IAs, compliance with respect to Audit requirements etc. In this regard, SEBI vide circular dated September 23, 2020 issued guidelines to Investment Advisers. These amendments are intended to strengthen the regulatory framework for investment advisers.

Some of the key regulatory changes include:

A. Segregation of Advisory & Distribution Activities

- Segregation of Advisory & Distribution Activities at client level to avoid conflict of interest.
- An individual investment adviser shall not provide distribution services.
- A non-individual investment adviser shall have client level segregation at group level for investment advisory and distribution services and maintain an arm's length relationship between its activities as investment adviser and distributor by providing advisory services through a separately identifiable department or division.

B. Implementation services

Investment Advisers are allowed to provide implementation services (Execution) through direct schemes/products in the securities market. However, no consideration can be received directly or indirectly, at investment adviser's group or family level for these services.

C. Agreement between Investment Adviser and client

Mandatory agreement to be entered between Investment Adviser and the client or ensuring greater transparency with reference to advisory activities.

D. Fees

The fee charged by the Investment Adviser for providing Investment Advice from a client shall be in the manner as specified by SEBI.

E. Eligibility Criteria for IAs

- An investment adviser shall maintain a deposit of such sum, as specified by SEBI. The deposit shall be maintained with a scheduled bank marked as lien in favor of a body or body corporate recognized by the SEBI for the purpose of administration and supervision of investment advisers .
- Individual investment adviser or a principal officer of a non-individual investment adviser to have enhanced professional or graduate or post-graduate qualification in relevant subjects.
- Individuals registered as investment advisers whose number of clients exceed 300 in total, shall apply for registration with SEBI as non-individual investment adviser.

Dealing in unregulated products by SEBI registered Investment Advisers

SEBI took note that some registered Investment Advisers are engaged in unregulated activity by providing platform for buying/ selling/ dealing in unregulated products including digital gold.

Hence SEBI issued a caution on October 21, 2021, stating that undertaking such unregulated activity including dealing (i.e., advisory, distribution and execution/ implementation services) in digital gold by Investment Advisers is not in accordance with the provisions of Section 12(1) of the SEBI Act, 1992 read with the SEBI (Investment Advisers) Regulations, 2013.

Investment Advisers were advised to refrain from undertaking such unregulated activities. SEBI has said that dealing in any unregulated activity by Investment Advisers may entail action as deemed appropriate under the SEBI Act, 1992 and regulations framed thereunder.

Liability for action in case of default

An investment adviser who –

- contravenes any of the provisions of the Act or any regulations or circulars issued thereunder;
- fails to furnish any information relating to its activity as an investment adviser as required by the SEBI;
- furnishes to the Board information which is false or misleading in any material particular;
- does not submit periodic returns or reports as required by the SEBI;
- does not co-operate in any enquiry, inspection or investigation conducted by the SEBI;
- fails to resolve the complaints of investors or fails to give a satisfactory reply to the SEBI in this behalf,

shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

Summary of the provisions of SEBI (Investment Advisers) Regulations, 2013

Summary of the provisions of SEBI IA Regulations is given below for easy reference:

Area	***Provisions of IA regulation***
Who can seek registration	Individuals, partnership firms, Corporates, LLP
What role is performed	Advice relating to investing in, **purchasing, selling or otherwise dealing in securities**, and advice on investment portfolio containing securities, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.

Area	*Provisions of IA regulation*
Qualification Experience and Certifications	Graduate/Professional Qualification/Post Graduate
Deposit	Investment Adviser to maintain deposit as specified
Cap on Fees	Fixed fee of INR 1.25 lacs p.a. or 2.5% of Assets under Advice (AUA) per client per annum.
Agreements	Compulsory
Risk profiling and suitability	Required
Execution Services	IA can provide execution services without taking any consideration.
Handling of Investor Grievances	Yes, Regulation 21 deals with Investor Grievances.
Client Level Segregation requirement	Yes, Segregation of clients on Family/Group Level.
Restriction on enrolling number of clients under Individual License	Yes, 300 clients for individual IAs
Free trials	Not allowed
Receiving Fees in advance	Allowed, only up to 2 quarters
Receipt of fees in Cash	Not allowed, only accept payment through payee crossed cheque/ DD or by way of direct credit into their bank account through NEFT/ RTGS/IMPS/UPI.
Display of complaints status on website	Required to display status of complaints on website
Requirement of Principal officer in non-individual entity and Person associated with Advice/ Research	Yes
Maintenance of record of client interactions	Required

MERCHANT BANKERS

Who is a Merchant Banker?

Merchant Banker means any person who is engaged in the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management.

SEBI (Merchant Bankers) Regulations, 1992

SEBI notified SEBI (Merchant Bankers) Regulations, 1992 to regulate the activities of Merchant Bankers. Any person may make an application to SEBI for grant of a certificate of registration to act as Merchant Banker in Form A which shall be accompanied by a non-refundable application fee. **The Capital adequacy requirement to register as a Merchant Banker is a net worth of not less than 5 crore rupees.**

230 Merchant Bankers are registered with SEBI as on April 04, 2025

The application shall be made for any one of the following categories of the merchant banker namely:—

(a) Category I, that is—

- to carry on any activity of the issue management, which will, inter alia, consist of preparation of prospectus and other information relating to the issue, determining financial structure, tie up of financiers and final allotment and refund of the subscriptions; and
- to act as adviser, consultant, manager, underwriter, portfolio manager.

(b) Category II, that is to act as adviser, consultant, co-manager, underwriter, portfolio manager.

(c) Category III, that is to act as underwriter, adviser, consultant to an issue.

(d) Category IV, that is to act only as adviser or consultant to an issue.

As per Section 6(a) of SEBI (Merchant Bankers) Regulations, 1992 a Merchant Banker should be a body corporate as defined in Section 2(11) of the Companies Act, 2013. Applicants which are LLPs are also considered as Body Corporates, and hence are eligible to make an application as Merchant Banker. However, a sole proprietor is not eligible to be a Merchant Banker.

As per regulation 9A, registrations granted under regulation 8 of SEBI (Merchant Bankers) Regulations, 1992, shall be subject to the condition that where the merchant banker proposes change in control, it shall obtain prior approval of SEBI for continuing to act as such after the change.

Role of Merchant banker in an IPO

A merchant banker or the investment banker plays a pivotal role in any public issue. A merchant banker has to be registered with SEBI. In a book built IPO, Merchant bankers are known as Book Running Lead Managers (BRLMs).

A Merchant Banker manages the entire IPO / FPO/ right issue from beginning to end, right from getting the prospectus filed and approved by SEBI to determining the price range to making the selling and market plan for the IPO as well as post listing support is all handled by the merchant bankers. A merchant banker is the nodal contact point for everything pertaining to the issue.

The past track record and credibility of the merchant bankers matters a lot since most investors tend to invest in IPOs based on the reputation of merchant bankers. SEBI has stipulated that the same also be disclosed in the offer document as well as in the advertisement. Investors normally prefer merchant bankers with a strong pedigree, who have handled many IPOs successfully in the past as well as those merchant bankers whose IPOs have generally done well post listing.

Responsibilities of Merchant bankers

1. **A Merchant Banker has the following responsibilities**
   - Overall transaction management responsibility.
   - Navigating transaction strategy including structuring, timeline and execution.
   - Conducting due diligence and Participating in Drafting sessions.
   - Co-ordination with all parties involved in the transaction; Liaison with SEBI and Stock Exchanges.
   - Coordinating Research Briefing, Pre-marketing, Management Roadshows and Marketing the Issue.
   - Managing the Book of Demand, Advising on Pricing and Allocation.
   - Assisting in managing post issue formalities.
2. **Co-ordination with other intermediaries – IPO**

   A Merchant Banker has to coordinate with all intermediaries to ensure the success of IPO.
3. **Issuer's Domestic Counsel**
   - Advising Company for compliance with domestic regulations applicable to them.
   - Drafting and coordinating approvals relating to offering as applicable.
   - Conducting due diligence and drafting of certain sections of DRHP/RHP/Prospectus.
   - Drafting of Escrow and Syndicate Agreement.
   - Providing legal opinion to Issuer and Underwriters and assisting in 'Closing' an issue.
4. **Underwriters Domestic Counsel**
   - Conducting due diligence and reviewing of DRHP/RHP/Prospectus.
   - Advising Underwriters on compliance with domestic regulations.
   - Drafting Underwriting Agreement; Provide legal opinion and assisting in 'Closing'.
5. **International Counsel**
   - Conducting due diligence and drafting of primarily Business, MD&A and Risk Factors for the DRHP / RHP / Prospectus.
   - Primary responsibility for compliance with international regulations relating to offering and selling restrictions and preparation of "International Wraps".
   - Drafting Underwriting Agreement; Negotiating Comfort Letter and Co-ordination with Auditors.
   - Provide legal opinion and assisting in 'Closing'.
6. **Statutory Auditors**
   - Provide Auditors Report and requisite certificates.
   - Provide comfort letter.
   - Provide inputs on certain sections of DRHP, relating to financials.

7. **Printers**
   - Printing of DRHP / RHP, Prospectus, application forms and other stationery.
8. **Registrar to the Issue**
   - Analysis of e-book.
   - Coordinating with Escrow Bankers/SCSBs, BRLMs for submitting reports to SEBI.
   - Prepare documents for finalizing Basis of Allotment post weeding out technical rejections.
   - Arranging for refunds, Demat credit etc.
9. **Advertising / PR Agency**
   - Corporate and Issue advertising.
   - Public relations.
   - Managing logistics for roadshows.
10. **Depository**
    - Tripartite Agreement.
    - Dematerialization of the company's shares.
    - Demat transfers of shares.
    - Credit of shares to allottees.
11. **Escrow collection Banks**
    - Collection of application moneys from Anchor Investors.
    - Provide final certificates.
    - Assist in post-issue.
12. **Self-Certified Syndicate Bank(s) or SCSB(s)**
    - To receive bids and block bid amount in the investor's bank account based on applications submitted.
    - To provide FC on account transfer/ unblock funds post finalization of basis of allotment.
    - To address investor grievances on account of ASBA bids.

General Obligations and Responsibilities

- Every merchant banker shall abide by the Code of Conduct as specified in Schedule III.
- Merchant banker not to associate with any business other than that of the securities market.
- Every merchant banker shall keep and maintain books of account, records and documents namely copy of balance sheet, profit and loss account, auditor's report etc. and shall preserve the books of account and other records and documents maintained for a minimum period of 5 years.

- Every merchant banker shall furnish to the SEBI half-yearly unaudited financial results when required by the SEBI with a view to monitor the capital adequacy of the merchant banker.
- Every merchant banker acting as an underwriter shall enter into an agreement with each body corporate on whose behalf it is acting as an underwriter.
- A merchant banker acting as an underwriter shall not derive any direct or indirect benefit from underwriting the issue other than the commission or brokerage payable under the agreement for underwriting entered with client.
- A merchant banker shall disclose to the SEBI its responsibilities, change in the information or particulars previously furnished, names of the body corporate whose issues it has managed or has been associated with.
- The merchant banker shall submit a periodic report in such manner as may be specified by the SEBI from time to time.

Activities and Timeline – IPO

Largely, the Book Running Lead Managers role will include the following:

(a) providing advice on financial aspects of the Offering including, inter alia, advice as to the pricing, timing and structure of the Offering, and the allocation of shares to investors and acting as bookrunners of the Offering;

(b) advising on the appointment of other professional advisers necessary and appropriate for the Offering;

(c) co-ordinating the activities of other members of the Syndicate;

(d) together with legal counsel and other professional advisers appointed for the Offering by the Selling Shareholders, the Promoter Selling Shareholders and the Company, advising on and assisting in the preparation, printing and distribution of a detailed prospectus (the "Prospectus") in connection with the Offering;

(e) advising the Selling Shareholders, the Promoter Selling Shareholders and the Company on determining the price range and pricing for the Offering;

(f) co-ordinating the work of the Selling Shareholders, the Promoter Selling Shareholders and the Company's other advisers in the Offering;

(g) advising on marketing strategy and development of an equity story and an appropriate marketing campaign in respect of both the institutional and retail offerings;

(h) assisting, together with other advisors and legal counsel, as appropriate, the Selling Shareholders, the Promoter Selling Shareholders and the Company in making an application for the listing of its Securities on the NSE and the BSE;

(i) assisting, together with other advisors and legal counsel, as appropriate, the Selling Shareholders, the Promoter Selling Shareholders and the Company in furnishing reports, certificates and other information as may be required by the Securities and Exchange Board of India ("SEBI") and any other governmental or regulatory authority in connection with the Offering;

(j) assisting, together with other advisors and legal counsel, as appropriate, with the completion of the necessary due diligence exercise.

A granular, indicative list of activities with the necessary timeline for an IPO and the role of the Merchant banker is as follows:

Activity	***Indicative Timeline***	***Merchant Banker to co-ordinate with***
Board Meeting approves IPO	X	Issuer
Appointment of Merchant Banker (MB)	X	Issuer
Commence preparation of information as per MBs request list	X+1	Issuer
Commence work with Auditors on preparing information as per SEBI requirements	X+1	Issuer/Auditor/MB
Zero draft (rough skeleton) of the draft RHP circulated	X+2	lawyers
Mail the notice of AGM to shareholders	X+4	Issuer
Appointment of Registrar, Banker, Advertising Agency and Registrar to the Issue	X+5	Issuer
Submit copy of the memorandum and articles of association of the company for stock exchange clearance	X+5	Issuer
Commence work on descriptive information on business, operations etc.	X+7	Issuer
Data Room ready for Due-diligence	X+7	Issuer
Finalize business plans and outlook	X+7	Issuer
Presentation from key business heads for Offer Document preparation and due diligence interviews (2 days)	X+9	Issuer
1st draft of draft Red Herring Prospectus circulated	X+13	MB
Circulate the pending/additional information request list	X+13	MB
Issuer to provide comments on draft Red Herring Prospectus	X+20	Issuer
1st Drafting Session (2 days)	X+22	Issuer / Lawyer
Additional information to be provided by Issuer	X+23	Issuer
2nd draft of draft Red Herring Prospectus circulated	X+26	Issuer, Lawyer
Issuer to provide comments on 2nd draft of the Red Herring Prospectus	X+28	Issuer
2nd Drafting Session (2 days)	X+30	Issuer, Lawyer

Activity	***Indicative Timeline***	***Merchant Banker to co-ordinate with***
AGM for shareholder approval of IPO and increase in authorised capital	X+30	Issuer
Stock exchange to provide comments, if any, on the Memorandum & Articles	X+30	Stock Exchanges
Complete Appointment of other Intermediaries	X+31	Issuer
Any additional information for draft Red Herring Prospectus	X+32	Issuer
File applications to FIPB and RBI	X+32	Issuer/ Lawyer
Draft Red Herring Prospectus finalised	X+35	Issuer / Lawyer
Issue of Comfort Letter by Auditors and Legal Counsel	X+35	Auditor / Legal Counsel
Adoption and signing of Draft Red Herring by Issuer's Board	X+36	Issuer
Filing of Draft RHP with SEBI / Stock Exchanges	X+37	Issuer
Commence type setting of the draft RHP	X+38	MB/Printer
Complete first draft of Management Roadshow presentation and Q&A	X+40	MB / Issuer
Receive in-principle approval from the stock exchanges and submit to SEBI	X+52	Stock Exchanges
SEBI Comments on draft Red Herring Received	X+58	SEBI
Pre-marketing commences	X+60	Issuer
Obtain FIPB and RBI approvals	X+65	Issuer
Pre-marketing ends	X+67	Issuer
Finalise Bidding Centers	X+67	Issuer
Communicate to SEBI of any updates to draft Red Herring	X+72	MB / Issuer
Final SEBI Clearance Received	X+75	SEBI
Draft Bid-cum application form	X+75	Issuer
Discussion of Pre-Marketing feedback with company and finalizing floor price	X+76	MB / Issuer
Make arrangements with NSE/BSE for Book Building	X+76	Stock Exchanges
Finalise Underwriting Agreement, Escrow Agreement and Syndicate Agreement	X+76	Issuer
Finalise Management Roadshow Presentation and Q&A	X+77	Issuer

Activity	***Indicative Timeline***	***Merchant Banker to co-ordinate with***
Filing of the Red Herring (including latest Results) with ROC and SEBI	X+77	Issuer
ROC Acknowledgement	X+79	Issuer
Commence Printing of Red Herrings & Application Forms	X+80	Issuer
Commence dispatch of forms	X+81	Printer
Management Roadshows Begins	X+82	Issuer
Submit RHP and Forms to SEBI	X+85	SEBI
Publish Statutory Advertisement	X+87	Issuer/Ad Agency
Sign Syndicate agreement and Escrow Agreement and submit Syndicate agreement with SEBI	X+87	Issuer
Book Opens	X+90	Issuer
Management Roadshows End	X+95	Issuer
Finalise CAN form	X+96	Lawyer
Book Closes	X+97	Issuer
Submission of all forms to the Banker by Syndicate	X+98	Banker
Final bid handed over to the Registrar	X+98	Registrar
Pricing and allocation to QIBs; Underwriting Agreement Signed	X+98	Issuer
Update the Prospectus and file with SEBI	X+99	Issuer
Submit three-day report to SEBI	X+101	Issuer/Registrar
Obtain SEBI approval if there are significant developments included in Prospectus	X+100	SEBI
File Prospectus with RoC along with Underwriting agreement after signing by Board of Directors	X+101	Issuer
Obtain RoC Approval	X+102/3	Issuer
Distribution of CAN to QIB	X+102/3	MB/Registrar
Publish Statutory Advertisement	X+101	Issuer/Ad Agency
Bankers to hand over all the Bid forms to Registrar	X+104	Bankers/Registrar

Activity	***Indicative Timeline***	***Merchant Banker to co-ordinate with***
Registrar to complete Date entry	X+108	Registrar
Bankers to submit final certificate along with cheque return summary	X+106	Bankers
Registrar to complete reconcilliation	X+108	Registrar/Bankers
Registrar draws the Basis of Allocation	X+110	MB / Issuer
Submit basis of allocation to Stock Exchange for approval	X+110	Registrar/Issuer/Stock Exchanges
Request BSE for arranging draw of lots by public representative	X+110	Registrar/Stock Exchange
Basis of Allocation approved by the Stock Exchanges	X+111	Issuer
Pay-in for QIBs	X+111	Issuer
Committee approval/ BoD approval for adopting the basis of allotment	X+111	Issuer
Allotment of Shares / Corporate Action	X+111	Bankers
Designated date	X+112	Issuer
Transfer of funds for refunds - instructions from LMs/Registrar	X+112	Issuer
Transfer of funds from Escrow to Public Offer Account	X+112	Registrar/Banker
Corporate action for credit of allottees account (equity shares)	X+113	Registrar
Closing Date - receive all the required certifications and opinions	X+113	Legal counsel/ Auditors/Issuer
Confirm compliance with Corporate Governance code	X+113	Issuer
Retail and Non-Institutional CANs and refunds dispatch completed	X+113	Registrar
Submit the allotment details to BSE and NSE and complete all documentation	X+113	Issuer/Registrar
Basis of Allotment advertisement	X+113	
Receive listing approval	X+115	Stock Exchanges
Receive notice of trading	X+115	Stock Exchanges
Submit post issue report	X+120	Registrar

PORTFOLIO MANAGERS

Who is a Portfolio Manager?

A portfolio manager is a body corporate, which, pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client.

Discretionary portfolio manager means a portfolio manager who under a contract relating to portfolio management, exercises or may exercise, any degree of discretion as to the investment of funds or management of the portfolio of securities of the client.

In **discretionary** portfolio management service, the portfolio manager individually and independently manages the funds and securities of each client in accordance with the needs of the client. Under the **non-discretionary** portfolio management service, the portfolio manager manages the funds in accordance with the directions of the client.

SEBI (Portfolio Managers) Regulations, 2020

I. **Registration as portfolio manager.**

A portfolio manager has to obtain registration from SEBI under the SEBI (Portfolio managers) Regulations, 2020.

473 Portfolio Managers are registered with SEBI as on April 04, 2025.

II. **Networth requirement of a portfolio manager**

The portfolio manager is required to have a minimum networth of INR 5 crore.

III. **Fees for services rendered by a Portfolio Manager**

SEBI (Portfolio Managers) Regulations, 2020 provide that the portfolio manager shall charge a fee as per the agreement with the client for rendering portfolio management services. The fee so charged may be a fixed amount or a performance-based fee or a combination of both. However, no upfront fees shall be charged by the portfolio manager directly or indirectly to the clients.

The agreement between the portfolio manager and the client shall, *inter-alia,* also include the quantum and the manner of fees payable by the client for each activity for which service is rendered by the portfolio manager directly or indirectly.

IV. **Investment rules for Portfolio Manager – for investment of clients' funds**

1. The portfolio manager shall, before taking up an assignment of management of funds and portfolio on behalf of a client, enter into an agreement in writing with such client that clearly defines the inter se relationship and sets out their mutual rights, liabilities and obligations relating to management of portfolio. However, this shall not apply to the agreement between the portfolio managers and the large value accredited investors.
2. The money or securities accepted by the portfolio manager shall not be invested or managed by the portfolio manager except in terms of the agreement between the portfolio manager and the client.
3. The portfolio manager may make investments in the securities of its related parties or its associates only after obtaining the prior consent of the client in such manner as may be specified by the SEBI.

4. Under Discretionary Portfolio Management Service (DPMS), Portfolio Managers shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds through direct plan and other securities as specified by SEBI from time to time.

5. Under Non-Discretionary Portfolio Management Service (NDPMS), Portfolio Managers may invest up to 25% of the assets under management (AUM) of a client in unlisted securities, in addition to the securities permitted for discretionary portfolio management.

   However, the portfolio manager may offer discretionary or non-discretionary or advisory services for investment up to hundred percent of the assets under management of the large value accredited investors in unlisted securities, subject to appropriate disclosures in the disclosure document and the terms agreed between the client and the portfolio manager.

6. The portfolio manager is required to accept as a mandate, a minimum INR 50 Lacs or securities having a minimum worth of INR 50 Lacs from the client. The requirement of minimum investment amount per client shall not apply to an accredited investor.

7. Clients of Portfolio Managers on-boarded before January 21, 2020 shall, in case of any top-up, comply with the requirement of the minimum investment amount and top up their accounts to minimum INR 50 Lacs.

8. The client may withdraw partial amounts from his portfolio, in accordance with the terms of the agreement between the client and the Portfolio Manager. However, the value of investment in the portfolio after such withdrawal shall not be less than the applicable minimum investment amount.

9. A client need not top up his account if the portfolio value falls below the minimum investment amount as provided in the SEBI (Portfolio Managers) Regulations, 2020 as a result of valuation of portfolio.

V. **Management or administration of clients' portfolio:** The money or securities accepted by the portfolio manager shall not be invested or managed by the portfolio manager except in terms of the agreement between the portfolio manager and the client.

VI. **Appointment of custodian**: Every portfolio manager shall appoint a custodian in respect of securities managed or administered by it.

VII. **Maintenance of books of accounts, records, etc.:** Every portfolio manager shall keep and maintain the books of accounts, records and documents namely a copy of balance sheet at the end of each accounting period, a copy of the profit and loss account for each accounting period, a copy of the auditor's report, a statement of financial position etc. The portfolio manager shall preserve the books of account and other records and documents mentioned under this chapter for a minimum period of five years.

VIII. **Basis for calculation of performance of the portfolio manager**

The performance of a discretionary portfolio manager is calculated using **Time Weighted Rate of Return (TWRR)** method for the immediately preceding three years and in such cases performance indicators shall also be disclosed.

SEBI Circular, *inter-alia*, provides information on reporting of performance by Portfolio Managers and also a client reporting format which includes information on the performance of the client account, portfolio manager and the appropriate benchmark.

IX. **Reports provided the portfolio manager**

The portfolio manager shall furnish periodically a report to the client, as per the agreement, but not exceeding a period of three months and such report shall contain the following details, namely:

- the composition and the value of the portfolio, description of securities and goods, number of securities, value of each security held in the portfolio, units of goods, value of goods, cash balance and aggregate value of the portfolio as on the date of report;
- transactions undertaken during the period of report including date of transaction and details of purchases and sales;
- beneficial interest received during that period in the form of interest, dividend, bonus shares, rights shares, etc;
- expenses incurred in managing the portfolio of the client;
- details of risk foreseen by the portfolio manager and the risk relating to the securities recommended by the portfolio manager for investment or disinvestment;
- default in payment of coupons or any other default in payments in the underlying debt security and downgrading to default rating by the rating agencies, if any;
- details of commission paid to distributor(s) for the particular client.

X. **Disclosure mechanism of the portfolio managers to their clients**

The portfolio manager provides the client, a Disclosure Document prior to entering into an agreement with the client.

The Disclosure Document contains the quantum and manner of payment of fees payable by the client for each activity, portfolio risks, complete disclosures in respect of transactions with related parties, the performance of the portfolio manager and the audited financial statements of the portfolio manager for the immediately preceding three years.

It is relevant to note that SEBI does not approve any of the services offered by the Portfolio Manager. An investor has to invest in the services based on the terms and conditions laid out in the disclosure document and the agreement between the portfolio manager and the investor.

SEBI also does not certify the accuracy or adequacy of the contents of the Disclosure Document provided by the Portfolio Manager.

The portfolio manager shall file with the SEBI, a copy of the Disclosure Document after grant of certificate of registration before circulating it to any client or whenever any material change including change in the investment approach is effected. The portfolio manager shall file the disclosure document with the material change within 7 working days from the date of the change.

XI. **Rules governing services of a Portfolio Manager**

1. The services of a Portfolio Manager are governed by the agreement between the portfolio manager and the investor. The agreement should cover the minimum details as specified in the SEBI Portfolio Manager Regulations. However, additional requirements can be specified by the Portfolio Manager in the agreement with the client. Hence, an investor is advised to read the agreement carefully before signing it.
2. A Portfolio Manager cannot offer indicative or guaranteed returns.

XII. **Sources of information for investors – about portfolio managers**

Investors can log on to the website of SEBI www.sebi.gov.in for information on SEBI regulations and circulars pertaining to portfolio managers. Addresses of the registered portfolio managers are also available on the SEBI website. Information on monthly reports submitted by Portfolio Managers to SEBI can be accessed at *https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doPmr=yes.*

XIII. **Complaints by investors**

The Portfolio Manager shall redress investor grievances promptly but not later than twenty-one calendar days from the date of receipt of the grievance and in such manner as may be specified by the SEBI. The SEBI may also recognize a body corporate for handling and monitoring the process of grievance redressal within such time and in such manner as may be specified

SMART ODR Portal

All claims, differences or disputes between investors and the portfolio manager arising out of or in relation to the activities of the portfolio manager in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the SEBI.

GENERAL RESPONSIBILITIES OF A PORTFOLIO MANAGER

- Every portfolio manager shall abide by the Code of Conduct as specified in Schedule III of the SEBi (Portfolio Managers) Regulations, 2020.
- The discretionary portfolio manager shall individually and independently manage the funds of each client in accordance with the needs of the client, in a manner which does not partake character of a Mutual Fund, whereas the non-discretionary portfolio manager shall manage the funds in accordance with the directions of the client.
- The portfolio manager shall act in a fiduciary capacity with regard to the client's funds.
- The portfolio manager shall segregate each client's holding in securities in separate accounts.
- The portfolio manager shall keep the funds of all clients in a separate account to be maintained by it in a Scheduled Commercial Bank.
- The portfolio manager shall transact in securities within the limitation placed by the client himself with regard to dealing in securities under the provisions of the Reserve Bank of India Act, 1934.
- The portfolio manager shall not derive any direct or indirect benefit out of the client's funds or securities.
- The portfolio manager shall not borrow funds or securities on behalf of the client.

- The portfolio manager shall not lend securities held on behalf of the clients to a third person except as provided under these regulations.

- The portfolio manager shall ensure proper and timely handling of complaints from his clients and take appropriate action immediately.

- The portfolio manager shall ensure that any person or entity involved in the distribution of its services is carrying out the distribution activities in compliance with these regulations.

ROLE OF A COMPANY SECRETARY

Importance of a Company Secretary to a company desirous of getting listed

Company Secretary of a to-be listed entity as well as a listed entity that proposes a further public offer (FPO) or a rights issue is pivotal in as much that there are a lot of tasks including co-ordination with various regulators, intermediaries for the success of the IPO.

The tasks that a Company Secretary has to undertake as far as an issue of securities on a public or rights basis is concerned is given in the following paragraphs.

Under regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company Secretary has to be appointed as the compliance officer of a listed entity. Hence, when a company decides to go for an IPO, the first step is to appoint a Company Secretary.

Co-ordination with intermediaries

An issue, from an idea to fruition requires co-ordination with a number of intermediaries, SEBI registered and otherwise. While a merchant banker is the fulcrum around which the due diligence for an issue revolves, there is a need to co-ordinate with various intermediaries and the Company Secretary has to do such co-ordination. Specifically, the intermediaries with whom the Company Secretary has to co-ordinate are as under:

- Merchant Banker/Book Running Lead Manager (in case of book-built issues)
- Statutory Auditors of the Issuer company
- Lawyers / Legal Counsel
- Credit Rating Agency/ Industry Report
- Debenture Trustee, if applicable
- Banker to the issue - Escrow Account
- Registrar to the Issue
- Printers
- Syndicated brokers
- Advertisement agencies / newspapers.

During the course of due diligence, various laws need to be referenced like the Companies Act, 2013, the Depositories Act, 1996, the Securities Contracts (Regulation) Act, 1956 and Rules, the Securities and Exchange Board of India Act, 1992, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, SEBI (Intermediaries) Regulations, 2008 related SEBI Regulations on Share Based Employee Benefits, ESOPs, Insider Trading Regulations and respective Intermediaries Regulations etc. There are relevant acts like the Income Tax Act that also need to be mentioned. Further, sector specific acts like Factories Act, Workmen's compensation Act etc. are also important. These are important from the perspective of disclosure of litigation under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

A Company Secretary has to ensure that activities involved while performing the role of Investment Adviser, Merchant Banker and Portfolio Manager are complied with and are in accordance with the respective intermediaries regulations.

LESSON ROUND-UP

- Intermediaries are an integral part of securities market. They are the connecting links or the facilitators ensuring seamless functioning of securities market. SEBI regulates various intermediaries in the primary markets through its Regulations for these intermediaries.
- Investment Adviser (IA) is a person who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes a part time investment adviser or any person who holds out himself as an investment adviser, by whatever name called.
- In order to regulate the entities who for consideration, are engaged in the business of providing investment advice to investors, SEBI came up with SEBI (Investment Advisers) Regulations, 2013 ('IA Regulations').
- Investment adviser has a process for assessing the risk a client is willing and able to take, including assessing a client's capacity for absorbing loss, identifying whether client is unwilling or unable to accept the risk of loss of capital and appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.
- SEBI IA Regulations provide that SEBI may recognise any body or body corporate for the purpose of administration and supervision of Investment Advisors.
- Merchant Banker means any person who is engaged in the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management.
- A Merchant Banker manages the entire IPO / FPO/ right issue from beginning to end, right from getting the prospectus filed and approved by SEBI to determining the price range to making the selling and market plan for the IPO as well as post listing support is all handled by the merchant bankers. A merchant banker is the nodal contact point for everything pertaining to the issue.
- A portfolio manager is a body corporate, which, pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client.
- The portfolio manager shall, before taking up an assignment of management of funds and portfolio on behalf of a client, enter into an agreement in writing with such client that clearly defines the inter se relationship and sets out their mutual rights, liabilities and obligations relating to management of portfolio.
- The money or securities accepted by the portfolio manager shall not be invested or managed by the portfolio manager except in terms of the agreement between the portfolio manager and the client.

- The portfolio manager shall furnish periodically a report to the client, as per the agreement, but not exceeding a period of three months.
- The portfolio manager provides to the client the Disclosure Document prior to entering into an agreement with the client.
- Company Secretary of a to-be listed entity as well as a listed entity that proposes a further public offer (FPO) or a rights issue is pivotal in as much that there are a lot of tasks including co-ordination with various regulators, intermediaries for the success of the IPO.

TEST YOURSELF

(These are meant for recapitulation only. Answer to these questions are not to be submitted for evaluation.)

1. Investment Advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities. In light of the same, define the term Investment advise and Investment adviser.
2. Who is Merchant Banker? State the responsibilities & obligations of Merchant Banker.
3. Will advice given through newspaper, which is widely available to the public be considered as investment advice for the purpose of IA regulations?
4. Which entities are exempted from registration under the IA Regulations? Explain Briefly.
5. What is the role of Merchant banker in an IPO?
6. What is the difference between discretionary portfolio manager and non-discretionary portfolio manager?
7. The money or securities accepted by the portfolio manager shall not be invested or managed by the portfolio manager except in terms of the agreement between the portfolio manager and the client. Briefly explain investment rules for Portfolio Manager for investment of clients' funds.

LIST OF FURTHER READINGS

- SEBI Manual
- Regulations/Rules/Guidelines/Circulars issued by SEBI, RBI, MCA etc. from time-to-time
- SEBI Annual Reports
- SEBI Monthly Bulletin
- SEBI Master Circular on Investment Advisers/Merchant bankers/Portfolio Managers

OTHER REFERENCES

- www.sebi.gov.in
- www.mca.gov.in
- www.icsi.edu
- www.nseindia.com
- www.bseindia.com