Ref: LIC/CO/INVM/BO/Notification/2 **Date: June 9, 2022**

Sub: Response to queries with respect to Notification ref: LIC /CO/INVM /BO /Notification /1 Dated 26.05.2022 regarding Notice for empanelment of share brokers.

1. LIC of India had published a Notification on 26th May 2022.
2. Queries received in response to the notification are provided below.
3. The applicants are requested to note that LIC of India has tried its best to answer the queries received in response to the above notification.
4. However, LIC reserves the right to not to respond to the questions it perceives as not material in response to the notification.

S. NO	TYPE OF QUERY & CLARIFICATION
1	*Applicability of Notification*
	This notification for empanelment of Share Brokers applies to all existing empanelled brokers as well as those who are not empanelled as of now, but are desirous of being empanelled. All new and existing empanelled brokers are required to submit the Application Form along with Annexures on or before the last date i.e. 15th June 2022.
2	*Application Fee*
	All applicants must remit the Application Fee of INR 5000+GST 18% (INR 900), Total INR 5900 The details of Application Fee to be remitted along with GST and also Bank Account details and mode of payment can be found in Item 5 of the Empanelment Notification. The details of Fee payment should be given as per the details sought in the Application Form. The GST Invoice raised shall be shared through Email Id mentioned in the Application Form. The application fee is NON REFUNDABLE.
3	*Bankers' Certificate*
	The applicants may request their bankers to issue the Certificate for the purpose of Empanelment of Brokers with LIC. The Banker's Certificate to LIC, should be furnished by the Bank/Bank Branch in which the applicants are having their principal (main) operating account. The credit worthiness limit shall be mentioned in the Certificate to be furnished in the Bank's Letter head signed by the Competent Authority. The certificate may be obtained in the normal format which are being regularly issued by the respective banks. No separate format is being prescribed by us.

4	*Directors' Data*
	The names of the Directors of the Applicant along with their DIN Numbers are to be submitted duly signed by the Authorised Signatory. The details of Directors of the Holding company and also the ultimate holding company if any, should also be submitted duly signed by the Authorised Signatory of the Applicant.
5	*Direct Market Access (DMA) & Smart Order Routing (SOR)*
	Direct market access (DMA) refers to access to the electronic facilities and order books of financial market exchanges in real time that facilitate daily securities transactions. The Smart Order Routing is a system that would enable the brokers trading engines to systematically choose the execution destination based on factors viz. price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.
6	*Domestic Institutional Investors*
	Industry Standard Definition for Domestic Institutional Investors (DIIs) shall apply which may include inter alia, institutions such as insurance companies, mutual fund houses, pension funds, or provident funds.
7	*Empanelment in Multiple Exchanges*
	For the existing empanelled brokers, wherever new empanelment is sought for the other exchange, the same may be considered subject to their fulfilling all eligibility criteria as laid down for the empanelment of new brokers, as per the Notification.
8	*Financial Statements*
	Audited Financial Statements for the Financial years 2018-19, 2019-20 & 2020-21 are required to be submitted along with the Application Form. The applicants whose audited statements as at 31.03.2022 or whose provisional /unaudited statements are ready as at 31.03.2022, may choose to submit the same. However for the purpose of reckoning Minimum Eligibility Criteria (MEC) and for Evaluation matrix, audited accounts for the years 2018-19,2019-20 & 2020-21 shall only be considered.
9	*Fit and Proper Certificate*
	A certificate of Fit and Proper for all the Directors / Promoters of the applicant shall be furnished in compliance with the SEBI Fit and Proper Regulations , duly certified by the Authorised Signatory (Sample as in Annexure 1)
10	*Income Tax Returns*
	The applicants have to submit the details of submission of Income Tax returns during the three Financial Years as sought in the Application Form.
11	*Inspection Report by SEBI*
	The latest SEBI Inspection report shall be provided if there is any.

12	*Institutional Empanelment*
	The details of top three empanelled institutions (excluding LIC) should be provided as per Point No 17 in the Application Form. A separate list containing the list of all empanelled institutions is also to be provided, as required in the Application Form.
13	*Know Your Customer (KYC) Documents*
	KYC document as has been notified by the Reserve Bank of India (RBI) for identity proof as well as address proof need to be submitted.
14	*Legal Entity Identifier (LEI) Number*
	The Legal Entity Identifier (LEI) is a 20-character alpha-numeric code used to uniquely identify parties to financial transactions worldwide. The same may be provided if available and is not mandatory.
15	*Net worth Criteria*
	The net worth of the Applicants as at 31.03.2022 has to be provided both absolute and as per LC Gupta Method. Net worth Criteria as per audited balance sheet shall be taken for consideration/reckoning Net worth requirements. The Net worth has to be certified by the Statutory Auditors of applicant. If Provisional Net worth as at 31.03.2022 is submitted, then Final Net worth has to be submitted as at 31.03.2022 at a later date, without fail.
16	*Penalties*
	The details of penalty / ies levied by the SEBI and Exchanges during the past one year and the details of stoppage of business by other institutional clients may be indicated. Similarly if there is any criminal investigation by the regulatory agencies against the Directors / Promoters, the details of the same may be given.
17	*Research Reports*
	The Details of SEBI registered Research Analysts in the firm has to be furnished. The details of companies covered during the last financial year (2021-22) and number of research reports generated during 2021-22 may be furnished. One specimen research report copy may be attached along with the enclosures.
18	*Shareholding Pattern*
	The details of shareholding pattern of the applicant as at 31st March 2022 indicating the Promoter Group and other non-promoter shareholders duly certified by the Statutory Auditors are to be furnished. Similarly the shareholding of holding company of the applicant and also ultimate holding company if any are to be furnished separately.

19	*Turnover Report*
	The turnover indicates the total Cash Turnover during the Financial year. Out of the total cash turnover the turnover pertaining to Institutional clients and percentage of cash turnover of Institutional clients to Total Turnover of the applicant shall be indicated in the column provided.
20	*Clarification to Other Queries*
i.	Application as per the format shall be printed on plain paper / company's letterhead and all the required details may be duly filled.
ii.	Only Hard copies of all the documents have to be submitted at the address mentioned in the notification before the last date of submission. No link is provided for submission / upload of documents and no soft copy shall be accepted.
iii.	Status Report from the Exchanges shall be submitted as at 31.03.2022 or later
iv.	All documentary proof in respect of complying with the Minimum Eligibility Criteria shall be submitted
v.	Latest SEBI Registration details has to be provided
vi.	Copies of Certificate of Incorporation or Roc Status of the firm shall be submitted. Both may also be submitted, if available.
vii.	The Email address and postal address for communication purpose available in the Notification.
viii.	Absolute Net worth means Net worth certified by the Statutory Auditors
ix.	Confirmation regarding the details of close relatives of employees of LIC are required to be provided for all Directors
x.	All eligibility criteria shall be reckoned as at 31.03.2022
xi.	As proof of number of employees on roll, certificate from authorised signatory of the firm is required to be submitted.

Sd/-
EXECUTIVE DIRECTOR (INVESTMENT / M&A)

ANNEXURE 1

"FIT AND PROPER PERSON" UNDERTAKING

Date:

TO WHOMSOEVER IT MAY CONCERN

We hereby declare and undertake that:

1. The applicant/member and following persons as referred in substituted Schedule II of SEBI (Intermediaries) (Third Amendment) Regulations, 2021 are fit and proper person as per requirement laid in in aforesaid schedule:

    (a) the Applicant;
    (b) the Principal Officer, the Directors or Managing Partners, the Compliance Officer and the Key Management Persons (KMPs) of the Applicant by whatever name called; and
    (c) the Promoters or persons holding controlling interest or persons exercising control over the applicant, directly or indirectly:

    (Provided that in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfill the 'fit and proper person' criteria.)

    Explanation– For the purpose of this sub-clause, the expressions "controlling interest" and "control" in case of an applicant or intermediary, shall be construed with reference to the respective regulations applicable to the applicant or intermediary.

2. The Applicant and persons referred in point 1 above bear integrity, honesty, ethical behavior, reputation, fairness and character of the person;

3. The Applicant and persons referred in point 1 above are not incurring following disqualifications mentioned in Clause 3(b) of Schedule II of SEBI (Intermediaries) (Third Amendment) Regulations, 2021:

    i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;
    ii) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;
    iii) an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;
    iv) recovery proceedings have been initiated by the Board against such person and are pending;

v) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;

vi) any winding up proceedings have been initiated or an order for winding up has been passed against such person;

vii) such person has been declared insolvent and not discharged;

viii) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;

ix) such person has been categorized as a willful defaulter;

x) such person has been declared a fugitive economic offender;

4. The Applicant or any other person mentioned in point 1 above have not been declared as not 'fit and proper person' by an order of the SEBI.

5. No notice to show cause has been issued for proceedings under SEBI(Intermediaries) (Third Amendment) Regulations, 2021 or under section 11(4) or section 11B of the SEBI Act during last one year against the Applicant or any other persons referred in point 1 above.

We hereby undertake that the above declaration is true and correct and any change in the above shall be immediately intimated to requisite Authorities.

(Name of the Broking Firm)

Authorised Signatory

Date:
Place: