**SEBI RULES**

1. That The modus operandi is akin to the money transaction prohibited vide section IIAA envisaged by SEBI Act. The Collective Investment Scheme is defined as follows:-
2. ***Any scheme or arrangement which satisfies the condition referred to in subsection (2) or subsection (2A) shall be CIS. Provided that any pooling of funds under any scheme which is not registered with SEBI or is not covered under the exemptions from CIS Sub-Section (3), involving a corpus amount of Rupees one hundred crores or more shall be deemed to be Collective Investment Scheme. The contributions or payments made by the investors by whatever name called are pooled and utilized solely for the purposes of schemes floated. The contributions and payments forming part of the scheme or arrangement, whether identifiable or not, is managed on behalf of the investors. The investors do not have day to day control over the management and operation of the scheme or arrangement.***

**“The Banning of Unregulated Deposits Schemes Act- 2019’’**

Recently the Hon’ble President of India promulgated an Act namely “The Banning of Unregulated Deposits Schemes Act- 2019’’ (No.21 of 2019). An unregulated Deposit Scheme means a scheme or an arrangement under which deposits are accepted or solicited by any deposit taker by way of business and which is not a Regulated Deposit Scheme as specified under column (3) of First Schedule.

**As per the Act promulgated, no deposit taker shall, directly or indirectly promote, operate, issue any advertisement soliciting participation or enrolment in or accept deposits in pursuance of an unregulated Deposit Scheme. Chapter VI (21)of the ordinance conceives serious punishments and penalties to the person who act in contravention of section 3 of the ordinance.**

**21. (3) Any deposit taker who accepts deposits in contravention of section 3 and fraudulently defaults in repayment of such deposits or in rendering any specified service, shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to ten years and with fine which shall not be less than five lakh rupees but which may extend to twice the amount of aggregate funds collected from the subscribers, members or participants in the Unregulated Deposit Scheme.**