

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

DEPARTMENT : CAPITAL MARKET SEGMENT

Download Ref No: NCL/CMPT/ 43115

Date : January 03, 2020

Circular Ref. No: 0005/2020

All Members/Custodians/PCMs,

Sub. : Collection of Stamp Duty in Capital Market Segment

This is with reference to the Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 notified by the Ministry of Finance (Department of Revenue) on December 10, 2019 (copy enclosed for reference), Indian Stamp Act, 1899 amended vide Finance Act, 2019 (No. 7 of 2019) and further to our circular download reference no. NSE/CMPT/43078 dated January 01, 2020.

Pursuant to the above and as per the authorization received from various Stock Exchanges, NSE Clearing Ltd. effective January 09, 2020 shall compute and collect stamp duty at such rates and in such manner as specified in the Indian Stamp Act, 1899 and Indian Stamp Rules 2019.

As per the Indian Stamp Act, 1899, the applicable stamp duty on securities in the Capital Market Segment is as under:

Type of Security	Applicable Stamp Duty Rate	Applicable on
Transfer of Debentures	0.0001%	Buyer
Transfer of Security other than debenture on delivery basis	0.015%	Buyer
Transfer of Security other than debenture on non-delivery basis	0.003%	Buyer
Transfer of Government Securities	0%	Buyer

Members may note that the following procedure will be adopted by the NSE Clearing Ltd. in respect of the calculation and collection of stamp duty.

- Stamp duty shall be collected on transactions executed on stock exchanges and received for clearing by NSE Clearing Ltd and as specified in circulars issued from time to time.
- Stamp duty shall be determined at the end of each trading day.
- Stamp duty calculation in Capital Market Segment shall be done as per the methodology specified in **Annexure 1**. In case of change in methodology, the same shall be specified by way of a circular.
- All the transactions shall be identified based on the client code placed by the members at the time of order entry on the trading system of the Exchanges and as may be modified by the member using the client code modification facility provided by the Exchanges within the prescribed time viz. during trading hours and upto the trade modification close

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- time on the respective trading day. In respect of proprietary transactions the member code shall be deemed to be the client code.
- Members may note that the value of taxable securities transaction and the applicable State/Union Territory (UT) shall be determined with respect to the trade executed under a particular client code. Therefore, the Clearing Corporation shall only reckon the client code entered by the member while placing the order or as may be modified within the prescribed time. It is therefore imperative that members exercise extreme caution and diligence while entering the client code at the time of entering an order. If the state/UT of the client is not available then the state of the trading member through whom the transaction was executed will be considered.
 - All institutional trades shall be treated as delivery based transactions and stamp duty shall be computed accordingly.

Information to members:

- A report named 'C_SD01_<MEMBER CODE>_DDMMYYYY.CSV' shall be provided to trading members at the end of each trading day.
- Similarly, a report named 'C_SD02_<MEMBER CODE>_DDMMYYYY.CSV' shall be provided to clearing members at the end of each trading day.
- These reports shall contain information such as stamp duty liability, client wise stamp duty liability, trading member wise stamp duty liability, clearing member wise stamp duty liability and also the detailed computations for determining the client wise stamp duty liability.

File format is available in **Annexure 2**.

Pay-in of funds:

Clearing Members shall be required to pay the stamp duty, as part of and along with the pay-in obligation. The stamp duty amount shall be collected as per the timelines stipulated for the funds pay-in. A separate transaction shall be created and the monies shall be collected from the settlement account of members through their clearing banks as per the process currently followed in respect of settlement obligations.

Failure to pay funds:

Non-payment of stamp duty shall be treated as fund shortage for the purpose of all consequential actions against the member.

This circular shall be effective for all applicable transactions from the trade date January 09, 2020.

For and on behalf of
NSE Clearing Limited

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Onkar Phadnavis
Associate Vice President

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Annexure 1: Calculation of Stamp Duty**1. Computation of stamp duty at security-client level:****1.1. Computation of stamp duty on debentures:**

- a) Aggregate of all the buy trades executed for the day for each security for a client code shall be taken to arrive at the following values:
 - I. Total Buy Quantity (BQTY): This is the sum of the quantity of all buy trades for the client
 - II. Total Buy Value (BVAL): This is the sum of the trade value (Trade quantity * Trade price for each trade) of all buy trades for the client
- b) Stamp Duty shall be calculated by applying the prescribed rate:
 - I. Stamp Duty on Buy Value (SDBVAL) = BVAL * Stamp Duty Rate on debentures. The value so computed shall be rounded off to two decimals.

1.2. Computation of stamp duty on securities other than debentures settled on net obligation basis:

- a) For securities other than debentures settled on net obligation basis stamp duty will be applicable on delivery basis and non-delivery basis:
 - I. Total Buy quantity (BQTY): This is the sum of the quantity of all buy trades for the client for a security
 - II. Total Sell quantity (SQTY): This is the sum of the quantity of all sell trades for the client for a security
 - III. Total Buy Deliverable Quantity (BDQTY): This is the sum of the quantity of all buy trades for the client determined using FIFO method where $BDQTY = BQTY - SQTY$ if $BQTY > SQTY$
 - IV. Total Buy Non-Deliverable Quantity (BNDQTY): This is the quantity which is lower of the two quantities namely total buy quantity and total sell quantity for the client for a particular day.
For the purpose of arriving at buy quantity as well as value thereof FIFO method (First in First Out) will be applied.
 - V. Total Buy Deliverable Value (BDVAL): This is the sum of the trade value (BDQTY (as per III above) * Trade price for each trade) of all buy trades for the client
 - VI. Total Buy Non-Deliverable Value (BNDVAL): This is the sum of the each trade in BNDQTY (as per IV above) * Trade price for that trade of all buy trades for the client
- b) Stamp Duty shall be calculated by applying the prescribed rate:
 - I. Stamp Duty on Buy Non-Deliverable Value (SDBNDVAL) = BNDVAL * Stamp Duty Rate for securities other than debentures on non-delivery basis. The value so computed shall be rounded off to two decimals.
 - II. Stamp Duty on Buy Deliverable Value (SDBDVAL) = BDVAL * Stamp Duty Rate for securities other than debentures on delivery basis. The value so computed shall be rounded off to two decimals.

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1.3. Computation of stamp duty on securities other than debentures settled on gross obligation basis:

- a) Aggregate of all the buy trades executed for the day for each security for a client code shall be taken to arrive at the following values:
 - I. Total Buy quantity (BQTY): This is the sum of the quantity of all buy trades for the client
 - II. Total Buy Value (BVAL): This is the sum of the trade value (Trade quantity * Trade price for each trade) of all buy trades for the client
- b) Stamp Duty shall be calculated by applying the prescribed rate:
 - I. Stamp Duty on Buy Value (SDBVAL) = BVAL * Stamp Duty Rate on securities other than debentures on delivery basis. The value so computed shall be rounded off to two decimals.

1.4. Computation of stamp duty on transactions in Auction Market:

- a) Stamp duty will be applicable on the short delivering member (buyer in auction) on whose behalf auction is conducted
- b) Aggregate of all the trades executed for the day for each security for a client code shall be taken to arrive at the following values:
 - Total Buy quantity (BQTY): This is the sum of the quantity of all buy trades for the client.
 - Total Buy Value (BVAL): This is the sum of the trade value (Trade quantity * Weighted Average price for Auction) of all buy trades for the client, being the auction consideration.
 - Since securities are bought by NSE Clearing Ltd. on behalf of the members, the Clearing Member/Custodian Code will be the client code.

2. Computation of stamp duty at client level:

The total stamp duty liability for a client will be arrived at by summing up the total stamp duty for each security in various settlements arrived at as above and rounded off to the nearest rupee i.e. value with 50 paise and above will be increased to one rupee and value less than 50 paise it shall be ignored.

3. Computation of stamp duty at trading member level:

The total stamp duty liability for a trading member will be arrived at by summing up the total stamp duty for each client.

4. Computation of stamp duty at clearing member level:

The total stamp duty liability for a clearing member will be arrived at by summing up the total stamp duty for each trading member.

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Annexure 2: Information to Members

File for Trading Member:

File Name – C_SD01_<MEMBER CODE>_DDMMYYYY.CSV

File Location- Members Folder/Reports

Header Record (Trading Member level stamp duty information)
Record Type (10)
Stamp Duty date
Due date of payment
Member Type
Member Code
Total Stamp Duty
Detailed Record (Client level Stamp Duty information)
Record type (20)
Stamp Duty date
Trading Member code
Client code
Total Stamp Duty
State Union Territory
Detailed Record (Client Securities level Stamp Duty information)
Record Type (30)
Stamp Duty date
Trading Member Code
Trading Client code
Settlement Type
Settlement Number
Security Symbol
Security Series
Total Buy Quantity
Total Sell Quantity
Purchase Quantity – delivery
Purchase value – delivery
Purchase Quantity – non delivery
Purchase value – non delivery
Stamp Duty purchase - delivery
Stamp Duty purchase - non delivery
Total Stamp Duty

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File for Clearing Member:

File Name – C_SD02_<MEMBER CODE>_DDMMYYYY.CSV

File Location- Members Folder/Reports

Header Record (Clearing Member level stamp duty information)	
Record Type (10)	
Stamp Duty date	
Due date of payment	
Member Type	
Member Code	
Total Stamp Duty	
Detailed Record (Trading Member level Stamp Duty information)	
Record type (20)	
Stamp Duty date	
Trading Member code	
Total Stamp Duty	
Detailed Record (Client level Stamp Duty information)	
Record type (30)	
Stamp Duty date	
Trading Member code	
Client code	
Total Stamp Duty	
State Union Territory	
Detailed Record (Client Securities level Stamp Duty information)	
Record Type (40)	
Stamp Duty date	
Trading Member Code	
Trading Client code	
Settlement Type	
Settlement Number	
Security Symbol	
Security Series	
Total Buy Quantity	
Total Sell Quantity	
Purchase Quantity – delivery	
Purchase value – delivery	
Purchase Quantity – non delivery	
Purchase value – non delivery	
Stamp Duty purchase - delivery	
Stamp Duty purchase - non delivery	
Total Stamp Duty	