

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

DEPARTMENT : DEBT MARKET SEGMENT

Download Ref No: NCL/DS/ 43119

Date : January 03, 2020

Circular Ref. No: 002/2020

All Members,

Sub. : Collection of Stamp Duty in Debt 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/43083 dated January 01, 2020.

Pursuant to the above and as per the authorization received from Stock Exchange, 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 Debt Market Segment is as under:

Type of Security	Applicable Stamp Duty Rate	Applicable on
Transfer of Debentures	0.0001%	Buyer
Transfer of Government Securities	0%	Buyer
Tri-party Repo on Corporate Bonds	0.00001%	Borrower (Buyer of forward leg)

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 exchange 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.
- In case of transactions in tri-party repo, stamp duty shall be levied on the interest paid by the borrower on reverse leg of repo transaction.
- Stamp duty calculation in Debt Market Segment shall be done as per methodology specified in **Annexure 1**. In case of change in methodology the same shall be specified by way of 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 time on the respective trading day. In respect of proprietary transactions the member code shall be deemed to be the client code.

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6. 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 member through whom transaction was executed will be considered.
7. Institutional trades shall be treated as delivery based transactions and stamp duty shall be computed accordingly.

Information to members:

1. A report named 'D_SD01_<MEMBER CODE>_DDMMYYYY.CSV' shall be provided to trading members at the end of each trading day.
2. Similarly, a report named 'D_SD02_<MEMBER CODE>_DDMMYYYY.CSV' shall be provided to clearing members at the end of each trading day.
3. A report named R_SD_<MEMBER CODE>_DDMMYYYY.CSV shall be provided to members for stamp duty in tri-party repo transactions.
4. 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
(Formerly known as National Securities Clearing Corporation Limited)

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 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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5. Computation of stamp duty for tri-party repo transactions:

In case of repo transactions, stamp duty will be levied on the Interest paid by the borrower on reverse leg of repo transaction.

- I. Stamp Duty on Interest Amount = Interest Amount paid by Borrower * Stamp Duty Rate on repo on corporate bonds.

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.

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Annexure 2: Information to Members

File for Trading Member:

File Name – D_SD01_<MEMBER CODE>_DDMMYYYY.CSV

File Location- /debtftp/<Mem_Code>/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 – D_SD02_<MEMBER CODE>_DDMMYYYY.CSV

File Location- /debtftp/<Mem_Code>/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				

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File for Member for Tri-Party Repo Transactions:

File Name – R_SD_<MEMBER CODE>_DDMMYYYY.CSV

File Location- /debtftp/<Mem_Code>/Reports

Header Record (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						
Security (for Special)/ Basket Type						
Security (for Special)/ Basket Name						
Issue Name (for Special)/ Residual Maturity (for Basket)						
Maturity Date						
Transaction						
Ready Leg Settlement Type						
Tenure (In Days)						
Ready Leg Settlement Date						
Ready Leg Settlement Amount						
Repo Rate (%)						
Forward Leg Settlement Date						
Forward Leg Amount						
Interest Amount						
Stamp Duty Amount						