

THE GAZETTE OF INDIA
EXTRAORDINARY
PART –II – SECTION 3 – SUB SECTION (ii)
PUBLISHED BY AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, the 25th September, 2006

SECURITIES AND EXCHANGE BOARD OF INDIA
(STOCK BROKERS AND SUB-BROKERS) (THIRD AMENDMENT)
REGULATIONS, 2006

S.O No. 1600 (E). In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992, namely :-

1. These Regulations may be called the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) (Third Amendment) Regulations, 2006.
2. They shall come into force on the first day of October, 2006.
3. In the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992 -
 - (i) in regulation 10, in sub-regulation (1), for the word and figures “Schedule III”, the words and figures “Schedule III or Schedule III-A, as the case may be” shall be substituted;
 - (ii) in Schedule III, after clause III, the following clause shall be inserted, namely:
“IV. Non-applicability to stock brokers governed by Schedule III-A
The provisions of this Schedule shall not apply to stock brokers to whom Schedule III-A applies, from the time when it becomes so applicable.”
 - (iii) after Schedule III, the following Schedule shall be inserted, namely:

**“Schedule III-A
PAYMENT OF FEES BY STOCK BROKERS**

[Regulation 10(1)]

Part A - Applicability

1. This schedule shall apply to stock brokers from the following points of time:
 - (a) All stock brokers who are granted registration by the Board on or after the first day of October, 2006 – upon grant of such registration;
 - (b) All stock brokers who were granted registration by the Board on or after the first day of April, 2006, but before the first day of October, 2006 – from the first day of October, 2006;
 - (c) All stock brokers who have not completed five financial years from the date of grant of registration by the Board, as on the thirty first day of March, 2006 – upon completion of ten financial years from the date of grant of registration by the Board;
 - (d) All stock brokers who have completed five financial years from the date of grant of registration by the Board, as on the thirty first day of March, 2006 – upon completion of the current block of five financial years, within the meaning of item I(1)(c) of Schedule III;
 - (e) All stock brokers falling under sub-clauses (c) or (d), who opt in accordance with clause 2 to be governed by the provisions of this Schedule – from such date as may be specified by the Board.

2. Stock brokers falling under sub-clauses (c) or (d) of clause 1 may opt to pay fees in accordance with this Schedule before completion of the relevant time periods mentioned in those sub-clauses, by exercising an option in writing to that effect and communicating it to the Board, in such manner and within such time as may be specified by the Board.

Part B – Charge of fees

3. On and from the applicability of this Schedule, every stock broker shall pay to the Board in accordance with Part C, a fee in respect of the securities transactions including off-market transactions undertaken by them, at the rates mentioned below:

Sl. No.	Nature of the securities transaction	Rate of fee
a.	All sale and purchase transactions in securities other than debt securities.	0.0002 per cent. of the price at which the securities are purchased or sold (Rs.20/- per crore)
b.	All sale and purchase transactions in debt securities.	0.00005 per cent. of the price at which the securities are purchased or sold (Rs.5/- per crore)

4. Nothing in clause 3 shall affect the liability of any stock broker to pay fees under Schedule III, which accrued before this Schedule became applicable to him and such fees shall be paid as per the relevant provisions of Schedule III as if they had not ceased to be applicable to him.

Part C – Manner of payment and recovery

5. (1) Every recognised stock exchange shall collect from every stock broker to whom this Schedule applies, the fee payable under clause 3 in respect of -

- (a) securities transactions entered into by him in that stock exchange; and
- (b) off-market transactions entered into by him which are reported to that stock exchange –

in accordance with the provisions of its bye-laws.

Explanation: The Board may specify the manner in which fees shall be collected from stock brokers who report the same transactions to different stock exchanges in which they are members, under clause (b).

(2) The fee collected by a recognised stock exchange under sub-clause (1) during a calendar month shall be paid by the stock exchange to the Board by the fifth working day of the following calendar month.

(3) All recognised stock exchanges shall maintain such registers and furnish such returns or information to the Board in respect of the fee collected under this Schedule, as may be specified by the Board.

(4) Without prejudice to sub-clause (3), a recognised stock exchange shall also be liable to furnish such information or explanations to the Board as may be required by it in respect of fee collected or liable to be collected under this Schedule.

6. (1) Nothing contained in clause 5 shall affect the primary liability of a stock broker to pay the fees under clause 3 or shall preclude the Board from recovering any such fee remaining unpaid by any stock broker directly from him.

(2) Where due to the stock broker's default any fee which was liable to be paid on his behalf under clause 5 remains unpaid or is paid belatedly, he shall, without prejudice to any other action that may be taken under the Act, rules or regulations, pay an interest of 15 per cent. per annum for every month of delay or part thereof to the Board.

(3) Every stock broker shall be liable to furnish such information or explanations to the Board as may be required by it in respect of fee paid or payable under this Schedule.”

(iv) in Schedule IV –

(a) in clause 1, for the letters and figures “Rs.25,000/-“ the letters and figures “Rs.50,000/-“ shall be substituted;

(b) for clause 2, the following clause shall be substituted, namely:

“2. Every trading member shall pay to the Board, a fee in respect of the transactions undertaken by him on the derivatives segment of a recognised stock exchange, at the rate of 0.0002 per cent. of his turnover (Rs.20/- per crore).

Explanation: (A) For the purpose of this clause, the expression ‘turnover’ shall include the value of the trades executed by the trading member on the derivatives segment of the recognised stock exchange and of the trades settled on the expiration of derivatives contracts.

(B) In case of options contracts, ‘turnover’ shall be computed on the basis of premium traded for the option contracts and in case where the option is exercised or assigned, it shall be additionally computed on the basis of notional value of option contracts exercised or assigned.”

(c) for clause 3, the following clause shall be substituted, namely:

“3. (1) Every recognised stock exchange shall collect from every trading member, clearing member and self-clearing member, the fee payable under clause 2 in respect of his turnover in the derivatives segment of that stock exchange in accordance with the provisions of its bye-laws.

(2) The fee collected by a recognised stock exchange under sub-clause (1) during a calendar month shall be paid by the stock exchange to the Board by the fifth working day of the following calendar month.

(3) All recognised stock exchanges shall maintain such registers and furnish such returns or information to the Board in respect of the fee collected under this Schedule, as may be specified by the Board.

(4) Without prejudice to sub-clause (3), a recognised stock exchange shall also be liable to furnish such information or explanations to the Board as may be required by it in respect of fee collected or liable to be collected under this Schedule.”

(d) in clause 4, for the words “as specified in clause 2 and 3 above”, the words “as specified in clauses 1 and 2” shall be substituted;

(e) for clause 5, the following clause shall be substituted:

“5. (1) Nothing contained in clause 3 shall affect the primary liability of a trading member to pay the fees under clause 2 or shall preclude the Board from recovering any such fee remaining unpaid by any trading member directly from him.

(2) Where due to the trading member’s default any fee which was liable to be paid on his behalf under clause 3 remains unpaid or is paid

belatedly, he shall, without prejudice to any other action that may be taken under the Act, rules or regulations, pay an interest of 15 per cent. per annum for every month of delay or part thereof to the Board.

(3) Every trading member shall be liable to furnish such information or explanations to the Board as may be required by it in respect of fee paid or payable under this Schedule.”

F.No. SEBI/LAD/DOP/ 604 /2006

M. DAMODARAN
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA

Footnote:

1. Securities and Exchange Board of India (Stock Brokers And Sub-Brokers) Regulations, 1992, the Principal Regulations, was published in the Gazette of India on October 23, 1992 vide GSR No. 780 (E).
2. The Principal Regulations subsequently amended on :
 - (a) November 28, 1995 by the SEBI (Payment of Fees) (Amendment) Regulations, 1995 vide S.O. No. 939 (E).
 - (b) January 5, 1998 by SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 1998 vide S.O. No. 13 (E).
 - (c) January 21, 1998 by SEBI (Stock Brokers and Sub-Brokers) (Second Amendment) Regulations, 1998 vide S.O. No. 75 (E).
 - (d) December 16, 1998 by SEBI (Stock Brokers and Sub-Brokers) (Third Amendment) Regulations, 1998 vide S.O. No. 1078 (E).
 - (e) July 6, 1999 by SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 1999 vide S.O. No. 541 (E).

- (f) March 14, 2000 by SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2000 vide S.O. No. 234 (E).
- (g) March 28, 2000 by SEBI (Appeal to Securities Appellate Tribunal) (Amendment) Regulations, 2000 vide S.O. No. 278 (E).
- (h) August 30, 2000 by SEBI (Stock Brokers and Sub-Brokers) (Second Amendment) Regulations, 2000 vide S.O. No. 787 (E).
- (i) May 29, 2001 by SEBI (Investment Advice by Intermediaries) (Amendment) Regulations, 2001 vide S.O. No. 476(E).
- (j) November 15, 2001 by SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2001 vide S.O. No. 1128 (E).
- (k) February 20, 2002 by SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2002 vide S.O. No. 220 (E).
- (l) September 27, 2002 by SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 vide S.O. No. 1045 (E).
- (m) September 23, 2003 by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2003 vide S.O. 1095 (E).
- (n) November 20, 2003 by the SEBI (Stock Brokers and Sub-Brokers) (Second Amendment) Regulations, 2003 vide F. No. SEBI /LAD /20795 /2003.
- (o) March 10, 2004 by the Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulations, 2004 vide S.O. No. 398(E).
- (p) August 1, 2006 by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2006 vide S.O. 1235 (E).
- (q) September 7, 2006 by the SEBI (Stock Brokers and Sub-Brokers) (Second Amendment) Regulations, 2006 vide S.O. 1447 (E).
