SECURITIES AND EXCHANGE BOARD OF INDIA (STOCK-BROKERS [***]) REGULATIONS, 1992

CONTENTS

CHAPTER I: PRELIMINARY
1. Short title and commencement
2. Definitions
CHAPTER II: REGISTRATION OF STOCK BROKERS 3. Application for registration of Stock Brokers
4. Furnishing of information, clarification
5. Consideration of application for grant of registration 6. Procedure for registration
7. Procedure when registration is not granted
8. Payment of fees
9. Conditions for registration
10. Approval for operation in segments of stock exchange
CHAPTER IIA: REGISTRATION OF CLEARING MEMBERS
10A. Application for registration
10B. Applicability of Chapter II
10C. Payment of fees
10D. Approval for operation in segments of clearing corporation
CHAPTER III- REGISTRATION OF SUB-BROKERS 11. Registration as sub-broker
11A. Application for registration as sub broker
12. Procedure for registration
12A. Conditions of registration
13. Procedure when registration is not granted
14. Effect of refusal
15. General obligations and inspection
15A. Director not to act as sub-broker
16. Application of Chapters IV, V & VI
CHAPTER IV- GENERAL OBLIGATIONS AND RESPONSIBILITIES
17. To maintain proper books of account, records, etc.
18. Maintenance of books of account and records
18A. Appointment of Compliance officer
18B. Stock Broker not to deal with unregistered Sub-broker
CHAPTER V PROCEDURE FOR INSPECTION
19. Board's right to inspect
20. Procedure for Inspection
21. Obligations of stock-broker on inspection by the Board 22. Submission of report to the Board
23. Action on inspection or investigation report
24. Appointment of Auditor
CHAPTER VI-PROCEDURE FOR ACTION IN CASE OF DEFAULT
25. Liability for contravention of the Act, rules or the regulations 26. Liability for monetary penalty
27. Liability for action under the Enquiry Proceeding Regulations 28. Liability for prosecution

CHAPTER VII- MISCELLEANOUS

29. Power to remove difficulties

30. Power to specify procedures, etc. and issue clarifications

FORM A: Application Form for Registration as Stock Broker with Securities and Exchange Board of India

FORM AA: Application form for registration as a trading and/or a clearing member and/or a self-clearing member] with the Securities and Exchange Board of India FORM AD: Application Form for Registration as Clearing Member with Securities and Exchange Board of India

FORM B: Application Form for Registration as a Sub-broker with Securities and Exchange Board of India

FORM C: Recommendation Letter to be given by the Member with whom the Sub-broker is affiliated

FORM CA: Recognition letter to be issued by the Stock Exchange

FORM D: Certificate of Registration [Regulations 6 and 10b]

Form E: Certificate of Registration [Regulation 12]

SCHEDULE II-CODE OF CONDUCT FOR STOCK BROKERS

SCHEDULE III: FEES TO BE PAID BY THE STOCK BROKERS

SCHEDULE V: PAYMENT OF FEES BY STOCK BROKERS/ CLEARING MEMBERS/ SELF-CLEARING MEMBERS

SCHEDULE VI: NET WORTH AND DEPOSIT REQUIREMENTS FOR STOCK BROKERS/ CLEARING MEMBERS/ SELF-CLEARING MEMBERS

THE GAZETTE OF INDIA EXTRAORDINARY
PART II - SECTION 3 - SUB-SECTION (ii)
PUBLISHED BY AUTHORITY
NOTIFICATION
THE 23rd DAY OF OCTOBER 1992
NEW DELHI

SECURITIES AND EXCHANGE BOARD OF INDIA (STOCK BROKERS [1][***]) REGULATIONS, 1992

S.O.780 (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 [2][***] makes the following regulations, namely: -

CHAPTER I
PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India (Stock Brokers [3][***]) Regulations, 1992.

Definitions.

[4]**[2. (1)** In these regulations, unless the context otherwise requires]:—

[5][(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992); (aa) "certificate" means a certificate of registration issued by the Board;

(ab) [6][***]

1 The words "and sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

2 Words "with the previous approval of the Central Government" omitted by the SEBI (Stock Brokers and Sub-brokers) (Third Amdt.) Regulations, 1998, w.e.f. 16-12-1998.

3 The words "and sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

4 Renumbered as 2(1) by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2013 w.e.f. 27.09.2013

5 Inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2006, w.e.f. 07-09-2006.

[7][(ac) "change in control" –

(i) in case of a body corporate –

(A) if its shares are listed on any recognised stock exchange, shall be construed with reference to the definition of control in terms of regulations framed under clause (h) of sub-section (2) of section 11 of the Act;

(B) in any other case, shall be construed as change in the controlling interest in the body corporate;

Explanation: For the purpose of para (B) of this sub-clause, the expression "controlling interest" means an interest, whether direct or indirect, to the extent of at least fifty-one percent of voting rights in the body corporate;

(ii) in a case other than that of a body corporate, shall be construed as any change in its legal formation or ownership.]

8[(ad) "clearing corporation" shall mean a clearing corporation as defined in clause (d) of sub-regulation (1) of regulation 2 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012;]

6 Omitted by the SEBI(Change in Conditions of Registration of Certain Intermediaries)(Amendment) Regulations,2011, w.e.f. 19-04-2011. Prior to omission, clause (ab) read as under:

"change of status or constitution" in relation to a stock broker or a sub-broker means any change in its status or constitution of whatsoever nature and includes— (i) in case of a body corporate—

(A) amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 391 of the Companies Act, 1956 (1 of 1956) or the corresponding provision of any other law for the time being in force;

(B) change in its managing director, whole-time director or director appointed in compliance with clause (v) of sub-rule (4A) of rule 8 of the Securities Contracts (Regulation) Rules, 1957; and

(C) any change in control over the body corporate;

(ii) any change between the following legal forms - individual, partnership firm, Hindu undivided family, private company, public company, unlimited company or statutory corporation and other similar changes;

(iii) in case of a partnership firm any change in partners not amounting to dissolution of the firm

7 Substituted by the SEBI (Change in Conditions of Registration of Certain Intermediaries)(Amendment) Regulations, 2011, w.e.f. 19-04-2011. Prior to substitution, clause (ac) read as under:

"change in control", in relation to a stock broker or a sub-broker being a body means-

(i) if its shares are listed on any recognised stock exchange, change in control within the meaning of regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

(ii) in any other case, change in the controlling interest in the body corporate;

Explanation: For the purpose of sub-clause (ii), the expression "controlling interest" means an interest, whether direct or indirect, to the extent of at least fifty-one per cent of voting rights in the body corporate;"

8Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2013.w.e.f 27-09-2013 Prior to substitution clause (ad) read as:

9[(ae) "clearing member"means a person having clearing and settlement rights in any recognised clearing corporation and shall include any person having clearing and settlement rights on a commodity derivatives exchange:

Provided that such a clearing member in commodity derivatives exchange shall be required to become a member of a recognised clearing corporation from such date as may be specified by the Board.]

(aaa)10[***]

(b) "form" means a form specified in Schedule I;

(c) "inspecting authority" means one or more persons appointed by the Board to exercise powers conferred under Chapter V of these regulations;

11[(ca) "proprietary trading member" means a stock broker who trades in the debt segment of the recognised stock exchange, exclusively on its own account or as permitted by its

sectoral regulator;]

(d) "regulations" means Securities and Exchange Board of India (Stock Brokers [12][***]) Regulations, 1992;

(e) [13][***]

(f) "Securities Contract (Regulation) Act" means Securities Contract (Regulation) Act, 1956 (42 of 1956)

[14][(fa) "self-clearing member" means a member of a clearing corporation who is also a stock broker and clears and settles trades on its own account or on account of its clients only and includes any person having clearing and settlement rights on a commodity derivatives exchange: Provided that such person who clears and settles trades in commodity derivatives, shall be required to become a member of a recognised clearing corporation, from such date as may be specified by the Board.]

(g) "small investor" means any investor buying or selling securities on a cash transaction for a market value not exceeding rupees fifty thousand in aggregate on any day as shown in a contract note issued by the stock broker;

[15][(ga)"stock exchange" means a stock exchange which is for the time being recognised by the Central Government or by the Board under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);]

[16][(gb)"stock broker" means a person having trading rights in any recognised stock exchange and includes a trading member;]

(gc) [17][***]]

(gd) [18][***]

(h) [19][***]

[20][(2) Words and expressions used and not defined in these regulations but defined in the Act, the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.]

"clearing corporation or clearing house" means the clearing corporation or clearing house of a recognised stock exchange to clear and settle trades in securities;

9 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2015 w.e.f 28-09-2015. Earlier clause (ae) was substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2013.w.e.f 27-09-2013. Prior to the substitution, clause (ae) read as:

"clearing member" shall mean a clearing member as defined in clause (e) of sub-regulation (1) of regulation 2 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012;

10 Omitted by the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, w.e.f. 27-09-2002.

11 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27-09-2013. Prior to substitution clause (ca) read as:

"(ca) proprietary trading member" means a member of debt segment of a stock exchange which trades only on its own account or as permitted by its sectorial regulator;"

12 The words "and sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

13 Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2006, w.e.f. 07-09-2006. Prior to omission, it read as under:

'(e) "rules" means Securities and Exchange Board of India(Stock Brokers and Sub-brokers) Rules, 1992;

14 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2015 w.e.f 28-09-2015. Earlier clause (fa) was substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,

2013.w.e.f 27.09.2013. Prior to the substitution, clause (fa) read as:

"(fa) "self-clearing member" means a member of a clearing corporation who is also a stock broker and clears and settles trades on its own account or on account of its clients only;"

15 Inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2006, w.e.f. 07-09-2006.

16 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2013 w.e.f. 27-09-2013. Prior to substitution clause (gb) read as:

(gb) "stock broker" means a member of a stock exchange;

17 Omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019. Prior to its omission, clause (gc) read as follows,-

""sub-broker" means any person not being a member of stock exchange who acts on behalf of a stock broker as an agent or otherwise for assisting the investors in buying, selling or dealing in securities through such stock brokers;"

18 Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27-09-2013 19 Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27-09-2013 20 Inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27-09-2013

21[CHAPTER II
REGISTRATION OF STOCK BROKERS

Application for registration.

3. (1) 22[No person shall act as a stock broker, unless he obtains a certificate of registration from the Board:

Provided that no separate registration shall be required for a clearing member registered with the Board to act as a stock broker in a stock exchange of which he is admitted as a member, subject to grant of approval by the concerned stock exchange.

Explanation.- For the purpose of this sub-regulation, it is clarified that no separate registration shall be required for a stock broker registered with the Board to operate in more than one stock exchange, of which he is admitted as a member, subject to grant of approval by the concerned stock exchange.]

(2) An application for grant of a certificate of registration as a stock broker shall be submitted to the Board in Form A of Schedule I through the stock exchange23[*]of which he is admitted as a member.

(3) The stock exchange 24[*] shall forward the application form to the Board as early as possible, but not later than thirty days from the date of its receipt.

Furnishing of information, clarification.

4. (1) The Board may require the applicant, or the concerned stock exchange, to furnish further information or clarifications, regarding the trading, settling or dealing in securities and matter connected thereto, to consider the application for grant of a certificate.

(2) The applicant or, its principal officer shall, if so required, appear before the Board for personal representation.

21 Chapter II substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2013 w.e.f. 27-09-2013

22 Substituted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08-10-2014. Prior to the substitution, the sub-regulation read as follows:

'No person shall act as a stock broker, unless he seeks a certificate of registration from the Board for each stock exchange in which he seeks to operate:

Provided that no separate registration shall be required for a clearing member registered with the Board to operate as a stock broker in the stock exchange which has promoted the clearing corporation of which he is a clearing member.'

23 '(s)' omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08-10-2014

24 '(s)' omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08-10-2014

Consideration of application for grant of registration.

5. The Board shall take into account for considering the grant of a certificate, all matters relating to trading, settling or dealing in securities and in particular the following, namely, whether the

applicant,-

(a) is eligible to be admitted as a member of a stock exchange;

(b) has the necessary infrastructure like adequate office space, equipment and man power to effectively discharge his activities;

(c) has any past experience in the business of trading or dealing in securities, as the case may be;

(d) has been subjected to disciplinary proceedings under the rules, and bye-laws of a stock exchange, or enforcement action under securities laws, with respect to his business as a stock-broker involving either himself or any of his partners, directors or employees;

(e) is a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

(f) has any financial liability which is due and payable in terms of the Act, the Securities Contracts (Regulation) Act, 1956 or rules and regulations thereunder;

(g) has obtained certification in terms of SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 or as may be specified by the Board;

(h) satisfies the minimum networth and deposit requirements as specified in Schedule VI, for the segment for which membership or approval is sought.

Procedure for registration.

6. The Board may, after consideration of the application under regulation 3 and on being satisfied that the applicant has complied with the conditions laid down in regulation 5 grant a certificate of registration in

Form D to the stock-broker, and send intimation to that effect to the stock exchange(s) of which it is a member.

Procedure where registration is not granted.

7.(1) Where an application under regulation 3, does not fulfill the requirements mentioned in regulation 5, the Board may reject the application after giving a reasonable opportunity of being heard.

(2) The refusal to grant the registration certificate shall be communicated by the Board within thirty days of such refusal to the applicant and to the concerned stock exchange stating therein the grounds on which the application has been rejected.

(3) An applicant whose application has been rejected by the Board under sub-regulation (2), may apply within a period of thirty days from the date of receipt of such intimation, to the board for reconsideration of its decision.

(4) The Board shall reconsider an application made under sub-regulation (3) and communicate its decision as soon as possible in writing to the applicant and to the concerned stock exchange.

Payment of fees.

8. Every applicant eligible for grant of a certificate of registration as a stock broker shall pay such fees and in such manner as specified in Schedule III or Schedule V as the case maybe:

Provided that the Board may on sufficient cause being shown permit the stock-broker to pay such fees at any time before the expiry of six months from the date on which such fees become due.

Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

(a) the stock broker holds the membership of any stock exchange;

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him;

(c) where the stock broker proposes change in control, he shall obtain prior approval of the Board for continuing to act as such after the change;

(d) he shall pay fees charged by the Board in the manner provided in these regulations; (e) he shall take adequate steps for redressal of grievances, of the investors within one month of the date of receipt of the complaint and inform the Board as and when required by the Board;

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and (g) he shall at all times maintain the minimum networth as specified in Schedule VI.

[25][Approval for operation in other stock exchange(s) or segment(s) of stock exchange.

[25]Substituted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08-10-2014. Prior to substitution the Regulation read as follows: '**Approval for operation in segments of stock exchange. 10.** (1) Approval for operating in segments of a stock exchange shall be granted by the concerned stock exchange.

10. (1) A stock broker registered with the Board, who desires to operate in any other stock exchange or any other segment(s) of the stock exchange of which it holds a membership, shall apply to the concerned stock exchange, in the manner specified by the Board.

(2) A clearing member registered with the Board, who desires to operate in any stock exchange or any segment(s) of the stock exchange, shall apply to the concerned stock exchange in the manner specified by the Board.

(3) On receipt of an application under sub-regulation (1) or sub-regulation (2), the stock

exchange shall, on being satisfied with the compliance of provisions of the regulations and other relevant eligibility requirements specified by the Board, grant approval to operate in that stock exchange or segment(s) thereof and shall inform the Board about such grant of approval.]

[26][CHAPTER II-A

REGISTRATION OF CLEARING MEMBERS

Application for registration.

10A.[27][(1) No person shall act as a clearing member, unless he obtains a certificate of registration from the Board:

Provided that no separate registration shall be required for a stock broker registered with the Board to act as a clearing member in a clearing corporation of which he is admitted as a member, subject to grant of approval by the concerned clearing corporation.

(2) A stock broker registered with the Board, who desires to operate in any segment(s) of the stock exchange of which it holds a membership, shall apply to the concerned stock exchange, in the manner specified by the Board.

(3) A clearing member registered with the Board, who desires to operate in any segment(s) of the stock exchange which has promoted the clearing corporation, of which he is a member, shall apply to the concerned stock exchange in the manner specified by the Board.

(4) On receipt of an application under sub-regulation (2) or sub-regulation (3), the stock exchange shall, on being satisfied with the compliance of provision of the regulations and other relevant eligibility requirements specified by the Board, grant approval for operation in any segment(s) and shall inform the Board about such grant of approval.'

[26] Chapter II-A inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013

[27] Substituted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 8.10.2014.Prior to substitution the sub-regulation read as follows:

' (1) Any person who desires to act as a clearing member, shall seek a certificate of registration from the Board for each clearing corporation in which he seeks to operate:

Provided that no separate registration shall be required for a stock broker registered with the Board to operate as a clearing member in the clearing corporation which is promoted by the stock exchange of which he is a member.'

Explanation.- For the purpose of this sub-regulation, it is clarified that no separate registration shall be required for a clearing member registered with the Board to operate in more than one clearing corporation, of which he is admitted as a member, subject to grant of approval by the concerned clearing corporation.]

(2) An application for grant of a certificate of registration as clearing member shall be submitted to the Board in Form AD of Schedule I through the clearing corporation[28][*] of which he is admitted as a member.

(3) The Clearing Corporation[29][*] shall forward the application form to the Board as early as possible, but not later than thirty days from the date of its receipt.

Applicability of Chapter II.

10B. The provisions of Chapter II shall be applicable mutatis mutandis to registration of a clearing member, except as otherwise provided."

Payment of fees.

10C. Every applicant eligible for grant of a certificate of registration as a clearing member shall pay such fees and in such manner as specified in Schedule III or Schedule V as the case maybe:

Provided that the Board may on sufficient cause being shown permit the clearing member to pay such fees at any time before the expiry of six months from the date on which such fees become due.

[30] **Approval for operation in other clearing corporation(s) or segment(s) of clearing corporation.**

[28] '(s)' omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014

[29] '(s)' omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014

[30]Substituted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014.Prior to substitution the regulation read as follows:

'**Approval for operation in segments of clearing corporation.**

10D. (1) Approval for operating in any segments of a clearing corporation shall be granted by the concerned clearing corporation.

(2) A clearing member registered with the Board, who desires to operate in any segment(s) of the clearing corporation of which it holds a membership, shall apply to the concerned clearing corporation in the manner specified by the Board.

(3) A stock broker registered with the Board, who desires to operate in any segment(s) of the clearing corporation promoted by the stock exchange of which he is a member, shall apply to the concerned clearing corporation in the manner specified by the Board.

10D. (1)A clearing member registered with the Board, who desires to operate in any other clearing corporation or any other segment(s) of the clearing corporation of which it holds a membership, shall apply to the concerned clearing corporation in the manner specified by the Board.

(2) A stock broker registered with the Board, who desires to operate in any clearing corporation or any segment(s) of the clearing corporation, shall apply to the concerned clearing corporation in the manner specified by the Board.

(3) On receipt of an application under sub-regulation (1) or sub-regulation (2), the clearing corporation shall, on being satisfied with the compliance of provisions of the regulations and other relevant eligibility requirements specified by the Board, grant approval to operate in that clearing corporation or segment(s) thereof, and shall inform the Board about such grant of approval.]

[31] **Clearing Corporation for commodity derivatives.**

10E. For the purpose of this Chapter and in respect of clearing and settlement of trades in commodity derivatives, the word "clearing corporation" wherever appearing, shall refer to a commodity derivatives exchange till such time a separate clearing corporation is established to undertake the activity of clearing and settlement of trades in commodity derivatives.

Application of Chapters IV, V & VI

10F. The provisions of Chapters IV, V and VI of these regulations shall *mutatis mutandis* apply to a clearing member and self-clearing member.]

Chapter III [32][***]

Chapter IIIA [33][***]

Chapter III B [34][***]

Chapter IIIC [35][***]

(4) On receipt of an application under sub-regulation (2) or sub-regulation (3) , the clearing corporation shall, on being satisfied with the compliance of provision of the regulations and other relevant eligibility requirements specified by the Board, grant approval for operation in any segment(s), and shall inform the Board about such grant of approval.'

[31]Inserted by the SEBI (Stock Brokers and Sub-brokers)(Amendment) Regulations, 2015, w.e.f. 28-09-2015. [32] Chapter III, omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[33] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.9.2013.

[34] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.9.2013.

[35] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013.

CHAPTER IV

GENERAL OBLIGATIONS AND RESPONSIBILITIES To

maintain proper books of account, records, etc.

17. (1) Every Stock Broker shall keep and maintain the following books of account, records and documents, namely:—

(a) Register of transactions (Sauda Book);

(b) Clients ledger;

(c) General ledger;

(d) Journals;

(e) Cash book;

(f) Bank pass book;

[36][(g) Documents register containing, inter alia, particulars of securities received and delivered in physical form and the statement of account and other records relating to receipt and delivery of securities provided by the depository participants in respect of dematerialized securities;]

(h) Member's contract books showing details of all contracts entered into by him with other members of the same exchange or counterfoils or duplicates of memos of confirmation issued to such other members;

(i) Counterfoils or duplicates of contract notes issued to clients;

(j) Written consent of clients in respect of contracts entered into as principals;

(k) Margin deposit book;

(l) [37][****]

(m) [38][****]

[39][(n) Client account opening

form in the format as may be specified by the Board.]

36 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2003, w.e.f. 23-09-2003. Prior to substitution, it read as under:

"Documents register should include particulars of shares and securities received and delivered" 37 Omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

Prior to its omission, clause (l) read as follows,-

"(l) Registers of accounts of sub-brokers;"

38 Omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

Prior to its omission, clause (m) read as follows,-

"(m) An agreement with a sub-broker specifying the scope of authority, and responsibilities of the Stock Broker and such Sub-broker;"

39 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2011, w.e.f. 17-08-2011. Prior to the substation, it read as under:

(2) Every stock broker shall intimate to the Board the place where the books of account, records and documents are maintained.

(3) Without prejudice to sub-regulation (1), every stock broker shall, after the close of each accounting period furnish to the Board if so required as soon as possible but not later than six months from the close of the said period a copy of the audited balance sheet and profit and loss account as at the end of the said accounting period:

Provided that, if it is not possible to furnish the above documents within the time specified, the Stock Broker shall keep the Board informed of the same together with the reasons for the delay and the period of time by which such documents would be furnished.

Maintenance of books of account and records.

18. Every stock broker shall preserve the books of account and other records maintained under regulation 17 for a minimum period of five years.

40[**Appointment of compliance officer.**

18A. (1)Every stock broker shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors' grievances.

(2)The compliance officer shall immediately and independently report to the Board any non-compliance observed by him.]

41[***]

42[**********]

"An agreement with the sub-broker and with the client of the sub-broker to establish privity of contract between the stock broker and the client of the sub-broker."

40 Inserted by the SEBI (Investment Advice by Intermediaries) (Amendment) Regulations, 2001, w.e.f. 29-05-2001.

41 Omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019. Prior to its omission, Regulation 18B inserted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2003, w.e.f. 23-09-2003 read as follows,-

"**Stock Broker not to deal with unregistered Sub-broker.**

18B. The stock broker shall not deal with any person as a sub-broker unless such person has been granted certificate of registration by the Board under sub-regulation (1) of Regulation 12**.**"

42 Omitted by the (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2017, w.e.f., 13.07.2017. Prior to the same, regulation 18C, inserted by the SEBI (Stock Brokers and Sub-brokers)(Amendment) Regulations, 2015, w.e.f. 28-09-2015, read as follows:

"*Restriction on activities.*

CHAPTER V
PROCEDURE FOR INSPECTION

Board's right to inspect.

19. (1) Where it appears to the Board so to do, it may appoint one or more persons as inspecting authority to undertake inspection of the books of account, other records and documents of the stock brokers for any of the purposes specified in sub-regulation (2).

(2) The purposes referred to in sub-regulation (1) shall be as follows, namely :—
(a) to ensure that the books of account and other books are being maintained in the manner required;
(b) that the provisions of the Act, rules, regulations and the provisions of the Securities Contracts (Regulation) Act, and the rules made thereunder are being complied with;

Procedure for inspection.

20. (1) Before undertaking any inspection under regulation 19, the Board shall give a reasonable notice to the stock broker for that purpose.

(2) Notwithstanding anything contained in sub-regulation (1), where the Board is satisfied that in the interest of the investors or in public interest no such notice should be given, it may by an order in writing direct that the inspection of the affairs of the stock broker be taken up without such notice.

(3) On being empowered by the Board, the inspecting authority shall undertake the inspection and the stock-broker against whom an inspection is being carried out shall be bound to discharge his obligations as provided under regulation 21.

Obligations of stock-broker on inspection by the Board.

18C. *(1) A stock broker carrying on the activity of buying, selling or dealing in securities, other than commodity derivatives, shall not undertake the activity of buying, selling or dealing in commodity derivatives, unless permitted by the Board.*

(2) A stock broker carrying on the activity of buying, selling or dealing in commodity derivatives, shall not undertake the activity of buying, selling or dealing in securities other than commodity derivatives, unless permitted by the Board".

21. (1) It shall be the duty of every director, proprietor, partner, officer and employee of the stock-broker, who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control and furnish him with the statements and information relating to the transactions in securities market within such time as the said officer may require.

(2) The stock-broker shall allow the inspecting authority to have reasonable access to the premises occupied by such stock-broker or by any other person on his behalf and also extend reasonable facility for examining any books, records, documents and computer data in the possession of the stock-broker or any other person and also provide copies of documents or other materials which, in the opinion of the inspecting authority are relevant.

(3) The inspecting authority, in the course of inspection, shall be entitled to examine or record statements of any member, director, partner, proprietor and employee of the stock-broker.

(4) It shall be the duty of every director, proprietor, partner, officer and employee of the stock broker to give to the inspecting authority all assistance in connection with the inspection, which the stock broker may reasonably be expected to give.

Submission of report to the Board.

22. The inspecting authority shall, as soon as may be possible, submit an inspection report to the Board.

Action on inspection or investigation report.

23. [43][The Board shall after consideration of inspection or investigation report take such action as it may deem fit and appropriate including action under [44][Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008], Chapter VIA of the Act or section 24 of the Act.]

Appointment of auditor.

24. Notwithstanding anything contained above, the Board may appoint a qualified auditor to investigate into the books of account or the affairs of the stock-broker:

[43] Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2003, w.e.f. 20-11-2003. Earlier it was substituted by the SEBI(Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002. w.e.f 27-09-2002.

[44] Substituted by the SEBI (Intermediaries) Regulations, 2008, w.e.f. 26-05-2008.

Provided that, the auditor so appointed shall have the same powers of the inspecting authority as mentioned in regulation 19 and the obligations of the stockbroker in regulation 21 shall be applicable to the investigation under this regulation.

CHAPTER VI

PROCEDURE FOR ACTION IN CASE OF DEFAULT [45][Liability for contravention of the Act, rules or the regulations.

25. A stock broker [46][***] who contravenes any of the provisions of the Act, rules or regulations framed thereunder shall be liable for any one or more of the following actions— (i) Monetary penalty under Chapter VIA of the Act.

(ii) Penalties as specified under [47][Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008] including suspension or cancellation of certificate of registration as a stock broker [48][***],
(iii) Prosecution under section 24 of the Act.

Liability for monetary penalty.

26. A stock broker [49][***] shall be liable for monetary penalty in respect of the following violations, namely—
(i) Failure to file any return or report with the Board.

(ii) Failure to furnish any information, books or other documents within 15 days of issue of notice by the Board.

(iii) Failure to maintain books of account or records as per the Act, rules or regulations framed thereunder.

(iv) Failure to redress the grievances of investors within 30 days of receipts of notice from the Board.

(v) Failure to issue contract notes in the form and manner specified by the Stock Exchange of which such broker is a member.

[45] Regulations 25 to 28 substituted for regulation 25 by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2003, w.e.f. 20-11-2003.

[46] The words “or a sub-broker” omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[47] Substituted by the SEBI (Intermediaries) Regulations, 2008, w.e.f. 26-05-2008.

[48] The words “or a sub-broker” omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[49] The words “or a sub-broker” omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

(vi) Failure to deliver any security or make payment of the amount due to the investor within 48 hours of the settlement of trade unless the client has agreed in writing otherwise.

(vii) Charging of brokerage which is in excess of brokerage specified in the regulations or the bye-laws of the stock exchange.

(viii) Dealing in securities of a body corporate listed on any stock exchange on his own behalf or on behalf of any other person on the basis of any unpublished price sensitive information.

(ix) Procuring or communicating any unpublished price sensitive information except as required in the ordinary course of business or under any law.

(x) Counselling any person to deal in securities of any body corporate on the basis of unpublished price sensitive information.

(xi) Indulging in fraudulent and unfair trade practices relating to securities.

50[(xii) Failure to maintain client account opening form.]
(xiii) Failure to segregate his own funds or securities from the client's funds or securities or using the securities or funds of the client for his own purpose or for purpose of any other client.

(xiv) 51[***]
(xv) Failure to comply with directions issued by the Board under the Act or the regulations framed thereunder.

(xvi) Failure to exercise due skill, care and diligence.

52[(xvii) Failure to obtain prior approval of the Board in case of change in control of the stock broker.]
(xviii) Failure to satisfy the net worth or capital adequacy norms, if any, specified by the Board.

(xix) Extending use of trading terminal to any unauthorized person or place.

(xx) Violations for which no separate penalty has been provided under these regulations.

50 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2011, w.e.f. 17-08-2011. Prior to the substation, it read as under:
"(xii) Execution of trade without entering into agreement with the client under the Act, rules or regulations framed there under or failure to maintain client registration form or commission of any irregularities in maintaining the client agreement."

51 Omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019. Prior to its omission, clause (xiv) read as follows,-

"Acting as an unregistered sub-broker or dealing with unregistered sub-brokers."

52 Substituted by the SEBI(Change in Conditions of Registration of Certain Intermediaries)(Amendment) Regulations, 2011, w.e.f. 19-04-2011. Prior to substitution, it read as under:
"Failure to seek prior permission of the Board in case of any change in its status and constitution."

Liability for action under the Enquiry Proceeding Regulations.

27. A stock broker 53[***] shall be liable for any action as specified in 54[Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008] including suspension or cancellation of his certificate of registration as a stock broker 55[***] 56[***], if he—
(i) ceases to be a member of a stock exchange; or
(ii) has been declared defaulter by a stock exchange and not re-admitted as a member within a period of six months; or
(iii) surrenders his certificate of registration to the Board; or
(iv) has been found to be not a fit and proper person by the Board under these or any other regulations; or
(v) has been declared insolvent or order for winding up has been passed in the case of a broker 57[***] being a company registered under the Companies Act, 1956; or
(vi) or any of the partners or any whole-time director in case a broker 58[***] is a company registered under the Companies Act, 1956 has been convicted by a court of competent jurisdiction

for an offence involving moral turpitude; or
(vii) fails to pay fee as per Schedule III of these regulations; or
(viii) fails to comply with the rules, regulations and bye-laws of the stock exchange of which he is a member; or
(ix) fails to co-operate with the inspecting or investigating authority; or

53 The words "or a sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

54 Substituted for "SEBI(Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002" by the SEBI (Intermediaries) Regulations, 2008, w.e.f. 26-05-2008.

55 The words "or a sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

56 The words and symbol ", as the case may be" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

57 The words "or sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

58 The words "or sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

(x) fails to abide by any award of the Ombudsman or decision of the Board under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003; or
(xi) fails to pay the penalty imposed by the Adjudicating Officer; or
(xii) indulges in market manipulation of securities or index; or
(xiii) indulges in insider trading in violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; or
(xiv) violates Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003; or
(xv) commits violation of any of the provisions for which monetary penalty or other penalties could be imposed; or
(xvi) fails to comply with the circulars issued by the Board; or
(xvii) commits violations specified in regulation 26 which in the opinion of the Board are of a grievous nature.

Liability for prosecution.

28. A stock broker 59[***] shall be liable for prosecution under section 24 of the Act for any of the following violations, namely :—
(i) Dealing in securities without obtaining certificate of registration from the Board as a stock broker 60[***].

(ii) Dealing in securities or providing trading floor or assisting in trading outside the recognized stock exchange in violation of provisions of the Securities Contracts (Regulation) Act, 1956 or rules made or notifications issued thereunder.

(iii) Market manipulation of securities or index.

(iv) Indulging in insider trading in violation of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

(v) Violating the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

(vi) Failure without reasonable cause—
(a) to produce to the investigating authority or any person authorized by him in this behalf, any books, registers,

59 The words "or a sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[60] The words "or a sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

(b) to appear before the investigating authority personally or to answer any question which is put to him by the investigating authority; or

(c) to sign the notes of any examination taken down by the investigating authority. (vii) Failure to pay penalty imposed by the adjudicating officer or failure to comply with any of his directions or orders.]

[61][***]

[62][CHAPTER VII
MISCELLANEOUS

Power to remove difficulties

29. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board shall have the power to issue directions through guidance notes or circulars.

Power to specify procedures, etc. and issue clarifications

30. For the purposes of implementation of these regulations and matters incidental thereto, the Board may specify norms, procedures, processes, manners or guidelines as specified in these regulations, by way of circulars to recognised stock exchange(s) and recognised clearing corporation(s).]

[61] Regulations 26 to 32 had been omitted by the SEBI(Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, w.e.f. 27-09-2002. Earlier regulations 27 to 29 were amended by the SEBI(Stock Brokers and Sub-brokers)(Amendment) Regulations, 1999, w.e.f. 06-07-1999 and regulations 32 was amended by the SEBI(Appeal to Securities Appellate Tribunal) (Amendment)Regulations, w.e.f. 28-03-2000.

[62]Chapter VII inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013

SCHEDULE I
FORMS
[63][FORM A
[Regulation 3]

Application Form for Registration as Stock Broker with Securities and Exchange Board of India

Table 1:

Sl. No.	Particulars	Details
1	Name of Member with Code No.	
2	Trade name of Member	
3	Name of the Stock Exchange/ segment of which the applicant is the member	
4	Date of admission to exchange/ segment	
5	Address of Member	
6	Fax Number(s), Phone Number(s) of office and residence and email address	
7	Form of Organization—Sole proprietorship, partnership, corporate body, financial	
8	Net worth along with supporting document	
[65][9	PAN of the applicant]	

63 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013 64 Inserted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014. 65 Inserted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014

Table 2: Details of proprietor/ partners/ directors

Sl. No.	Names	Age	PAN	Educational Qualifications	Experience in derivatives trading or securities market, as applicable

[66][*]

Table 4: Details of sales personnel or approved user who has passed any certificationprogramme

Sl. No.	Name	Date of test	Percentage	Certificate No.

Other details:

1. Please furnish a copy of the memorandum and articles of association or the partnership deed, as the case may be.

2. [67][*]

[66] Table 3omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014.

[67] Omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014

3. If the applicant intends to clear and settle his trades through a clearing member, the applicant is required to furnish the name and details of the clearing member along with a copy of MoU/ agreement/ contract with them for the same.

4. Whether the application is accompanied by a requisite fee as per Schedule V of the Regulations as applicable to the applicant.

Undertaking:

5. Whether the applicant or its director or partners, any time convicted of any economic offence? If so, furnish the details.

6. Whether the applicant or its directors or partners, declared insolvent or declared defaulter by any exchange? If so, furnish details.

7. Whether the applicant or its directors or partners at any time subjected to any proceedings or penalty by the Board under SEBI Act or any of the regulations framed under the SEBI Act? If so, furnish the details.

8. Whether any disciplinary action has been initiated/ taken or penalty has been imposed by SEBI/ stock exchange(s)/ clearing corporation(s) or any other regulatory authority?

   If yes, furnish details. Also provide the details of corrective steps taken thereon

Declaration:

form is true and in the event of any information furnished is false, misleading or suppression of facts, my certificate of registration is liable to be cancelled by SEBI without assigning any reasons whatsoever.

Dated..... Signature

RECOMMENDATION OF THE STOCK EXCHANGE

This is to certify that ……. is a member of this Stock Exchange and is recommended for registration with the Securities and Exchange Board of India.

Signature :
Name :
Designation :]

FORM AA [68][***]
FORM AB [69][***]
FORM AC [70][***]

[71][FORM AD
[Regulation 10A]

Application Form for Registration as Clearing Member with Securities and Exchange Board of India

Table 1:

Sl. No.	Particulars	Details
1.	Name of Member with Code	
2.	Trade name of Member	
3.	Name of the Clearing Corporation of which the applicant is the member	
4.	Date of admission to Clearing Corporation	
5.	Address of Member	

[68] Omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014 [69] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013 [70] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013 [71] Form AD inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013

6.	Fax Number(s), Phone Number(s) of office and residence and email address	
7.	Form of Organization—Sole proprietorship, partnership, corporate body, financial institution[72][,others (please specify)]	

8.	Net worth along with supporting document	
[73][9.	PAN of the applicant]	

Table 2: Details of proprietor/ partners/ directors

Sl.No	Names	Age	PAN	Educational Qualifications	Experience in derivatives trading or securities market, as applicable

[74][***]

Other details:

1. Please furnish a copy of the memorandum and articles of association or the partnership deed, as the case may be.

2. Whether the application is accompanied by a requisite fee as per Schedule V of the Regulations as applicable to the applicant.

Undertakings:

[72] Inserted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014 [73] Inserted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014 [74] Table 3 omitted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014

3. Whether the applicant or its director or partners, any time convicted of any economic offence? If so, furnish the details.

4. Whether the applicant or its directors or partners, declared insolvent or declared defaulter by any exchange? If so, furnish details.

5. Whether the applicant or its directors or partners at any time subjected to any proceedings or penalty by the Board under SEBI Act or any of the regulations framed under the SEBI Act? If so, furnish the details.

6. Whether any disciplinary action has been initiated/ taken or penalty has been imposed by SEBI/ stock exchange(s)/ clearing corporation(s) or any other regulatory authority? If yes, furnish details. Also provide the details of corrective steps taken thereon.

Declaration:

I declare that the information given in this

form is true and in the event of any information furnished is false, misleading or suppression of facts, my certificate of registration is liable to be cancelled by SEBI without assigning any reasons whatsoever.

Dated..... Signature

RECOMMENDATION OF THE CLEARING CORPORATION

This is to certify that ……. is a member of this Clearing Corporation and is recommended for registration with the Securities and Exchange Board of India.

Signature:
Name:
Designation:]

FORM C [76][***]

[75] Omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019. [76] Omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

FORM CA[77][***]

[78][FORM D

[Regulations 6 and 10B]

CERTIFICATE OF REGISTRATION

In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder, the Board hereby grants a certificate of registration to..... as a stock broker/ proprietary trading member/ clearing member for carrying on the activities of buying, selling or dealing in securities/ clearing and settlement of trades and for carrying on such other activities as are permitted by stock exchange(s)/ clearing corporation(s), subject to the conditions specified therefor, from time to time, by the Board.

Registration number allotted is as under: .....

This certificate shall be valid till it is suspended or cancelled in accordance with the Regulations.

Date : .....

By order For
and on behalf of Securities and Exchange Board of India]

FORM DA [79][***]

FORM DB [80][***]

FORM DC [81][***]

FORM E

Securities and Exchange Board of India (Stock Brokers [82][***])

[77]Form CA, previously inserted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2000, w.e.f. 14-03-2000, omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[78] Substituted by the SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2014 w.e.f. 08.10.2014.
[79] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013 [80] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013 [81] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013

Regulations, 1992

[Regulation 12]

Certificate of Registration

In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder, the Board hereby grants a certificate of registration to.....as a Sub-broker subject to the rules and in accordance with the regulations.

Registration number allotted is as under:

.....

.....

This certificate shall be valid till it is suspended or cancelled in accordance with the regulations.

Date:..... By Order For and on behalf of Securities and Exchange Board of India

SCHEDULE II

Securities and Exchange Board of India (Stock Brokers [83][***])

Regulations, 1992

CODE OF CONDUCT FOR STOCK BROKERS

[Regulation 9]

A. General.

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care : A stock-broker shall act with due skill, care and diligence in the conduct of all his business.

[82] The words “and sub-broker” omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[83] The words “and sub-broker” omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

(3) Manipulation : A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

(4) Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stockbroker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

(5) Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.

B. Duty to the Investor

(1) Execution of Orders: A stock-broker, in his dealings with the clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best available market price and not refuse to deal with a Small Investor merely on the ground of the volume of business involved. A stock-broker shall promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.

(2) Issue of Contract Note: A stock-broker shall issue without delay to his client [84][or client of the sub-broker, as the case may be] a contract note for all transactions in the form specified by the stock exchange.

(3) Breach of Trust: A stock-broker shall not disclose or discuss with any other person or make improper use of the details of personal investments and other information of a confidential nature of the client which he comes to know in his business relationship.

(4) Business and Commission:

(a) A stock-broker shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.

(b) A stock-broker shall not furnish false or misleading quotations or give any other false or misleading advice or information to the clients with a view of inducing him to do business in particular securities and enabling himself to earn brokerage or commission thereby.

[84] Inserted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2000, w.e.f. 23-09-2003

(5) Business of Defaulting Clients: A stock-broker shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock-broker.

(6) Fairness to Clients: A stock-broker, when dealing with a client, shall disclose whether he is acting as a principal or as an agent and shall ensure at the same time,that no conflict of interest arises between him and the client. In the event of a conflict of interest, he shall inform the client accordingly and shall not seek to gain a direct or indirect personal advantage from the situation and shall not consider clients' interest inferior to his own.

(7) Investment Advice: A stock-broker shall not make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, retain any securities unless he has reasonable grounds for believing that the recommendation is suitable for such a client upon the basis of the facts, if disclosed by such a client as to his own security holdings, financial situation and objectives of such investment.

The stock-broker should seek such information from clients, whenever he feels it is appropriate to do so.

[85][(7A) Investment advice in publicly accessible media—

(a) A stock broker or any of his employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of his interest including the interest of his dependent family members and the employer including their long or short position in the said security has been made, while rendering such advice.

(b) In case an employee of the stock broker is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.]

(8) Competence of Stock-Broker: A stock-broker should have adequately trained staff and arrangements to render fair, prompt and competence services to his clients.

C. Stock-Brokers vis-a-vis Other Stock-Brokers

(1) Conduct of Dealings: A stock-broker shall co-operate with the other contracting party in comparing unmatched transactions. A stock-broker shall not knowingly and wilfully deliver documents which constitute bad delivery and shall co-operate with other contracting party for prompt replacement of documents which are declared as bad delivery.

85 Inserted by the SEBI (Investment Advice by Intermediaries) (Amendment) Regulations, 2001, w.e.f. 29-05-2001.

(2) Protection of Clients Interests: A stock-broker shall extend fullest co-operation to other stock-brokers in protecting the interests of his clients regarding their rights to dividends, bonus shares, right shares and any other right related to such securities.

(3) Transactions with Stock-Brokers: A stock-broker shall carry out his transactions with other stock-brokers and shall comply with his obligations in completing the settlement of transactions with them.

(4) Advertisement and Publicity: A stock-broker shall not advertise his business publicly unless permitted by the stock exchange.

(5) Inducement of Clients: A stock-broker shall not resort to unfair means of inducing clients from other stock-brokers.

(6) False or Misleading Returns: A stock-broker shall not neglect or fail or refuse to submit the required returns and not make any false or misleading statement on any returns required to be submitted to the Board and the stock exchange.

D 86[****]

87[***]

SCHEDULE III

Securities and Exchange Board of India (Stock Brokers [88][***]) Regulations, 1992

[Regulation 10]

I. Fees to be paid by the Stock Broker.

1. Every stock broker shall subject to paragraphs 2 and 3 of this Schedule pay registration fees in the manner set out below:

(a) where the annual turnover does not exceed rupees one crore during any financial year, a sum of rupees five thousand for each financial year;

[86] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 2011, w.e.f. 17- 08-2011. Prior to the omission, it read as under:

"D. (1) A stock broker, shall enter into an agreement as specified by the Board with his client.

[87] Code of conduct for sub-brokers, omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[88] The words "and sub-broker" omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

(b) where the annual turnover of the stock-broker exceeds rupees one crore during any financial year, a sum of rupees five thousand plus one hundredth of one per cent of the turnover in excess of rupees one crore for each financial year;

[89][(bb) Notwithstanding anything contained in clause (b) it is clarified that the fee shall be recoverable as computed as under :

(i) in respect of jobbing transactions that is to say all transactions which are squared off during the same day which have not been undertaken by the broker on behalf of clients, the fees shall be computed at the rate of one two hundredth of one per cent in respect of the sale side of such transactions;

(ii) in respect of transactions in Government securities, the bonds issued by any Public Sector Undertaking and the units traded in a similar manner, the fee payable shall be computed at the rate of one thousandth of one per cent of the turnover;

(iii) in case of carry forward, renewal or badla transactions the fees shall be computed at the rate of one hundredth of one per cent of the turnover and the reverse off setting transactions shall not be counted as part of the turnover;

(iv) if brokers are carrying out transactions in securities without reporting them to the stock exchange, those transactions shall be taken into account for the purpose of turnover and the fees shall be computed at the rate of one hundredth of one per cent of the turnover;

(v) the trade put through on other stock exchanges shall be included in the turnover of that exchange if market for that security does not exist on the exchange of which he is a member and the fees shall be computed at the rate of one hundredth of one per cent of the turnover; (vi) activity such as underwriting and collection of deposits shall not be taken into account for the purpose of calculating the turnover;]

(c) after the expiry of five financial years from the date of initial registration as a stock-broker, he shall pay a sum of rupees five thousand for [90][every] block of five financial years commencing from the sixth financial year after the date of grant of initial registration to keep his registration in force.

2. Fees referred to in clauses (a) and (b) of paragraph 1 above shall be paid—

(a) in respect of the financial year 1992-93 within one month of the commencement of these regulations ;

[89] Inserted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2002, w.e.f. 20-02-2002. [90] Substituted for "a" by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2002, w.e.f. 20-02-2002.

(b) in respect of the financial year beginning on the 1st day of April, 1993 and the following financial years, on or before the first day of October of the financial year to which such payment relates, and such fees shall be computed with reference to the annual turnover relating to the preceding financial year.

3. Every remittance of fees referred to in clauses (a) and (b) of paragraph 1, shall be accompanied by a certificate as to the authenticity of turnover on the basis of which fees have been computed duly signed by the stock exchange of which the stock broker is a member or by a qualified auditor or as defined in section 226 of the Companies Act, 1956.

Explanation.—For the purpose of paragraphs 1, 2 and 3, "annual turnover" means the aggregate of the sale and purchase prices of securities received and receivable by the stock broker on his own account as well as on account of his clients in respect of sale and purchase or dealing in securities during any financial year.

91[4. Where a corporate entity has been formed by converting the individual or partnership membership card of the exchange, such corporate entity shall be exempted from payment of fee for the period for which the erstwhile individual or partnership member, as the case may be, has already paid the fees subject to the condition that the erstwhile individual or partner shall be the whole-time director of the corporate member so converted and such director will continue to hold a minimum of 40 per cent shares of the paid-up equity capital of the corporate entity for a period of at least three years from the date of such conversion.] 92[Explanation : It is clarified that the conversion of individual or partnership membership card of the exchange into corporate entity shall be deemed to be in continuation of the old entity and no fee shall be collected again from the converted corporate entity for the period for which the erstwhile entity has paid the fee as per the regulations.]

93[4A. Where a stock exchange has formed a subsidiary company, which has become a stock broker of another stock exchange, then the turnover of the stock broker who is buying, selling or dealing in securities, through the subsidiary company as a sub-broker, shall be excluded from the turnover of the subsidiary company, only if the stock broker has paid five years turnover based fees plus fee for a block of five years in accordance with the regulations, on the concerned stock exchange which has formed the subsidiary company.]

91 Inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations, 1998, w.e.f. 21-01-1998. 92 Inserted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2002, w.e.f. 20-02-2002. 93 Inserted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2000, w.e.f. 30-08-2000.

94[5. If a stock broker fails to remit fees in accordance with Paragraphs 1 and 2, he shall be liable to pay interest at 15% per annum for each month of delay or part thereof :

Provided that the liability to pay interest as aforesaid may be in addition to any other action which the Board may take as deemed fit against the stock broker under the Act, or the Regulations :

Provided further that if the liability of the stock broker on account of payment of interest works out to be Rs. 100 or less the same may be waived off by the Board taking into consideration the administrative cost involved in recovering the said amount.]

II. 95**[***]**

III. Manner of Fees to be paid.

96[The fees specified above shall be paid on or before the 1st day of October each year payable 97[by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by draft in favour of "The Securities and Exchange Board of India" at 98[Mumbai], or at the respective regional office.]

[99][IV. Non-applicability to stock brokers governed by Schedule V.

The provisions of this Schedule shall not apply to stock brokers to whom Schedule V applies, from the time when it becomes so applicable.]

SCHEDULE IIIA[100]
SCHEDULED IV[101]

[94] Inserted by the SEBI (Stock Brokers and Sub-brokers) (Third Amdt.) Regulations, 1998, w.e.f. 16-12-1998. [95] Clause II, previously substituted by the SEBI (Stock Brokers and Sub-brokers) (Third Amdt.) Regulations, 2006, w.e.f. 31-07-2006, omitted by SEBI (Stock Brokers and Sub-Brokers) (Second Amdt.) Regulations, 2018 w.e.f 01-04-2019.

[96] Substituted by the SEBI (Payment of Fees) (Amendment) Regulations, 1995, w.e.f. 28-11-1995

[97] Inserted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 6-3-2017

[98] Substituted for the word “Bombay” by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 6-3-2017

[99] Substituted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013. Prior to substitution Clause IV read as-

IV. Non-applicability to stock brokers governed by Schedule IIIA.

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.]

[100] Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013.

SCHEDULE IVA[102]

SCHEDULE IVB[103]

[SCHEDULE V[104]

PAYMENT OF FEES BY STOCK BROKERS/ CLEARING MEMBERS/ SELF-CLEARING MEMBERS

[Regulation 10(1)]

PART A

APPLICABILITY

1. This Schedule shall apply to stock brokers in cash segment 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-clause (c) or (d), who opt in accordance with clause 2 of this Schedule — from such date as may be specified by the Board.

[105][**1A.** This Schedule shall apply to every stock broker who deals in commodity derivatives and every clearing member/ self-clearing member who clears and settles trades in commodity derivatives, from the date of grant of registration:
Provided that for a person dealing in commodity derivatives as a commodity derivatives broker, clearing and settling trades as a commodity derivatives clearing member or self-clearing member, immediately before the transfer and vesting of rights and assets of the Forward Markets Commission with the Securities and Exchange Board of India, this

101 Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013. 102 Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013. 103 Omitted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013. 104 Schedule V inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27.09.2013.

105 Inserted by the SEBI (Stock Brokers and Sub-brokers)(Amendment) Regulations, 2015, w.e.f. 28-09-2015.

Schedule shall apply, upon grant of registration by the Board, the computation of fee being with effect from the date of notification of transfer and vesting of rights and assets of the Forward Markets Commission with the Securities and Exchange Board of India.]

2. Stock brokers falling under sub-clause (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. (1) On and from the applicability of this Schedule, every stock broker/ clearing member/self clearing member 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:

[106][Table

106 Substituted by the SEBI (Payment of Fees)(Amendment) Regulations, 2019 w.e.f. 01-04-2019. Prior to the substitution, the Table inserted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 01-04-2017, read as follows:

Segment	**Rate / Amount (in `)**			**Remarks**
	Stock Broker	**Clearing member**	**Self-clearing member**	
Cash	0.00015 per cent of the price at which the securities are purchased or sold (` 15 per crore)	*	*	All sale and purchase transactions in securities other than debt securities.
Equity derivatives	0.00015 per cent of his turnover (` 15 per crore)	50,000/-	50,000/-	Explanation.—(A) The expression 'turnover' shall include the value of the trades executed by the stock broker on the concerned segment of the recognized stock exchange and of the trades settled on the expiration of the 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.
Currency derivatives	0.00015 per cent of his turnover (` 15 per crore)	50,000/-	50,000/-	
Interest rate derivatives	0.00005 per cent of his turnover (` 5 per crore)	50,000/-	50,000/-	
Commodity derivatives	0.00015 per cent of his turnover (` 15 per crore)	50,000/-	50,000/-	Explanation.— (A) The expression 'turnover' shall include the value of the trades executed by the stock broker on the concerned recognized stock exchange and of the trades settled on the expiration of the 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.

Debt	0.00002 per cent of his turnover (` 2 per crore) Explanation.— For the purpose of this clause, the expression 'turnover' shall include the aggregate value of the trades executed, including both sale and purchase transactions, by the stock broker including the proprietary trading member on the debts segment of the recognized stock	50,000/-	50,000/-	The fee shall not be applicable for clearing member or self-clearing member in case the said clearing member or self-clearing member is already a clearing member or self-clearing member in any other segment and is paying fee, as specified in this Part, for such segment.

Segment	**Rate / Amount (in)**			**Remarks**
	Stock Broker	**Clearing member**	**Self-clearing member**	
Cash	0.00010 per cent of his turnover (10 per crore)	*	*	All sale and purchase transactions in securities other than debt securities.
Equity derivatives	0.00010 per cent of his turnover (10 per crore)	50,000/-	50,000/-	Explanation.—(A) The expression 'turnover' shall include the value of the trades executed by the stock broker on the concerned segment of
Currency derivatives	0.00010 per cent of his turnover (10 per crore)	50,000/-	50,000/-	

Interest rate derivatives	0.00005 per cent of his turnover (5 per crore)	50,000/-	50,000/-	the recognized stock exchange and of the trades settled on the expiration of the 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.

Commodity derivatives **Agricultural commodity derivatives**	0.00010 per cent of his turnover (10 per crore) 0.00001 per cent of his turnover (1 per crore)	50,000/-	50,000/-	Explanation.— (A) The expression 'turnover' shall include the value of the trades executed by the stock broker on the concerned recognized stock exchange and of the trades settled on the expiration of the 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.
Debt	0.00002 per cent of his turnover (2 per crore)	50,000/-	50,000/-	The fee shall not be applicable for clearing member or self-clearing member in case the said

	Explanation.— For the purpose of this clause, the expression 'turnover' shall include the aggregate value of the trades executed, including both sale and purchase transactions, by the stock broker including the proprietary trading member on the debts segment of the recognized stock exchange			clearing member or self-clearing member is already a clearing member or self-clearing member in any other segment and is paying fee, as specified in this Part, for such segment.

]

(2) A clearing member/ self-clearing member shall pay a fee of `50,000 every year till his registration is in force, in the manner specified below:-

(a) for the first financial year along with the application for registration;

(b) for the subsequent financial years before 1st June of that financial year.

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.

107**[4A**. The non-refundable fee payable along with an application for registration under sub-regulation (4) of regulation 3 or sub-regulation (4) of regulation 10A shall be a sum of fifty thousand rupees:

Provided that the non-refundable fee payable along with an application for registration, by a person dealing, clearing and settling trades, on a national commodity derivatives exchange or regional commodity derivatives exchange, immediately before the transfer and vesting of rights and assets of the Forward Markets Commission with the Securities and Exchange Board of India, shall be a sum of twenty-five thousand rupees or five thousand rupees, respectively.]

108**[4B.** The fee specified in clause 4A shall be payable by the applicant 109[by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by means of a demand draft in favour of "Securities and Exchange Board of India" payable at Mumbai.]

PART C
MANNER OF PAYMENT AND RECOVERY

5. (1) Every recognized stock exchange shall collect from every stock broker in cash segment, 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.

107 Clause 4A substituted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2015, w.e.f. 28-9-2015. Prior to its substitution, Clause 4A, as inserted by the SEBI (Payment of Fees) (Amendment) Regulations, 2014, w.e.f. 23-5-2014, read as under :
"4A. The non-refundable fee payable along with an application for registration under sub- regulation (4) of regulation 3 or sub-regulation (4) of regulation 10A shall be a sum of fifty thousand rupees."
108 Inserted by the SEBI (Payment of Fees) (Amendment) Regulations, 2014, w.e.f. 23-5-2014.

109 Inserted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 6-3-2017.
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) Every recognized stock exchange shall collect from every stock broker in any segment other than cash segment, the fee payable under clause 3 in respect of turnover in the relevant segment of that stock exchange in accordance with the provisions of its bye-laws.

110[(2a) Every commodity derivatives exchange shall collect from every stock broker/clearing member/self-clearing member, dealing/clearing and settling trades in commodity derivatives, the fee payable under sub-clause (1) of clause 3 in accordance with the provisions of its bye-laws.]
(3) The fee collected by a recognized stock exchange under 111[sub-clauses (1), (2) or (2a)] of this clause during a calendar month shall be paid by the stock exchange to the Board by the fifth working day of the following calendar month.

(4) All recognized 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.

(5) Without prejudice to sub-clause (4), a recognized 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. A stock broker who also acts as a clearing member/ self-clearing member shall pay the annual fee separately, as applicable to each category as specified in clause 3 above.
7. (1) Nothing contained in clause 5 shall affect the primary liability of a stock broker/ clearing member/ self-clearing member to pay the fees under clause 3 or shall preclude the Board from recovering any such fee remaining unpaid by any stock broker/ clearing member/ self-clearing member directly from him.

(2) Where due to the stock broker's/ clearing member's/ self-clearing member'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.

110 Inserted by the SEBI (Stock Brokers and Sub-brokers)(Amendment) Regulations, 2015, w.e.f. 28-09-2015. 111 Substituted by the SEBI (Stock Brokers and Sub-brokers)(Amendment) Regulations, 2015 for the words " sub-clause (1) or (2)" w.e.f. 28-09-2015.

(3) Every stock broker/ clearing member/ self-clearing 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.

8. The financial year shall mean the year commencing from 1st April and ending on 31st March of the following year.

9. For the purposes of this Part, the obligations cast on recognised stock exchanges and stock brokers shall, *mutatis mutandis*, apply to recognised clearing corporations and clearing members/self-clearing members also.]

[112][SCHEDULE VI
NETWORTH AND DEPOSIT REQUIREMENTS FOR STOCK BROKERS/ CLEARING MEMBERS/ SELF- CLEARING MEMBERS

[Regulation 5(h), 9(g)]

APPLICABILITY, MANNER OF PAYMENT AND RECOVERY 1. The stock broker shall have a net-worth and shall deposit with the stock exchange a sum as may be specified by the Board/ Stock Exchange for the relevant segment from time to time.

2. The clearing member/ self-clearing member shall have the minimum networth and shall deposit the minimum sum specified hereunder or a higher amount with the clearing corporation promoted by the respective stock exchange in the manner specified from time to time.

[113][**3.** The quantum of networth and deposit to be maintained by-

(a) the stock broker/ clearing member, dealing /clearing and settling trades in securities, other than commodity derivatives, shall be as specified in Table 1 of this Schedule;

112 Schedule VI inserted by the SEBI (Stock Brokers and Sub-brokers) (Second Amdt.) Regulations,2013 w.e.f 27-09-2013.

113 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2015.w.e.f 28-09-2015 Prior to substitution clause 3 read as:
"**3**. The quantum of networth and deposit to be maintained by the stock broker/clearing member shall be as specified in the Table provided in this Schedule "
"clearing corporation or clearing house" means the clearing corporation or clearing house of a recognised stock exchange to clear and settle trades in securities;

(b) the stock broker/ clearing member, dealing/ clearing and settling trades in commodity derivatives, shall be as specified in Table 2 of this Schedule:

Provided that a person dealing in commodity derivatives as a commodity derivatives broker, clearing and settling trades as a commodity derivatives clearing member or self-clearing member, immediately before the transfer and vesting of rights and assets of the Forward Markets Commission with the Securities and Exchange Board of India, shall maintain the networth and deposit as specified by the commodity derivatives exchange, of which it holds membership: Provided further that within a period of one year from the date of transfer and vesting of rights and assets of the Forward Markets Commission with the Securities and Exchange Board of India, such persons shall satisfy the networth and deposit as specified in Table 2 of this Schedule.

4. The quantum of deposit to be maintained by the stock broker/clearing member shall be separately calculated segment wise.

5. The quantum of networth to be maintained by the stock broker/clearing member shall be collectively reckoned for all segments. It therefore means that if a stock broker/clearing member has a networth which is higher, then he may not be required to maintain separate networth for the other segments requiring lower networth.

[114][TABLE 1
NETWORTH AND DEPOSIT FOR MEMBERS DEALING IN SECURITIES, OTHER THAN COMMODITY DERIVATIVES]

Segment	Stock Broker (in ₹)		Clearing member (in ₹)		Self clearing member (in ₹)	
	Networth	Deposit	Networth	Deposit	Networth	Deposit
Cash	*	*	*	*	*	*
Equity	*	*	3 crore	50 lakh	1 crore	50 lakh
Derivatives Currency Derivatives	1 crore	*	10 crore	50 lakh	5 crore	50 lakh
Debt	50 Lakh (including for proprietary	*	3 crore	*	1 crore	*

---

114 Substituted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2015.w.e.f 28-09-2015 Prior to substitution the heading for the table read as:
" TABLE ON NETWORTH AND DEPOSIT"

*** As may be specified by the Board from time to time**

115[**TABLE 2**

NETWORTH AND DEPOSIT FOR MEMBERS DEALING IN COMMODITY DERIVATIVES

Type of member	Networth (Amount in Rs.)		Deposit (Amount in Rs.)	
	For the members of		For the members of	
	National Commodity Derivatives Exchanges	Regional Commodity Derivatives Exchanges	National Commodity Derivatives Exchanges	Regional Commodity Derivatives Exchanges
Stock broker/ Trading member	Nil	Nil	Nil	Nil
Self-clearing member	1 crore	*	50 lakhs	*
Clearing member	3 crore	*	50 lakhs	*

115 Inserted by the SEBI (Stock Brokers and Sub-brokers)(Amendment) Regulations, 2015, w.e.f. 28-09-2015.

** As may be specified by the Board from time to time*]

Explanation.- For the purposes of this Schedule, 'networth' shall mean paid up capital, free reserves and other securities approved by the Board from time to time but shall not include

fixed assets, pledged securities, value of member's card, non-allowable securities (unlisted securities), bad deliveries, doubtful debts and advances (debts or advances overdue for more than three months or debts or advances given to the associate persons of the member), prepaid expenses, losses, intangible assets and 30% value of marketable securities:

Provided that the deposit requirement specified for the debt segment shall not be applicable when a clearing member clears and settles all the trades only on gross basis for both securities and funds, without using settlement or trade guarantee fund:

Provided further that where the stock broker, clearing member or self-clearing member in the debt segment, is also regulated by a sectoral regulator other than the Board, the networth shall be computed in the manner as specified by such sectoral regulators.]