

MIRSD/DR-1/FC/Cir-15/2006

September 29, 2006

**The Executive Directors/ Managing Directors/ Administrators of All Stock Exchanges**

Dear Sir,

**Sub: Payment of fees by Stock Brokers**

SEBI has notified the SEBI (Stock Brokers and Sub Brokers) (Third Amendment) Regulations 2006 vide notification No S.O.1600(E) dated 25<sup>th</sup> September 2006 inserting Schedule III-A and amending Schedule IV of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as 'Regulations'). The Notification is available on SEBI website - [www.sebi.gov.in](http://www.sebi.gov.in)

Pursuant to the amendment the Stock Exchanges are advised as follows :

1. As per sub clause 2 of Schedule III A of Regulations, Stock brokers falling under sub clause (c) and (d) of clause 1 of Schedule III A of Regulations, may opt to pay fees in accordance with this schedule with effect from October 01, 2006 or on April 01, 2006 for which written consent to be given to the stock exchange on or before 31<sup>st</sup> day of October, 2006 or 28<sup>th</sup> day of February, 2007 respectively, in the format specified in [Annexure 1](#) to this circular.

2. As per clause 5(1) (b) of Schedule III A of Regulations, fee is payable in respect of off market transactions entered into by stock brokers and which are reported to that stock exchange. The stock brokers having multiple memberships are required to report off market transactions on the respective stock exchanges and shall be required to pay the fees only at the one stock exchange as opted by the stock broker. For this purpose the stock broker shall be required :

a. to express in writing the name of the stock exchange where the off market transactions be included for the payment of fees.

b. to intimate the respective stock exchanges where he is having multiple membership about his intention for inclusion of off market transaction in the chosen stock exchange.

The stock exchanges shall obtain a declaration from the stock broker with respect to a and b above.

3. The stock exchanges shall remit the fees to SEBI by way of a banker's cheque or demand draft drawn in favour of "Securities and Exchange Board of India" payable at Mumbai. While making the payment the stock exchanges shall furnish the information in the format specified in [Annexure 2A](#) for stock brokers in cash segment and [Annexure 2B](#) for stock brokers in derivative segment.

4. The stock exchanges shall amend their bye laws, Rules, Regulations as may be required to give effect to the amended Regulations so as to facilitate collection of fees and deposit the same with SEBI as specified in sub clause (1) of Clause 5 of Schedule III A of regulations and sub clause (1) of Clause 3 of Schedule IV of said regulations.

5. The stock exchanges are also advised to :

- a. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.
  - b. bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.
  - c. communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report for the month of October 2006.
6. The stock exchanges shall be required to collect the fees in terms of the amended Regulations from October 01, 2006 and first such remittance under the amended Regulations shall be made for the period October 01, 2006 to December 31, 2006 latest by January 05, 2007 and thereafter by the fifth working day of the following calendar month as specified in clause 5(2) of Schedule III A.
7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of Investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**MANOJ KUMAR**