

SCHEDULE III
SECURITIES AND EXCHANGE BOARD OF INDIA
(Stock Brokers And Sub-Brokers) 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 or;

(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 percent of the turnover in excess of rupees one crore for each financial year;

[(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 percent 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 percent of the turnover;

⁶⁶ Inserted by the SEBI (Stock Brokers and Sub-brokers) (Amendment) Regulations, 2002, w.e.f. 20-2-2002.

(iii) in case of carry forward, renewal or badla transactions the fees shall be computed at the rate of one hundredth of one percent 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 percent 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 percent 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 stockbroker, he shall pay a sum of rupees five thousand for ⁶⁷[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 clause (a) and (b) of paragraph 1 above shall be paid -

(a) in respect of the financial year 1992-1993 within one month of the commencement of these regulations;

(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 as defined in Section 226 of the Companies Act, 1956.

Explanation - For the purposes 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 either 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.

[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 wholetime Director of the corporate member so converted and such Director will continue to hold minimum 40% 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]

[“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”].

[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.]

[5. If a stock broker fails to remit fees in accordance with paragraph 1 and 2, he shall be liable to pay interest @ 15% per annum for each month of delay or part thereof; Provided that the liability to pay interest as aforesaid may be addition to any other action which the Board may take as deem 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. Fees to be paid by sub-brokers

Every sub-broker shall pay fees in the manner set out below:

(a) Where a sub-broker was granted certificate of registration by the Board before August 1, 2006 -

(i) he shall pay a sum of ten thousand rupees for the block of five financial years commencing from April 1, 2007; and

(ii) after the expiry of the said block of five financial years, he shall pay a sum of five thousand rupees for every subsequent block of five financial years.

(b) Where a sub-broker is granted certificate of registration by the Board on or after August 1, 2006 -

- (i) he shall pay a sum of ten thousand rupees for the block of five financial years commencing from the financial year in which registration has been granted; and
- (ii) after the expiry of the said block of five financial years, he shall pay a sum of five thousand rupees for every subsequent block of five financial years.
- (c) Every sub-broker shall pay fees under sub-clause (a) or sub-clause (b), as the case may be, within such time as may be specified by the Board.”]

III. MANNER OF FEES TO BE PAID

[The fees indicated above shall be paid on or before the 1st day of October each year payable by draft in favour of the Securities and Exchange Board of India at Bombay or at the respective regional office].

74[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.]

Schedule III-A

PAYMENT OF FEES BY STOCK BROKERS

[Regulation 10(1)]

Part A – Applicability

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

Part B –

CHARGE OF FEES

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

Sl.No.	Nature of Securities Transaction	Rate of fee
(a)	All sale and purchase transactions in securities other than debt securities	0.0001% of the price at which the securities are purchased or sold (Rs. 10/- per crore)
(b)	All sale and purchase transactions in debt securities	0.000025% of the price at which the securities are purchased or sold (Rs. 2.5 0/- per crore)

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

Part C

Manner of payment and recovery

5. (1) Every recognised stock exchange shall collect from every stock broker to whom this Schedule applies, the fee payable under clause 3 in respect of -
(a) securities transactions entered into by him in that stock exchange; and
(b) off-market transactions entered into by him which are reported to that stock exchange

—
in accordance with the provisions of its bye-laws.

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

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

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

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

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

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

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

[SCHEDULE IV

[Regulation 16G (1)]

FEES TO BE PAID BY THE TRADING OR CLEARING MEMBER [OR SELFCLEARING MEMBER] OF DERIVATIVES EXCHANGE / DERIVATIVES SEGMENT / CLEARING CORPORATION / CLEARING HOUSE.

1. A clearing member shall pay a fee of Rs. 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.

2. Every trading member shall pay to the Board, a fee in respect of the transactions undertaken by him on the derivatives segment of a recognised stock exchange, at the rate of 0.0001 per cent. of his turnover (Rs.10/- per crore).

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

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

2A The “self-clearing member” shall pay every year a fee as specified in clause 1 & 2. The provisions of clauses 3 to 6 shall be applicable mutatis mutandis to a self-clearing member.]

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

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

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

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

4. A trading member who also acts as a clearing member shall pay the annual fee separately, as applicable to each category[as specified in clause 1 and 2 above].

[“5. (1) Nothing contained in clause 3 shall affect the primary liability of a trading member to pay the fees under clause 2 or shall preclude the Board from recovering any

such fee remaining unpaid by any trading member directly from him.

(2) Where due to the trading member's default any fee which was liable to be paid on his behalf under clause 3 remains unpaid or is paid belatedly, he shall, without prejudice to any other action that may be taken under the Act, rules or regulations, pay an interest of 15 per cent. per annum for every month of delay or part thereof to the Board.

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

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

SCHEDULE IVA

[Regulation 16P(1)]

FEES TO BE PAID BY THE TRADING OR CLEARING MEMBER OF CURRENCY DERIVATIVES SEGMENT OF A STOCK EXCHANGE/CLEARING CORPORATION/CLEARING HOUSE

1. A clearing member shall pay a fee of Rs. 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.

2. Every trading member shall pay to the Board, a fee in respect of the transactions undertaken by him on the currency derivatives segment of a recognised stock exchange, at the rate of 0.0001 per cent of his turnover (Rs. 10 per crore), “in case of currency derivatives contracts and 0.000025 per cent. (Rs. 2.5 per crore) in case of interest rate derivatives contracts.

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

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

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

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

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

(4) Without prejudice to sub-clause (3), a recognised stock exchange shall also be liable to furnish such information or explanations to the Board as may be required

by it in respect of fee collected or liable to be collected under this Schedule.

4. A trading member who also acts as a clearing member shall pay the annual fee separately, as applicable to each category as specified in clauses 1 and 2.

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

(2) Where due to the trading member's default any fee which was liable to be paid on his behalf under clause 3 remains unpaid or is paid belatedly, he shall, without prejudice to any other action that may be taken under the Act, rules or regulations, pay an interest of 15 per cent per annum for every month of delay or part thereof to the Board.

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

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