

NOTIFICATION NO 51/2013

Dated: July 4, 2013

S.O. 2017 (E). -In exercise of the powers conferred by clause (e) of the proviso to clause (5) of section 43 read with section 295 of the Income - tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income - tax Rules, 1962, namely :-

1. (1) These rules may be called the Income - tax (9th Amendment) Rules, 2013. (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Income - tax Rules, 1962, in Part II, in sub - part C, after rule 6DDB , the following rules shall be inserted, namely :—

"6DDC. Conditions that a recognised association is required to fulfil to be notified as a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43. -For the purposes of clause (e) of the proviso to clause (5) of section 43, a recognised association shall fulfil the following conditions in respect of trading in derivatives, namely: -

(i) the recognised association shall have the approval of the Forward Markets Commission established under the Forward Contracts (Regulation) Act, 1952 (74 of 1952) in re spect of trading in derivatives and shall function in accordance with the guidelines or conditions laid down by the Forward Markets Commission;

(ii) the recognised association shall ensure that the particulars of the client (including unique client identity number and PAN) are duly recorded and stored in its databases;

(iii) the recognised association shall maintain a complete audit trail of all transactions (in respect of derivative market) for a period of seven years on its system;

(iv) the recognised a ssociation shall ensure that transactions (in respect of derivative market) once register ed in the system are not erased;

(v) the recognised association shall ensure that the transactions (in respect of derivative market) once registered in the system are modified only in cases of genuine error and maintain data regarding all transactions (in respect of derivative market) registered in the system which have been modified and submit a monthly statement in Form No. 3BC to the Director General of Income - tax (Intelligence and Criminal Investigation), New Delhi within fifteen days from the last day of each month to which such statement relates.

6DDD. Notification of a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43.-**(1)** An application for notification of a recognised association (as per clause (j) of section 2 of the Forward Contracts (Regulation) Act, 1952) as a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43 may be made to the Member (Legislation), Central Board of Direct Taxes, North Block, New Delhi.

(2) The application referred to in sub - rule (1) shall be accompanied with the following documents, namely : -

(i) approval granted by Forward Markets Commission for trading in derivatives;

(ii) up - to - date rules, bye - laws and trading regulations of the recognised association;

(iii) confirmation regarding fulfilling the conditions referred to in clause (ii) to clause (v) of rule 6DDC ;

(iv) such other information as t he recognised association may like to place before the Central Government.

(3) The Central Government may call for such other information from the applicant as it deems necessary for taking a decision on the application.

(4) The Central Government, after e xamining the information furnished by the recognised association under sub - rule (2) or sub - rule (3), shall notify the recognised association as a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43 or issue an o rder rejecting the application before the expiry of four months from the end of the month in which the application is received.

(5) The notification referred to in sub - rule (4) shall be effective until the approval granted by the Forward Markets Commission is withdrawn or expired, or the notification is rescinded by the Central Government. "

3 . In the said rules, in Appendix - II, after Form No. 3BB , the following Form shall be inserted, namely: -

" FORM NO. 3B C
[See rule 6DDC]

Monthly statement to be furnish ed by a recognised association in respect of transaction s in which client codes have been modified after registering in the system for the month of _____

1. Name and address of the recognised association:

2. Permanent Account Number:

3. Details of transaction s, in which client codes have been modified after registering in system , are enclosed in a soft copy as annexure.

Verification

I hereby certify that all the particulars furnished above are correct and complete.

Place	Signature of the Principal Officer of the recognised association
Date	Name and Designation

ANNEXURE TO FORM NO. 3BC
(Soft Copy)
Derivative Market

S l o	Tran sacti o n ID	Memb er detail s	Ori gin al Clien t Cod e	Mo difi ed Clien t Cod e	Na me of the ori gin al cli ent	PA N of the ori gin al cli ent	Na me of the mod ified cli ent	PA N of the mod ified cli ent	Com modi ty deri vative nam e	Qua ntit y	R ate	Tota l value of trans action	B u y o r S a l e	Date of Tran sacti on	Tota l valu e of com modi ty deri vative in col. 11 boug ht/ sold on the exch ange duri ng the day*	Total numb er of buy/ sale trans actio ns in comm odity deriv ative in col. 11 occur red on the exch ange duri ng the day*	
		Name	Code														
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)

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*Note- The value or number of transaction will be in respect of buy if col. (15) is buy and sale if col. (15) is sale."

F. No. 142/14/2013-TPL]

(Gaurav Kanaujia)

Director to the Government of India

Note. - The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii) vide notification number S.O.969(E), dated the 26th March, 1962 and last amended by Income-tax (8th Amendment) Rules, 2013 vide notification S.O. No.1856(E) dated 26th June, 2013