

LLPs can be admitted as sub-brokers, says Sebi

The matter was clarified by the stock market regulator following an exchange query

The Securities and Exchange Board of India (Sebi), which regulates stock markets in India, has clarified that entities structured as Limited Liability Partnerships (LLPs) can also be admitted as sub-brokers. Sub-brokers work under the broker, working like branches of the main broker in various locations. They manage clients on the broker's behalf, and all trading under the sub-broker is routed through the broker's membership.

"A limited liability partnership is eligible to be registered as a sub-broker under regulation 11A (5) (ii) of the Sebi (Stock Brokers & sub-brokers) regulations, 1992, subject to the partners complying with the other requirements specified in the regulations, as applicable," said a communication from the regulator on the exchange website. The clarification was in response to a query on the matter from the BSE.

An LLP is a structure which limits the personal liability of those involved in the partnership. Any liability created is at the level of the firm and the partners involved are relatively protected.

The sub-broker structure has been in the process of gradually phased out in favour of 'authorized persons', according to market experts. This is a simpler structure for entities to follow from the point of view of compliance, they say.

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