

SIMPLIFICATION OF REGISTRATION REQUIREMENTS FOR STOCK BROKERS

CIRCULAR NO. MIRSD/8/2013, DATED 30-9-2013

1. The [Notification No. LAD-NRO/GN/2013-14/25/24775 dated September 27, 2013](#) amending the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as Broker Regulations). As per the amendment, the existing practice of obtaining multiple registrations for operating in different segments of a stock exchange/clearing corporation has been done away with and instead a single registration per stock exchange/clearing corporation shall be required. For operating in multiple segments, approval will be required from the stock exchange or clearing corporation.
2. For the purpose of implementing the revised registration requirements, the following guidelines are being issued:
 - a. If a new entity intends to register as a stock broker or clearing member in any segment(s) of a stock exchange or a clearing corporation promoted by that stock exchange, then the entity shall apply to SEBI through the respective stock exchange or clearing corporation in the manner prescribed in the Broker Regulations in any one segment. The entity shall be issued a certificate with a unique registration number for each stock exchange or clearing corporation, as the case may be, irrespective of number of segments.
 - b. If an entity is already registered with SEBI in any segment of the stock exchange, then for operating in any other segment of that stock exchange or for operating in the clearing corporation promoted by that stock exchange, the entity need not apply to SEBI. The entity can directly apply to the concerned stock exchange or clearing corporation as per the procedure prescribed in the Broker Regulations for approval.
 - c. Similarly, if any entity is already registered with SEBI in any segment of the clearing corporation, then for operating in any other segment of the clearing corporation or for operating in the stock exchange which has promoted that clearing corporation, the entity shall follow the procedure as prescribed in Clause 2b above.
 - d. Fees shall be applicable for all the stock brokers, self clearing members and clearing members as per Schedule V of the Broker Regulations. As per current practice, the entity shall continue to be liable to pay fees for each additional segment approved by the stock exchange or clearing corporation, as per the Schedule to the Brokers Regulations. For stock brokers coming under Schedule III, fees shall continue to be applicable as per that Schedule till such time as the Schedule V becomes applicable to them.
3. The stock exchange or clearing corporation shall grant approval for any additional segment to the stock broker, self-clearing member or clearing member, as the case may be, after exercising due diligence and on being satisfied about the compliance of all relevant eligibility requirements, and shall also ensure:
 - a. The applicant, its directors, proprietor, partners and associates satisfy the Fit and Proper Criteria as defined in the SEBI (Intermediaries) Regulations, 2008 and whether any past actions taken/initiated against them by SEBI/stock exchange(s) or other

regulators.

- b.* The stock exchange or clearing corporation shall satisfy itself that the applicant has taken corrective steps to rectify the deficiencies or irregularities observed in the past. They may also seek details whether the Board of the applicant is satisfied about the steps taken. They may also carry out inspection, wherever considered appropriate.
- c.* Recover all pending fees/dues payable to SEBI and/or stock exchange.

4. The Stock Exchanges and Clearing Corporations are directed to -

- a.* bring the provisions of this circular to the notice of the Stock Brokers, Self Clearing members and Clearing members as the case may be, and also disseminate the same on their websites;
- b.* make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision in co-ordination with one another; and
- c.* communicate to SEBI, the status of the implementation of the provisions of this circular through Monthly Development Report of the following month.

5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 29 & 30 of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.