



CIRCULAR

CIR/ MIRSD/ 4/ 2014

October 13, 2014

All recognized Stock Exchanges and Clearing Corporations

Dear Sir / Madam,

Subject: Single registration for Stock Brokers & Clearing Members.

1. Please find enclosed the **Notification** No. LAD-NRO/GN/2014-15/15/1671 dated October 08, 2014 amending the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as Broker Regulations). As per the amendment, the existing requirement of obtaining registration as stock broker/ clearing member for each stock exchange/ clearing corporation has been done away with and instead a single registration with any stock exchange/ clearing corporation shall be required. For operating in any other stock exchange(s)/ clearing corporation(s), approval will be required from the concerned 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 desires to register as a stock broker or clearing member with any stock exchange or clearing corporation, as the case may be, then the entity shall apply to SEBI through the respective stock exchange or clearing corporation in the manner prescribed in the Broker Regulations. The entity shall be issued one certificate of registration, irrespective of the stock exchange(s)/ clearing corporation(s) or number of segment(s).
 - b. If the entity is already registered with SEBI as a stock broker with any stock exchange, then for operating on any other stock exchange(s) or any clearing corporation, the entity can directly apply for approval to the concerned stock exchange or clearing corporation, as per the procedure prescribed in the Broker Regulations for registration. The stock exchange/ clearing corporation shall report to SEBI about such grant of approval.
 - c. Similarly, if any entity is already registered with SEBI as a clearing member in any clearing corporation, then for operating in any other clearing corporation(s) or any stock exchange, 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 requirement, the entity shall continue to be liable to pay fees for each segment approved by the stock exchange or clearing corporation, as per the Schedule to the Brokers Regulations.



3. The stock exchange or clearing corporation shall grant approval for operating in any segment(s) or additional segment(s) to the SEBI registered 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, inter alia ensure:
 - a. The applicant, its directors, proprietor, partners and associates satisfy the Fit and Proper Criteria as defined in the SEBI (Intermediaries) Regulations, 2008;
 - b. The applicant has taken satisfactory corrective steps to rectify the deficiencies or irregularities observed in the past in actions initiated/ taken by SEBI/ stock exchanges(s) or other regulators. The stock exchange or clearing corporation 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; and
 - c. Recovery of all pending fees/ dues payable to SEBI, stock exchange and clearing corporation;
4. The stock exchange(s) and clearing corporation(s) shall coordinate and share information with one another, about their members.
5. The Stock Exchanges and Clearing Corporations are directed to –
 - a. bring the provisions of this circular to the notice of the Stock Brokers, Proprietary Trading Members, 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.
6. 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.

Yours faithfully,

A S Mithwani
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Encl: As above