

Relaxation in Applicable Fees on account of the COVID-19 pandemic

1. Objective

1.1. The objective of this Board Memorandum is to place before the Board the proposal for approval, for reducing turnover based fee payable by brokers as well as reducing filing fees payable by issuers on offer documents to provide some financial relief to the investors and issuers in the present difficult times caused by COVID-19.

2. Background

2.1. Securities and Exchange Board of India (SEBI) has been calibrating its fee structure from time to time so as to keep a balance between the financial resources required to ensure regulatory efficiency and maintaining reasonableness of fees.

2.2. At present we are in the midst of a global crisis on account of the COVID-19 pandemic; Government of India (GOI) has notified a countrywide lockdown on account of COVID-19 pandemic. As per the initial notification, the lockdown was for the period from March 25, 2020 to April 14, 2020. The Government of India, on April 14, 2020 has notified a further extension of the lock down to last till May 03, 2020.

2.3. In view of the economic slowdown on account of this crisis, with a view to provide some financial relief to the participants in capital markets, it is felt that SEBI may consider reducing some of its fees, with the resultant benefit going to the investors and issuers.

3. Proposal

3.1. Taking in to account the factors in consideration as stated in the Para 2 above: it is proposed to reduce the following fees being collected from the brokers and issuers: -

3.1.1. It is proposed to reduce the broker turnover fee by 50% of the existing fee structure for the period from June 2020 to March 2021. The comparative table showing proposed reduction is as follows:

PARTICULARS		Existing Fee	Proposed Fee
Brokers			
1	All sale and purchase transactions in securities	INR 10 per crore Rupees	50% of the existing fee (For the period between June 2020 to March 2021)
2	Equity Derivatives	INR 10 per crore Rupees	
3	Currency Derivatives	INR 10 per crore Rupees	
4	Interest Rate Derivatives	INR 5 per crore Rupees	
5	Non-Agri Commodity Derivatives	INR 10 per crore Rupees	

The benefit of the aforesaid reduction fees will automatically be passed on to the ultimate investors.

3.1.2. It is proposed to reduce the filing fees for Public and Rights issue by 50% for the period from June 2020 to December 2020. For the same period, a reduction of 50% is proposed in fees pertaining to buyback of shares. The comparative table shows the proposed reduction as follows:

3.1.2.1. Public Issue- filing fees

Size of the issue, including intended retention of oversubscription	Existing fee		Proposed fee	
	Amount / Rate of fees	Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter	Amount / Rate of fees	Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter
Less than or equal to ten crore rupees.	A flat charge of one lakh rupees (1,00,000/-).	A flat charge of fifty thousand rupees (50,000/).		

More than ten crore rupees, but less than or equal to five thousand crore rupees.	0.1 per cent. of the issue size.	0.05 per cent. of the issue size.	50% of the existing fee
More than five thousand crore rupees.	Five crore rupees (5,00,00,000/-) plus 0.025 per cent. of the portion of the issue size in excess of five thousand crore rupees (5000,00,00,000/).	Two crore fifty lakh rupees (2,50,00,000/-) plus 0.0125 per cent. of the portion of the issue size in excess of five thousand crore rupees (5000,00,00,000/).	

3.1.2.2. Rights Issue- filing fees

Size of the issue, including intended retention of oversubscription	Existing fee		Proposed fee	
	Amount / Rate of fees	Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter	Amount / Rate of fees	Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter
Less than or equal to ten crore rupees [#]	A flat charge of fifty thousand rupees (50,000/-).	A flat charge of twenty-five thousand rupees (25,000/-).	50% of the existing fee	
More than ten crore rupees [#]	0.05 per cent. of the issue size.	0.025 per cent. of the issue size.		

[#] to be read as twenty-five crores with effect from April 21, 2020

3.1.2.3. Buy-back of Shares-filing fees

Offer Size	Existing Fee	Proposed Fee
Less than or equal to rupees ten crore	5,00,000/-	50% of the existing fee
More than rupees ten crore but less than or equal to rupees one thousand crore	0.5 per cent of the offer size	
More than rupees one thousand crore	5,00,00,000/- plus 0.125 per cent of the portion of offer size in excess of rupees one thousand crore	

4. The Board is requested to consider and approve the proposal as mentioned in Para 3 above and authorize the Chairman to take consequential and incidental steps to give effect to the decisions of the Board.