

and/or depositories, etc. (to obviate multiple inspection by MIIs and SEBI), it has been proposed to insert the sub-regulation (3) and (4) under existing Regulation 19.

21.2. Proposal

(3) Notwithstanding anything contained in sub-regulations (1) and (2) of regulation 19, the recognised stock exchange(s), clearing corporation and depository may conduct inspection of stock brokers, in accordance with their respective bye-laws.

(4) the Board and the recognised stock exchange(s), clearing corporation and depository may conduct joint inspection of the stock brokers.

22. Chapter IV – General obligations and Responsibilities

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
17(1)	Every Stockbroker shall keep and maintain the following books of account, records and documents, namely....	Every Stockbroker shall keep and maintain, either physically or in electronic form, the following books of account, records and documents, namely...	With the advent of technological developments, many of the Books of accounts and / or records are maintained electronically instead of in the physical form.
17(1A)	A stock broker in the Execution Only Platforms segment, shall keep and maintain the books of account, records and documents, as may be specified by the Board from time	A stock broker in the Execution Only Platforms segment, shall keep and maintain, either physically or in electronic form, the books of account, records and documents as may be specified by the Board from time to time.	With the advent of technological developments, many of the Books of accounts and / or records are maintained electronically instead of in the physical form.

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	to time.		
17(1)(g)	Documents register containing, inter alia, particulars of securities received and delivered in physical form and the statement of account and other records relating to receipt and delivery of securities provided by the depository participants in respect of dematerialized securities;	Register of Securities and other records relating to receipt and delivery of securities provided by the depository participants in respect of dematerialized securities	Due to sunset of the physical delivery in the capital markets, the relevant regulation 17(1)(g) is partially redundant and needs to be replaced with records for maintenance of register of securities.
17(1)(h)	Member's contract books showing details of all contracts entered into by him with other members of the same exchange or counterfoils or duplicates of memos of confirmation issued	Deleted	There is restriction on the stock brokers from dealing with other stock brokers of the same exchange, hence the current provision is redundant and needs to be omitted.

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	to such other members;		
17(1)(i)	Counterfoils or duplicates of contract notes issued to clients;	Copy of contract notes issued to clients (to be maintained either physically or in electronic form);	Maintaining physical copy of contract notes is a burdensome activity as it requires space to store the records and involves cost, and for ease of doing business the same is required to be maintained in the electronic form.
17(2)	Every stockbroker shall intimate to the Board, the place where the books of accounts, records and documents are maintained.	Every stockbroker shall intimate to the stock exchanges of which it is admitted as a member, the place where the books of accounts, records and documents are maintained.	Currently all communications of the stockbroker with the Board are routed only through the stock exchanges. In a move to bring ease of compliance for stock brokers, the given amendment is proposed.
17(3)	Without prejudice to sub-regulation (1), every stockbroker shall, after the close of each accounting period furnish to the	Without prejudice to sub-regulation (1), every stock broker shall, after the close of each accounting period furnish to the stock exchange of	Currently all communications of the stockbroker with the Board are routed only through the stock exchanges. In a move to bring ease of

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>Board, if so required as soon as possible but not later than six months from the close of the said period a copy of the audited balance sheet and profit and loss account as at the end of the said accounting period:</p> <p>Provided that, if it is not possible to furnish the above documents within the time specified, the stock broker shall keep the Board informed of the same together with the reasons for the delay and the period of time by which such documents would be furnished.</p>	<p>which it is admitted as a member, if so required as soon as possible but not later than six months from the close of the said period a copy of the audited balance sheet and profit and loss account as at the end of the said accounting period:</p> <p>Provided that, if it is not possible to furnish the above documents within the time specified, the stock broker shall keep the stock exchange informed of the same together with the reasons for the delay and the period of time by which such documents would be furnished.</p>	<p>compliance for stock brokers, the given amendment is proposed.</p>

23. Chapter VI – Procedure for action in case of default

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
26(iv)	Failure to redress the grievances of investors within 30 days of receipts of notice from the Board.	Failure to take adequate steps for redressal of grievances of investors within twenty-one calendar days of receipts of complaint.	As per Conditions of Registration- chapter -II, Regulation 9(e), the stock broker needs to take adequate steps for redressal of grievances in 21 calendar days from the date of receipt of complaint. Hence, the necessary changes are proposed to align with the same.
26(vi)	Failure to deliver any security or make payment of the amount due to the investor within 48 hours of the settlement of trade unless the client has agreed in writing otherwise.	Failure to deliver any security or make payment of the amount due to the investor within such time, as specified by Board or stock exchange from time to time, unless the client has agreed in writing otherwise.	As per the SEBI circular MIRSD/ SE /Cir-19/2009 dated December 3, 2009 and SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, the stock broker need to give pay-out of funds and securities within one working day. Further, in view of T plus 0 settlement in process, it is proposed to bring the specified change.
26(xvii)	Failure to obtain	Failure to obtain prior	All communications of the

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	prior approval of the Board in case of change in control of the stock broker.	approval of the Board through any one of the stock exchange of which it is admitted as a member and intimation to other MIIs in case of change in control of the stock broker.	stockbrokers with the Board are routed only through the stock exchanges. Hence, the regulation is proposed to be aligned with the existing process.
27(xiii) & 28 (iv)	indulges in insider trading in violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.	indulges in insider trading in violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended or re-enacted from time to time).	To align with existing regulation, the change is proposed.
27 (xiv) & 28(v)	violates Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.	violates Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (as amended or re-enacted from time to time)	To align with any change in PFUTP regulation in future, the given change is proposed.
27 (x)	Fails to abide by any award of the	Fails to abide by any award of the	As the ombudsman regulations are no longer

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	ombudsman or decision of the Board under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003	Ombudsman or decision of the Board under the regulations, prescribed by Board from time to time.	in force, the given change is proposed.

24. Amendments in Schedule I

Chapter/Schedule	Existing Provisions	Proposed amendments	Rationale
Schedule I – Form A	Table 1: Fax number Table 4: Details of sales personnel or approved user who has passed any certification programme.	Deleted	As the said information is separately being taken by exchanges at the time of segment enablement, it is suggested that the same is not required to be taken at the time of registration and can be removed from Form A.
	Undertaking: 5. Whether the applicant or its director or partners, any time convicted of any economic offence? If so,	Undertaking – point 5 to 8: deleted Below given insertion is proposed: Fit and Proper Person Declaration from the	In order to remove the duplicates in seeking the information (first as an "Undertaking" forming part of the Application Form and then seeking separate declaration for Fit & Proper person), it is suggested to

Chapter/Schedule	Existing Provisions	Proposed amendments	Rationale
	<p>furnish the details.</p> <p>6. Whether the applicant or its directors or partners, declared insolvent or declared defaulter by any exchange? If so, furnish details.</p> <p>7. Whether the applicant or its directors or partners at any time subjected to any proceedings or penalty by the Board under SEBI Act or any of the regulations framed under the SEBI Act? If so, furnish the details.</p> <p>8. Whether any disciplinary action has been initiated/ taken or penalty has been</p>	<p>Applicant, its director or partners in accordance with SEBI (Intermediaries) Regulations, 2008, as amended from time to time.</p> <p>Based on the declaration received, the Board shall decide whether an applicant is Fit and Proper Person or not.</p>	<p>combine the same where along with the Application Form, the fit and proper person undertaking is also obtained with necessary details of the cases.</p>

Chapter/Schedule	Existing Provisions	Proposed amendments	Rationale
	<p>imposed by SEBI/ stock exchange(s)/ clearing corporation(s) or any other regulatory authority? If yes, furnish details. Also provide the details of corrective steps taken thereon.</p>		
Schedule I – Form AD	<p>Table 1: Fax number</p> <p>Undertaking:</p> <p>3. Whether the applicant or its director or partners, any time convicted of any economic offence? If so, furnish the details.</p> <p>4. Whether the applicant or its directors or partners,</p>	<p>Deleted Fax number</p> <p>Undertaking – point 3 to 6: deleted</p> <p>Below given insertion is proposed:</p> <p>Declaration from the Applicant, its director or partners for Fit and Proper Person, in the format as given in Form D, in line with the SEBI (Intermediaries) Regulations, 2008, as</p>	<p>In order to remove the duplicates in seeking the information (first as an “Undertaking” forming part of the Application Form and then seeking separate declaration for Fit & Proper person), it is suggested to combine the same where along with the Application Form, the fit and proper person undertaking is also obtained with necessary details of the cases.</p>

Chapter/Schedule	Existing Provisions	Proposed amendments	Rationale
	<p>declared insolvent or declared defaulter by any exchange? If so, furnish details.</p> <p>5. Whether the applicant or its directors or partners at any time subjected to any proceedings or penalty by the Board under SEBI Act or any of the regulations framed under the SEBI Act? If so, furnish the details.</p> <p>6. Whether any disciplinary action has been initiated/ taken or penalty has been imposed by SEBI/ stock exchange(s)/ clearing corporation(s) or any other</p>	<p>amended from time to time.</p> <p>Based on the declaration received, the Board shall decide whether an applicant is Fit and Proper Person or not.</p>	

Chapter/Schedule	Existing Provisions	Proposed amendments	Rationale
	<p>regulatory authority? If yes, furnish details. Also provide the details of corrective steps taken thereon</p>		
Form E	<p>Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 [Regulation 12]</p> <p>Certificate of Registration</p> <p>In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder, the Board hereby grants a certificate of registration to.....as a Sub-broker subject to the rules and in</p>	Deleted	Since the concept of sub-broker is no more in existence, it is proposed to delete the Form E.

Chapter/Schedule	Existing Provisions	Proposed amendments	Rationale
	<p>accordance with the regulations.</p> <p>Registration number allotted is as under:</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>This certificate shall be valid till it is suspended or cancelled in accordance with the regulations.</p> <p>Date:</p> <p>By Order</p> <p>For and on behalf of Securities and Exchange Board of India</p>		

25. Amendments in Schedule II - Code of Conduct

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
A. General	There is no point no. 6 under the Para A in the	A. General (1) (2)	This clause was appearing in Section C, under Stock-Brokers vis-a-vis Other

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	existing regulations.	<p>(6) False or Misleading Returns: A stock-broker shall not neglect or fail or refuse to submit the required filings and not make any false or misleading statement on any returns required to be submitted to the Board and the stock exchange.</p>	<p>Stock-Brokers, whereas it has no direct relation between Stock-Brokers and Other Stock-Brokers' activity. Hence, moved it from Section C to Point A-General.</p>
B. Duty to the Investor	<p>(1) Execution of Orders: A stock-broker, in his dealings with the clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best available market price and not refuse to deal with a Small Investor merely</p>	<p>(1) Execution of Orders: A stock-broker shall promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.</p>	<p>Deleted portion has been moved to Point no. (g) of proposed insertion pertaining to 'obligations and responsibilities for stock brokers'</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>on the ground of the volume of business involved. A stock-broker shall promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.</p>		
	<p>2. Issue of Contract Note: A stock-broker shall issue without delay to his client or client of the sub-broker, as the case may be a contract note for all</p>	<p>2. Issue of Contract Note: A stock-broker shall issue a contract note to his client, within specified timeline, for all transactions in the form specified by the stock exchange .</p>	<p>Since the concept of sub-broker is no more in existence, it is proposed to delete the wordings relating to the sub-broker.</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>transactions in the form specified by the stock exchange.</p> <p>7. Investment Advice: A stock-broker shall not make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, retain any securities unless he has reasonable grounds for believing that the recommendation is suitable for such a client upon the basis of the facts, if disclosed by such a client as to his own security holdings, financial situation and</p>	<p>7. Investment Advice: A stock broker, while providing incidental advice to its broking clients who might be expected to rely thereon to acquire, dispose of, retain any securities, shall comply with the Chapter III of SEBI (Investment Advisory) Regulations, 2013, as amended from time to time.</p>	<p>The said point was added before 2013. From 2013, SEBI Investment Advisory Regulations are in place and necessary amendments have taken place in the said regulation from time to time. As per the said regulation, when the stock broker is providing investment advice to their clients which are incidental to their stock broking activity, they are required to comply with Chapter III of the said regulation. The Chapter III has cast specific obligation on the Investment Advisor while providing investment advice including, but not limited to, doing the suitability analysis of the client. Hence, to align the SEBI SB Regulation with</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>objectives of such investment.</p> <p>The stock-broker should seek such information from clients, whenever he feels it is appropriate to do so.</p>		<p>the requirement prescribed in SEBI IA Regulations, the said modifications are proposed.</p>
	<p>(7A) Investment advice in publicly accessible media—</p> <p>(a) A stock broker or any of his employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of his</p>	<p>7A. Deleted</p>	<p>The said point was added when SEBI (Research Analyst) Regulation 2014 was not in existence. With the introduction of SEBI (Research Analyst) Regulation 2014, there are regulatory requirement prescribed for anyone to become a research analyst. Also they need to follow certain regulations while giving research recommendations including meeting qualification and certification criteria to act as research analyst, record maintenance, etc. Such</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>interest including the interest of his dependent family members and the employer including their long or short position in the said security has been made, while rendering such advice.</p> <p>(b) In case an employee of the stock broker is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.</p>		<p>regulatory requirement is not applicable for the stock broker employee for giving recommendations in public media, which leads to gross regulatory arbitrage. Hence, it is proposed to delete the said clause so that if the stock broker employee wants to give recommendations in public media, the stock broker get registered as Research Analyst.</p>
C. Stock-	(1) Conduct of	Point 1 to 3 deleted	Due to sunset of the

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
Brokers vis-a-vis Other Stock-Brokers*	<p>Dealings: A stock-broker shall co-operate with the other contracting party in comparing unmatched transactions. A stock-broker shall not knowingly and wilfully deliver documents which constitute bad delivery and shall co-operate with other contracting party for prompt replacement of documents which are declared as bad delivery.</p> <p>(2) Protection of Clients Interests: A stock-broker shall extend fullest co-operation to other stock-brokers in protecting the</p>		<p>physical delivery in the capital markets, the sub-point No.1 and 2 of Point C are redundant. Also, the stock brokers are not allowed to deal with other stock brokers of the same exchange. Hence, the current provision of the sub-point No.3 of Point C is also redundant. Hence, the said sub-point No.1, 2 and 3 are proposed to be deleted.</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>interests of his clients regarding their rights to dividends, bonus shares, right shares and any other right related to such securities.</p> <p>(3) Transactions with Stock-Brokers: A stock-broker shall carry out his transactions with other stock-brokers and shall comply with his obligations in completing the settlement of transactions with them.</p>		
	<p>(6) False or Misleading Returns: A stock-broker shall not neglect or fail or refuse to submit</p>	<p>Moved at point no. 6 under Section A -General</p>	<p>This clause has no direct relation between Stock-Brokers and Other Stock-Brokers' activity. Hence, moved it from Section C to Section A-General.</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>the required returns and not make any false or misleading statement on any returns required to be submitted to the Board and the stock exchange.</p>		
E. Duty as an underwriter	<p>9 (a) A Stock Broker or any of its employees shall not render, directly or indirectly any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of its interest including its long or short position in the said security has been made, while rendering such</p>	<p>Point 9 (a) & (b) deleted</p>	<p>With the introduction of SEBI (Research Analyst) Regulation 2014, there are regulatory requirement prescribed for anyone to become a research analyst. Also they need to follow certain regulations while giving research recommendations including meeting qualification and certification criteria to act as research analyst, record maintenance, etc. Such regulatory requirement is not applicable for the stockbroker employee for giving recommendations in public media, which leads to gross regulatory</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>advice.</p> <p>(b)In case, an employee of a Stock Broker is rendering such advice, the Stock Broker shall ensure that he shall disclose its interest, the interest of dependent family members and that of the employer including their long or short position in the said security, while rendering such advice.</p>		<p>arbitrage. Hence, it is proposed to delete the said clause so that if the stockbroker employee wants to give recommendations in public media, the stock broker get registered as Research Analyst.</p>

26. Amendments in Schedule III - Fees to be paid by the Stock Broker

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
Point I – Fees to be paid by	4A. Where a stock exchange has formed a	Deleted	Since the concept of sub-broker is no more in existence, the necessary

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
Stock broker	<p>subsidiary company, which has become a stock broker of another stock exchange, then the turnover of the stock broker who is buying, selling or dealing in securities, through the subsidiary company as a sub-broker, shall be excluded from the turnover of the subsidiary company, only if the stock broker has paid five years turnover based fees plus fee for a block of five years in accordance with the regulations, on the concerned stock exchange which has formed</p>		<p>changes are proposed below to align with the same.</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	<p>the subsidiary company.</p> <p>2. Fees referred to in clauses (a) and (b) of paragraph 1 above shall be paid—</p> <p>(a) in respect of the financial year 1992-93 within one month of the commencement of these regulations;</p> <p>(b) in respect of the financial year beginning on the 1st day of April, 1993 and the following financial years, on or before the first day of October of the financial year to which such payment relates, and such fees</p>	<p>Fees referred to in clauses (a) and (b) of paragraph 1 above shall be paid on or before the first day of October of the financial year to which such payment relates, and such fees shall be computed with reference to the annual turnover relating to the preceding financial year.</p>	<p>Reference to financial year 1992-93 and 1993-94 are proposed to be removed as the same has become redundant.</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rationale
	shall be computed with reference to the annual turnover relating to the preceding financial year.		

27. Amendments in Schedule V -Payment of Fees by Stock Brokers/Clearing Members/ Self- Clearing Members

Existing Regulation	Existing Provisions	Proposed amendments	Rational
Part A - Applicability	1 This Schedule shall apply to stock brokers in cash segment from the following points of time: (a) All stock brokers who are granted registration by the Board on or after the first day of October, 2006 — upon grant of such registration;	1.This Schedule shall apply to stockbrokers in cash segment This Schedule shall apply to every stockbroker who deals in cash segment and every clearing member/ self-clearing member who clears and settles trades in cash segment, from the date of grant of registration.	As reference to Financial year 2006 has become redundant, proposed the given changes.

Existing Regulation	Existing Provisions	Proposed amendments	Rational
	<p>(b) All stock brokers who were granted registration by the Board on or after the first day of April, 2006, but before the first day of October, 2006 — from the first day of October, 2006;</p> <p>(c) All stock brokers who have not completed five financial years from the date of grant of registration by the Board, as on the thirty first day of March, 2006 — upon completion of ten financial years from the date of grant of registration by the Board;</p> <p>(d) All stock</p>		

Existing Regulation	Existing Provisions	Proposed amendments	Rational
	<p>brokers who have completed five financial years from the date of grant of registration by the Board, as on the thirty first day of March, 2006 — upon completion of the current block of five financial years, within the meaning of item I(1)(c) of Schedule III;</p> <p>(e) All stock brokers falling under sub-clause (c) or (d), who opt in accordance with clause 2 of this Schedule — from such date as may be specified by the Board</p>		
Part B –	4A. The non-	4A. The non-refundable	While Regulation 3 and

Existing Regulation	Existing Provisions	Proposed amendments	Rational
Charge of fees	<p>refundable fee payable along with an application for registration under regulation 3 or regulation 10A shall be a sum of fifty thousand rupees</p> <p>Provided that the non-refundable fee payable along with an application for registration, by a person dealing, clearing and settling trades, on a national commodity derivatives exchange or regional commodity derivatives exchange, immediately</p>		<p>fee payable along with an application for registration under regulation 3 or regulation 10A shall be a sum of fifty thousand rupees</p> <p>Provided that the non-refundable fee payable along with an application for registration, by a person dealing, clearing and settling trades, on a national commodity derivatives exchange or regional commodity derivatives exchange, immediately</p> <p>10A talks about registration of the Stock Broker and Clearing Member, the sub-regulation (4) of Regulation 3 states that every registered stock broker can act as underwriter. This has no connection with seeking registration as stock broker. Further, there is no sub-regulation (4) of Regulation 10A. Hence, the given necessary changes are proposed. Further, since the period of application made prior to the transfer and vesting of rights and assets of the Forward Markets Commission with the Securities and Exchange Board of India is already elapsed, it is proposed to delete the proviso to Regulation 4A, as the same is redundant now.</p>

Existing Regulation	Existing Provisions	Proposed amendments	Rational
	<p>before the transfer and vesting of rights and assets of the Forward Markets Commission with the Securities and Exchange Board of India, shall be a sum of twenty-five thousand rupees or five thousand rupees, respectively.</p>		