

SECURITIES AND EXCHANGE BOARD OF INDIA (STOCK BROKERS AND SUB-BROKERS) RULES, 1992

CONTENTS

1. Short title and commencement
2. Definitions
3. Not to act as stock-broker or sub-broker without registration
4. Conditions for grant of certificate to stock-broker
5. Conditions of grant of certificate to sub-broker

SECURITIES AND EXCHANGE BOARD OF INDIA (STOCK BROKERS AND SUB-BROKERS) RULES, 1992

In exercise of the powers conferred by section 29 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement :-

(1) These rules may be called the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules, 1992.

(2) They shall come into force on the date of their publication in the Official Gazette.¹

1. 20-8-1992.

2. Definitions :-

In these rules, unless the context otherwise requires-

(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) "certificate" means a certificate of registration issued by the Board;

(c) "Rules" means the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules, 1992;

(d) "stock exchange" means a stock exchange which is for the time being recognised by the Central Government under S.4 of the Securities Contracts (Regulation) Act, 1956

(e) "stock broker" means a member of a stock exchange;

(f) "sub-broker" means any person not being a member of a stock exchange who acts on behalf of a stock-broker as an agent or otherwise for assisting the investors in buying, selling or dealing in securities through such stock brokers;

(g) "Regulations" means the Securities and Exchange Board of India (Stock brokers and Sub-Brokers) Regulations, 1992.

3. Not to act as stock-broker or sub-broker without registration :-

No stock broker or sub-broker shall buy, sell, deal in securities, unless he holds a certificate granted by the Board under the Regulations: Provided that such person may continue to buy, sell or deal in securities if he has made an application for such registration till the disposal of such application.

4. Conditions for grant of certificate to stock-broker :-

. The Board may grant a certificate to a stock-broker subject to the following conditions, namely:-

(a) he holds the membership of any stock exchange;

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange or stock exchanges of which he is a member:

(c) in case of any change in the status and constitution, the stock broker shall obtain prior permission of the Board to continue to buy, sell or deal in securities in any stock exchange;

(d) he shall pay the amount of fees for registration in the manner provided in the regulations; and

(e) he shall take adequate steps for redressal of grievances of the investors within one month of the date of the receipt of the complaint and keep the Board informed about the number, nature and other particulars of the complaints received from such investors.

5. Conditions of grant of certificate to sub-broker :-

(1) The Board may grant a certificate to a sub-broker subject to the following conditions, namely:-

(a) he shall pay the fees in the manner provided in the regulations;

(b) he shall take adequate steps for refressal of grievances of the investors within one month of the date of the receipt of the complaint and keep the Board informed about the number, nature and other particulars of the complaints received; and

(c) in case of any change in the status and constitution, the sub-broker shall obtain prior permission of the Board to continue to buy, sell or deal in securities in any stock exchange;

(d) he is authorised in writing by a stock-broker being a member of a stock exchange for affiliating himself in buying, selling or dealing in securities: Provided such stock broker is entitled to buy, sell or deal in securities.

