



MCX Circular No. MCX/MCXCCL/738/2019
MCXCCL Circular No. MCXCCL/F&A/306/2019

December 31, 2019

Collection of Stamp Duty through Exchanges and Clearing Corporations – Operational Aspects

In exercise of the powers conferred by section 73A of the Indian Stamp Act, 1899 (2 of 1899), the Central Government has made the rules to regulate the liability of instruments in transactions in stock exchanges and depositories. The Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 (hereinafter referred to as 'Stamp Duty Rules 2019') have been notified on December 10, 2019 and shall come into force on January 9, 2020.

In continuation to the MCXCCL Circular No. MCXCCL/C&S/287/2019 dated December 11, 2019 the members of MCXCCL/MCX are notified as under:

1. MCXCCL shall act as a 'Collecting Agent' under the Stamp Duty Rules 2019 for the purpose of collection and remittance of stamp duty on trades executed on Multi Commodity Exchange of India Limited (MCX).
2. Stamp duty on the trades executed on MCX shall be charged at the rates mentioned below:

Sr. No.	Transaction type	Valuation	Stamp Duty Rate	Payable by
1.	Sale of commodity derivative	Price at which commodity derivative is traded	0.002 % (Rs.2.00 per lac of futures turnover)	Buyer
2.	Sale of an option on commodity derivative	The option premium	0.003 % (Rs.3.00 per lac of premium turnover)	Buyer

3. Members may note that the following procedure will be adopted by MCXCCL in respect of the calculation and collection of Stamp Duty:
 - i. Stamp Duty is payable on all derivatives contracts traded on MCX and shall be determined at the end of each trading day.
 - ii. All the transactions shall be identified based on the client code entered by the Members at the time of order entry/ modification on the trading system of MCX and as may be modified by the Member using the client code modification facility within the prescribed time. In respect of proprietary transactions the Member code shall be deemed to be the client code.

-----Corporate office -----

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- iii. For each client code, all the buy transactions for a trading day shall be aggregated at contract level. For the purpose of determining stamp duty liability, transactions shall be valued as per the prescribed valuation matrix defined in point no. 2 above. On this value, the stamp duty rate as prescribed shall be applied.
- iv. The trading member's stamp duty liability shall be the aggregate stamp duty liability of clients trading through it. The clearing member's stamp duty liability shall be the aggregate stamp duty liability of all trading members clearing through it.
- v. The stamp duty amount shall form part of the daily obligation report exported to the member and the net amount receivable/ payable by the member shall be determined after considering the stamp duty dues.
- vi. The stamp duty amount for a trade date shall be collected from the clearing members on T+1 basis as per the stipulated timelines and process currently followed for the daily funds settlement.
- vii. Non-payment of stamp duty shall be treated as non-fulfillment of settlement obligation for the purpose of all consequential actions against the member.
- viii. At the end of each trade day, permanent address details of the clients updated by the Members in the Unique Client Code (UCC) uploaded with MCX shall be considered by MCXCCL for determining the domicile State of the buyer for that trade day for payment of stamp duty to the respective States. Accordingly, Members are required to verify, update and ensure correct permanent address details of the clients are uploaded in UCC.
- ix. A report shall be provided to all the members at the end of each trading day. This report shall contain information on the total, trading member wise and client wise Stamp Duty liability along with the detailed computations for determining the State wise stamp duty liability for each client. Members may refer MCX Circular no. MCX/TECH/208/2019, dated April 17, 2019, relevant to stamp duty report related formats under serial number 5.68 & 5.69 (Version 17.4.4).

4. Members are advised to:

- i. Complete the activity of updating correct permanent address details of all their clients in the UCC on an immediate basis.
- ii. Peruse the Indian Stamp Act, 1899 & Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 and keep themselves updated on any amendments thereto for effective compliance.

The provisions of this circular shall be effective from trade date January 09, 2020.

Members and their respective constituents are requested to take note of the same and ensure compliance.

Rajesh Agrawal
Chief Financial Officer

Kindly contact Customer Support on 022 – 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.