

Role of sub-broker category discontinued

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The Securities and Exchange Board of India (SEBI) issued a circular on 3 August which provides that the sub-broker category (under the SEBI regulations governing stockbrokers and sub-brokers) is discontinued as an intermediary to be registered with SEBI. Some highlights of the circular are:

- No fresh registration will be granted to any person as a sub-broker and any pending applications for registration as sub-brokers will be returned to the relevant stock exchanges for onward transmission to the applicant;
- Sub-brokers currently registered with SEBI will have until 31 March 2019 to migrate to act as an authorized person (AP) and/or a trading member (TM). The sub-brokers who choose not to migrate to become an AP and/or a TM will be deemed to have surrendered their registration with SEBI as sub-broker with effect from 31 March 2019;
- Upon migration/surrender, SEBI's grant of the registration certificate to sub-brokers will stand withdrawn.

The circular also provides for the mechanism through which sub-brokers may migrate to the AP/TM regime.

*The business law digest is compiled by **Nishith Desai Associates** (NDA). NDA is a research-based international law firm with offices in Mumbai, New Delhi, Bengaluru, Singapore, Silicon Valley, Munich and New York. It specializes in strategic legal, regulatory and tax advice coupled with industry expertise in an integrated manner.*