Commodity Derivatives Segment

January 06, 2020

Circular No: MCCIL/COM/1519/2020

All Members,

Sub. : Collection of Stamp Duty in Commodity Derivatives Segment

This is with reference to Indian Stamp Act 1899 amended vide Finance Act, 2019 (No. 7 of 2019) and Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules 2019 notified by Ministry of Finance (Department of Revenue) on December 10, 2019. A copy of Indian Stamp Rules 2019 is attached for reference.

Accordingly, Metropolitan Clearing Corporation of India Limited (MCCIL) shall act as a 'Collecting Agent' under the Indian Stamp Rules 2019 and will compute and collect stamp duty at such rates and in such manner as specified in the Indian Stamp Act 1899 and the Indian Stamp Rules 2019.

As per the Indian Stamp Act 1899, stamp duty on securities in the Commodity Derivatives Segment will be as under:

Type of Security	Applicable Stamp Duty Rate	Applicable on
Commodity Futures	0.002%	Buyer

Members may note that the following procedure will be adopted by the clearing corporation in respect of the calculation and collection of stamp duty.

1. Stamp duty shall be collected on transactions executed on stock exchange and received for clearing by Metropolitan Clearing Corporation of India Ltd and as specified in circulars issued from time to time.
2. Stamp duty shall be determined at end of each trading day.
3. Stamp duty calculation in Commodity Derivatives Segment shall be done as per methodology specified in **Annexure 1**. In case of change in methodology the same shall be specified by way of circular.
4. All the transactions shall be identified based on the client code placed by the members at the time of order entry on the trading system of the Exchanges and as may be modified by the member using the client code modification facility provided by the Exchanges within the prescribed time viz. during trading hours and up to the trade modification close time on the respective trading day. In respect of proprietary transactions the member code shall be deemed to be the client code.

5. Members may note that the value of taxable securities and the applicable State/Union Territory shall be determined with respect to the trade executed under a particular client code. Therefore the Clearing Corporation shall only reckon the client code entered by the member while placing the order or as may be modified within the prescribed time. It is therefore imperative that members exercise extreme caution and diligence while entering the client code at the time of entering an order. If the state/UT of the client is not available then the state of member through whom transaction was executed will be considered.
6. The stamp duty amount for a trade date shall be collected from the clearing members on a monthly basis, preferably in the first week of the following month.
7. Non-payment of stamp duty shall be treated as non-fulfillment of settlement obligation for the purpose of all consequential actions against the member.
8. For the purpose of stamp duty, each futures trade shall be valued at the actual traded price.
9. 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 (CM/TM) can download the said files from the Electronic Debit Credit Module (EDCM).

   A report named 'MCCIL_SD_<MEMBER CODE>_DDMMYYYY.CSV' shall be provided to trading members at the end of each trading day mentioning "Stamp Duty file for Trading member". Similarly a report named 'MCCIL_SD_<MEMBER CODE>_DDMMYYYY.CSV' shall be provided to clearing members at the end of each trading day mentioning "Stamp Duty file for Clearing member".

   These reports shall contain information on the Client wise stamp duty liability, trading member wise stamp duty liability, clearing member wise stamp duty liability and also the detailed computations for determining the client wise stamp duty liability. File formats are available in **Annexure 2**.

Members are also advised to

- Complete the activity of updating correct permanent address details of all their clients in the UCC database on an immediate basis
- Peruse the Indian Stamp Act 1899 and Indian Stamp Rules 2019 and keep themselves updated on any amendments thereto for effective compliance.

The circular shall be effective for transactions from trade date January 09, 2020.

For and on behalf of
Metropolitan Clearing Corporation of India Limited

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Annexure 1: Calculation of Stamp Duty

1. Computation of stamp duty at contract level:

   1.1. Computation of stamp duty on commodity futures:

   a) Each futures buy trade shall be valued at the actual traded price:
      - Total Buy Value = Trade quantity * Trade price for each trade * Multiplier of the relevant contract of all buy trades for the client.

   b) Stamp Duty shall be calculated by applying the prescribed rate:
      - Stamp Duty = Total Buy Value * stamp duty rate on commodity futures.

      (The value so computed shall be rounded off to two decimals.)

2. Computation of stamp duty at client level:

   Total stamp duty liability for a client is arrived at by summing up the total stamp duty for arrived at as above and rounded off to the nearest rupee i.e. value with 50 paise and above will be rounded up to the higher rupee and value less than 50 paise will be rounded down to the lower rupee.

3. Computation of stamp duty at trading member level:

   The total stamp duty liability for a trading member is arrived at by summing up the total stamp duty for each client of the trading member.

4. Computation of stamp duty at clearing member level:

   The total stamp duty liability for a clearing member is arrived at by summing up the total stamp duty for each trading member of the clearing member.

Annexure 2: File Formats

1. Stamp duty details for Trading Member

Naming convention: MCCIL_SD_<Member code>_DDMMYYYY.CSV

The file will be generated after close of trading hours on each business date

Control record type 10 – Stamp Duty information at Trading Member level

Sr. No.	Field	Data Type	Description/Remarks
1.	Record Type	Number (2)	Value – 10
2.	Trade date	Date	DD-MMM-YYYY
3.	Trading Member Code	Varchar2 (5)	Member Code of buyer
4.	Total Stamp Duty	Number (15,2)	

Details record type 20 – Stamp Duty information at Client level

Sr. No.	Field	Data Type	Description/Remarks
1.	Record Type	Number (2)	Value – 20
2.	Trade date	Date	DD-MMM-YYYY
3.	Trading Member Code	Varchar2 (5)	Member Code of buyer
4.	Trading client code	Varchar2 (12)	Client Code of buyer
5.	Total Stamp Duty	Number (15,2)	
6.	Client State	Varchar2 (50)	Permanent address state of client

Details record type 30 – Stamp Duty information at client contract level

Sr. No.	Field	Data Type	Description/Remarks
1	Record Type	Number (2)	Value – 30
2	Stamp Duty date	Date	DD-MMM-YYYY
3	Trading Member Code	Varchar2 (5)	Member Code of buyer
4	Client Code	Varchar2 (12)	Cilent Code of buyer
5	Instrument Type	Varchar2 (6)	FUTCOM for Futures on Commodity OPTFUT for Options on Futures FUTIDX for Futures on Index
6	Symbol	Varchar2 (10)	
7	Expiry Date	Date	

8	Strike price	Number (9,2)	0 for Futures Strike Price of options contract
9	Option Type	Varchar2 (2)	CE for Call European options PE for Put European options FF for Futures on Commodity and Futures on Index
10	CA level	Number (2)	Default value 0
11	Buy quantity	Number (12)	Buy quantity for Futures or Options contract
12	Buy value	Number (15,2)	Buy value for Futures contract (Premium for options)
13	Taxable Buy value futures	Number (15,2)	Taxable Buy value for futures
14	Taxable Buy value options	Number (15,2)	Taxable Buy value for options
15	Stamp Duty futures	Number (15,2)	Stamp Duty amount for futures
16	Stamp Duty options	Number (15,2)	Stamp Duty amount for options
17	Total Stamp Duty	Number (15,2)	
18	Client State	Varchar2 (50)	Permanent address state of client

2. Stamp Duty details for Clearing Members

Naming convention: MCCIL_SD_<CM Primary Member code>_DDMMYYYY.CSV

The file will be generated after close of trading hours on each business date.

Control record type 10 – Stamp Duty information at Clearing Member level

Sr. No.	Field	Data Type	Description/Remarks
1.	Record Type	Number (2)	Value – 10
2	Trade date	Date	DD-MMM-YYYY
3	Due Date of payment	Date	DD-MMM-YYYY
4	Clearing Member Code	Varchar2 (6)	Member Code of buyer
5	Total Stamp Duty	Number (15,2)	

Detail record type 20 – Stamp Duty information at Trading Member level

Sr. No.	Field	Data Type	Description/Remarks
1.	Record Type	Number (2)	Value – 20
2	Trade date	Date	DD-MMM-YYYY
3	Trading Member Code	Varchar2 (12)	Member Code of buyer
4	Total Stamp Duty	Number (15,2)	

Details record type 30 – Stamp Duty information at Client level

Sr. No.	Field	Data Type	Description/Remarks
1	Record Type	Number (2)	Value – 30
2	Trade date	Date	DD-MMM-YYYY
3	Trading Member Code	Varchar2 (12)	Member Code of buyer
4	Trading client code	Varchar2 (12)	Cilent Code of buyer
5	Total Stamp Duty	Number (15,2)	
6	Client State	Varchar2 (50)	Permanent address state of client

Details record type 40 – Stamp Duty information at client contract level

Sr. No.	Field	Data Type	Description/Remarks
1	Record Type	Number (2)	Value – 40
2	Trade date	Date	DD-MMM-YYYY
3	Trading Member Code	Varchar2 (12)	Member Code of buyer
4	Trading Client Code	Varchar2 (12)	Member Code of Client
5	Instrument Type	Varchar2 (6)	FUTCOM for Futures on Commodity OPTFUT for Options on Futures FUTIDX for Futures on Index
6	Symbol	Varchar2 (10)	
7	Expiry Date	Date	DD-MON-YYYY
8	Strike price	Number (9,2)	0 for futures Strike Price of options contract
9	Option Type	Varchar2 (2)	CE for Call European Option PE for Put European Option FF for Futures on Commodity and Futures on Index
10	CA level	Number (2)	Default value 0
11	Buy quantity	Number (12)	Buy quantity (futures or options)
12	Buy value	Number (15,2)	Buy value for Futures (Premium for options)
13	Taxable Buy value futures	Number (15,2)	Taxable Buy value for futures
14	Taxable Buy value options	Number (15,2)	Taxable Buy value for options
15	Stamp Duty futures	Number (15,2)	Stamp Duty amount for futures
16	Stamp Duty options	Number (15,2)	Stamp Duty amount for options
17	Total Stamp Duty	Number (15,2)	
18	Client state	Varchar2 (50)	Permanent address state of client