

RBI/2008-09/28

DGBA.CDD No. H – 3 / 13.01.299 / 2008-09

July 1, 2008
Aashadha 10, 1930 (S)

The Chairman / Managing Director
State Bank of India and Associate banks
and 17 Nationalized banks
ICICI Bank Ltd / IDBI Bank / HDFC Bank Ltd / Axis Bank Ltd
Stock Holding Corporation of India Ltd

Dear Sir,

Master Circular on Appointment & delisting of Brokers and Payment of Brokerage on Relief / Savings Bonds

Please refer to our Master Circular No RBI/2007-08/77 dated July 2, 2007 on appointment and delisting of brokers and Master Circular RBI/2007-08/76 dated July 2, 2007 on Payment of brokerage on Relief / Savings Bonds.

2. In order to enable the Public Debt Offices / Agency banks to have all the currently operative instructions on the above subject at one place, the above two Master Circulars have been merged and a revised Master Circular, updated upto 30.06.2008, is enclosed. You may also access the circular on our website www.rbi.org.in

Please acknowledge receipt.

Yours faithfully,

(Indira Nanu)
General Manager

**MASTER CIRCULAR
ON APPOINTMENT AND DELISTING OF BROKERS
AND
PAYMENT OF BROKERAGE
ON
RELIEF/SAVINGS BONDS**



**RESERVE BANK OF INDIA
DEPARTMENT OF GOVERNMENT AND BANK ACCOUNTS
CENTRAL DEBT DIVISION
CENTRAL OFFICE, MUMBAI**

MASTER CIRCULAR
RELIEF / SAVINGS BONDS

A) APPOINTMENT / DELISTING OF BROKERS

1) Procedure for enrollment/registration of brokers

Agency Banks may follow a simple procedure for enrolment/registration of brokers. The broker seeking enrolment / registration may submit his / her request for registration on his / her business letterhead together with business data. The Agency banks may allot broker code number, which should be quoted by the broker on all applications tendered at the Receiving offices. **(Ref. No CO.DT.13.01.201 / 692 / 2000-01 dated 9.8.2000)**

2) Appointment of sub-agents by Agency Banks

It has come to our notice that some banks designated/authorized by RBI have engaged the services of other banks as brokers/agents for receiving applications and the latter are using the name of Reserve Bank of India in their publicity material and billboards stating that RBI has appointed them as brokers for Relief/Savings Bonds business. We advise that in cases where Authorised Banks engage the services of other banks/institutions not authorized to handle Relief/Savings Bonds business as designated banks, the agency banks who have appointed them are solely responsible for the activities of such a bank/institution engaged by agency bank as an agent/broker. The name of RBI should not be used by such banks.

(Ref. CO.DT.13.01.251.5341/2001-02 dt.4-1-2002)

3) Delisting of brokers:

Agency banks are advised that names of the dormant brokers, say for a period of 2 years, may be de-listed after giving due notice if no fresh business is forthcoming from such brokers. **(Ref.CO.DT.13.01.201/4890/1999-00 dated 6-3-2000)**

B) PAYMENT & RATES OF BROKERAGE FOR SAVINGS BONDS

1) Rates of brokerage

Brokerage at the rate of Re. 0.50 (paise fifty only) per Rs.100/- will be paid to brokers registered/enrolled with RBI Offices, on applications tendered for investment in the bonds in the form of BLA at RBI Offices on behalf of their clients and bearing their stamp. No brokerage will be paid in respect of stock certificates.

Brokerage at the rate of 1.00 (Rupee One only) per Rs.100/- will be paid to brokers registered / enrolled with Agency banks on applications tendered for investment in the bonds in the form of BLA at designated branches on behalf of their clients and bearing their stamp.

(Ref.CO.DT.13.01.201/432/2000-01 dated 25-7-2000)

No brokerage is payable in case the broker is one of the investor/applicant.

(Ref.CO.DT./13.01.298/H-2411/03-04 dated 29-10-2003)

2) No TDS on payment of brokerage:- Offices/agency banks may please note that no tax is required to be deducted at source while making payment of brokerage in respect of the Savings Bonds business canvassed by brokers in terms of Section 194(H) of the Income Tax Act, 1961. **(Ref.CO.DT.201/5900/2000-01 dated 28-5-2001 & CO.DT.13.01.298/H-3660/03-04 dt.3-1-04)**

3) Brokerage Claims

i) Offices/Agency Banks are advised to settle the brokerage claims expeditiously in any case not later than 30 days from the date of subscription. **(Ref.CO.DT.13.01.201/6260/2000-01 dated13-6-2001)**

ii) Agency Banks are advised to first settle the brokerage claims and thereafter the reimbursement be sought from the Reserve Bank of India.
(Ref.CO.DT./13.01.201/4668/2000-01 dt.8-3-2001)

iii) As a measure towards improvement in customer service, offices/agency banks may arrange to pay the brokerage to the agents, on a monthly basis by credit to their accounts through ECS after obtaining requisite mandate from them. **(Ref.CO.DT.13.01.298/H-4677/2002-03 dated 23-5-2003)**

iv) Reimbursement of brokerage claims in respect of Savings Bonds have been centralized at CAS Nagpur with effect from 1-7-2002 and it has been decided that 90% of the brokerage due to agencies on the basis of funds remitted/reported to CAS as at the close of business of the month will be paid on the 3rd working day of the succeeding month.

The balance of 10% is to be settled in due course on submission of Appendix IV **(Ref.CO.DT.13.01.272/11032/2001-02 dt.25-6-2002 & CO.DT.13.01.272/H-2906 / 2002-03 dated. 26-2-2003)**

(In case detailed clarifications are required on specific issues, the circulars indicated above may please be referred to.)