

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

NOTIFICATION

New Delhi, the 4th July, 2013

S.O. 2017(E).— In exercise of the powers conferred by clause (e) of the proviso to clause (5) of section 43 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

1. (1) These rules may be called the Income-tax (9th Amendment) Rules, 2013.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Income-tax Rules, 1962, in Part II, in sub-part C, after rule 6DDB, the following rules shall be inserted, namely :—

“6DDC. Conditions that a recognised association is required to fulfil to be notified as a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43.— For the purposes of clause (e) of the proviso to clause (5) of section 43, a recognised association shall fulfil the following conditions in respect of trading in derivatives, namely:—

- (i) the recognised association shall have the approval of the Forward Markets Commission established under the Forward Contracts (Regulation) Act, 1952 (74 of 1952) in respect of trading in derivatives and shall function in accordance with the guidelines or conditions laid down by the Forward Markets Commission;
- (ii) the recognised association shall ensure that the particulars of the client (including unique client identity number and PAN) are duly recorded and stored in its databases;
- (iii) the recognised association shall maintain a complete audit trail of all transactions (in respect of derivative market) for a period of seven years on its system;
- (iv) the recognised association shall ensure that transactions (in respect of derivative market) once registered in the system are not erased;
- (v) the recognised association shall ensure that the transactions (in respect of derivative market) once registered in the system are modified only in cases of genuine error and maintain data regarding all transactions (in respect of derivative market) registered in the system which have been modified and submit a monthly statement in Form No. 3BC to the Director General of Income-tax (Intelligence and Criminal Investigation), New Delhi within fifteen days from the last day of each month to which such statement relates.

6DDD. Notification of a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43.— (1) An application for notification of a recognised association (as per clause (j) of section 2 of the Forward Contracts (Regulation) Act, 1952) as a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43 may be made to the Member (Legislation), Central Board of Direct Taxes, North Block, New Delhi.

(2) The application referred to in sub-rule (1) shall be accompanied with the following documents, namely :—

- (i) approval granted by Forward Markets Commission for trading in derivatives;
- (ii) up-to-date rules, bye-laws and trading regulations of the recognised association;
- (iii) confirmation regarding fulfilling the conditions referred to in clause (ii) to clause (v) of rule 6DDC;
- (iv) such other information as the recognised association may like to place before the Central Government.

(3) The Central Government may call for such other information from the applicant as it deems necessary for taking a decision on the application.

(4) The Central Government, after examining the information furnished by the recognised association under sub-rule (2) or sub-rule (3), shall notify the recognised association as a recognised association for the purposes of clause (e) of the proviso to clause (5) of section 43 or issue an order rejecting the application before the expiry of four months from the end of the month in which the application is received.

(5) The notification referred to in sub-rule (4) shall be effective until the approval granted by the Forward Markets Commission is withdrawn or expired, or the notification is rescinded by the Central Government.”.

3. In the said rules, in Appendix-II, after Form No. 3BB, the following Form shall be inserted, namely:-

“FORM NO. 3BC

[See rule 6DDC]

Monthly statement to be furnished by a recognised association in respect of transactions in which client codes have been modified after registering in the system for the month of _____

1. Name and address of the recognised association:
2. Permanent Account Number:
3. Details of transactions, in which client codes have been modified after registering in system, are enclosed in a soft copy as annexure.

Verification

I hereby certify that all the particulars furnished above are correct and complete.

Place

Signature of the Principal Officer of the recognised association

Date

Name and Designation

ANNEXURE TO FORM NO. 3BC

(Soft Copy)

Derivative Market

Sl. No	Transaction ID	Member details		Original Client Code	Modified Client Code	Name of the original client	PAN of the original client	Name of the modified client	PAN of the modified client	Commodity derivative name	Quantity	Rate	Total value of transaction	Buy or Sale	Date of Transaction	Total value of commodity derivative in col. 11 bought/ sold on the exchange during the day*	Total number of buy/ sale transactions in commodity derivative in col. 11 occurred on the exchange during the day*
		Name	Code														
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1.																	
2.																	
3.																	
4.																	
5.																	

*Note- The value or number of transaction will be in respect of buy if col. (15) is buy and sale if col. (15) is sale.”

[Notification No. 51/2013, F. No. 142/14/2013-TPL]

(Gaurav Kanaujia)
Director to the Government of India

Note.- The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii) vide notification number S.O.969(E), dated the 26th March, 1962 and last amended by Income-tax (8th Amendment) Rules, 2013 vide notification S.O. No.1856(E) dated 26th June, 2013.