

FAQ's on Minimum Brokerage

1. What is minimum brokerage?

As is the existing practice by many brokers, we are introducing Minimum brokerage whereby the client will be levied a minimum brokerage on the trades executed by it on a particular day. An additional brokerage will be charged to the client with a maximum cap of Rs.25/- or 2.5%, whichever is lower. This means that, as per the agreed brokerage slab if the client is unable to generate a brokerage of Rs.25/- then the client will be levied differential brokerage up to Rs.25/- or 2.5% whichever is lower in a particular segment.

2. How will be new process function?

The concept has been explained below with an example:

Case 1: If client AHA001 has traded on a given day in BSE, let us assume he has generated Rs.15/- brokerage as per his agreed slab. We will charge an addition of Rs.10/- as difference between the minimum brokerage set at Rs.25/- and agreed slab as per KYC. This will total up to Rs.25/- as brokerage charged to the client.

In the above case, if the total brokerage of Rs.25/- exceeds 2.5% of the trade value, the client will be charged 2.5%, i.e. the lower of the two will be charged to the client since the maximum brokerage a broker can charge a client as prescribed by the Exchange is 2.5%.

Case 2: The same client, AHA001, trades in NSE on the same day and generates a brokerage of Rs.2.40 on total traded turnover of Rs.800/- for that day. The minimum brokerage will be capped at Rs.25/- or 2.50% of Rs.800/- i.e. Rs.20/-, whichever is lower. Accordingly, the client will be charged an additional Rs.17.40 (Rs.20.00 - Rs.2.40) and a total brokerage of Rs.20/- will be generated.

Case 3: As in case 1, if the client, AHA001, trades in NSE and generates a brokerage of Rs.45.00 as per his agreed slab, no additional brokerage will be charged in NSE.

Scenario	Client Code	Total Trade Value	Agreed Brokerage Slab	Brokerage as per agreed Slab	Min. Brokerage	Max. cap of 2.5%	Final Brokerage applicable	Additional Brokerage to be charged
Case 1	AHA001	5,000	0.30%	15.00	25.00	125.00	25.00	10.00
Case 2	AHA001	800	0.30%	2.40	25.00	20.00	20.00	17.60
Case 3	AHA001	15,000	0.30%	45.00	NA	NA	45.00	Nil

3. Is the brokerage calculated across segments or in a single segment?

The brokerage will be levied to a client on per segment basis. Therefore, a client unable to generate a brokerage of Rs. 25 per segment will be levied an additional brokerage for each segment that he / she fails to generate Rs 25/-.

4. How will the information be communicated to the clients?

This communication has been shared with the client through the Quarterly Ledger for the period 1st July 2010 till 30th Sep 2010 which has been dispatched in the last week of Oct 2010. This will be done for all the registered clients till date.

For new clients, the minimum brokerage condition will be applicable by default since activation.

5. From when is the minimum brokerage concept being implemented?

This will be effective from 1st November 2010.

6. What is the brokerage sharing pattern with the Sub-Broker?

Client's brokerage will be shared as under,

Brokerage earned as per the client Slab will be shared at the agreed ratio / slab with the Sub-broker. Additional brokerage will be shared at a fixed Ratio of 50 : 50 with Sub-broker.

Example: If a client has generated a brokerage of Rs.20/-, the same will be shared with the Sub-Broker as per the agreed ratio / slab. The additional brokerage of Rs.5/- levied, will be shared with the Sub-Broker in a 50:50 ratio i.e. the Sub-Broker will receive Rs.2.50 from the additional brokerage.

7. Where can a client view the additional brokerage levied in a Contract Note?

The differential amount charged to the client will be mentioned in the contract note below the scrip-wise details as "brokerage".

8. Where can a client view the additional brokerage levied in Back Office?

The working of the brokerage calculation will be displayed under the "Levies Report" in Back Office below the scrip-wise details as "Brokerage" in the Scrip-wise option.

9. Who can I get in touch with for any queries?

Branches / Business Associates may get in touch with our centralized Customer service Team or with their designated Regional office in case of any queries.