

“PART – A”

RECENT REQUIREMENTS FROM JULY 01, 2016 TO SEPTEMBER 30, 2017

Item 1- CONSTITUENT REGISTRATION		
Item No.	Subject	SEBI & NSE Circular No. / Download No.
1.1	Client Registration Documents in vernacular language	Download Ref. No.: NSE/INSP/32759 dated July 08, 2016 (https://www.nseindia.com/content/circulars/INSP32759.pdf)
1.2	Simplification of Account Opening Kit	Download Ref. No.: NSE/INSP/32807 dated July 14, 2016 SEBI circular CIR/MIRSD/64/2016 dated July 12, 2016 (http://www.sebi.gov.in/legal/circulars/jul-2016/simplification-of-account-opening-kit_32830.html)
1.3	Operationalisation of Central KYC Records Registry (CKYCR)	Download Ref. No. NSE/INSP/32860 dated July 22, 2016 SEBI circular CIR/MIRSD/ 66 /2016 dated July 21, 2016 (http://www.sebi.gov.in/legal/circulars/jul-2016/operationalisation-of-central-kyc-records-registry-ckycr-32870.html)
1.4	Review of requirement of copy of PAN Card to open accounts of FPIs	Download Ref. No.: NSE/INSP/2016/33666 ; dated November 21, 2016 SEBI circular CIR/IMD/FPIC/123/2016 dated November 17, 2016 (http://www.sebi.gov.in/legal/circulars/nov-2016/review-of-requirement-for-copy-of-pan-card-to-open-accounts-of-fpis_33672.html)
1.5	Acceptance of e-PAN card for KYC purpose- FPI	Download Ref. No.: NSE/INSP/35305 dated July 05, 2017 SEBI Circular SEBI/HO/IMD/FIIC/CIR/P/2017/068 dated June 30, 2017 (http://www.sebi.gov.in/legal/circulars/jun-2017/acceptance-of-e-pan-card-for-kyc-purpose_35210.html)

Item 2 - DEALING WITH INTERMEDIARIES		
Item No.	Subject	SEBI & NSE Circular No. / Download No.
2.1	Enhanced Supervision of Stock Brokers	Download Ref. No.: NSE/INSP/33276; dated September 27, 2016 NSE/INSP/33861 dated December 21, 2016 (https://www.nseindia.com/content/circulars/INSP33861.pdf) NSE/INSP/35184 dated June 23, 2017 NSE/INSP/35412 dated July 20, 2017 SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 (http://www.sebi.gov.in/legal/circulars/sep-2016/enhanced-supervision-of-stock-brokers-and-depository-participants_33334.html)

2.2	Reporting of Bank & Demat Accounts	Download Ref. No.: NSE/INSP/2016/33409 dated October 14, 2016 and NSE/INSP/2016/33502 dated October 26, 2016 (https://www.nseindia.com/content/circulars/INSP33502.pdf)
2.3	System for submission of data for monitoring of clients' funds lying with the stock broker	Download Ref. No.: NSE/INSP/34379 dated March 15, 2017
2.4	Prevention of Unauthorised Trading by Stock Brokers	Download Ref. No.: NSE/INSP/35929 dated September 27, 2017 SEBI circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/108 dated September 26, 2016 (http://www.sebi.gov.in/legal/circulars/sep-2017/prevention-of-unauthorised-trading-by-stock-brokers_36079.html)

Item 3- DEALING WITH CLIENTS		
Item No.	Subject	SEBI & NSE Circular No. / Download No.
3.1	Timelines for Closure of financial accounts under Rule 114H (8) of the income Tax rules, 1962 under alternative procedure of FATCA	Download Ref. No.: NSE/INSP/34660 dated April 17, 2017 Press Release dated April 11, 2017

Item 4- CONTRACT NOTES		
Item No.	Subject	SEBI & NSE Circular No. / Download No.
4.1	Compliance with fit & proper requirement by Members in case of trading in securities of listed Stock Exchanges	Download Ref. No.: NSE/INSP/34055 dated January 24, 2017 SEBI circular CIR/MRD/DSA/01/2016 dated January 01, 2016 (http://www.sebi.gov.in/legal/circulars/jan-2016/circular-on-compliance-with-secc-by-listed-stock-exchanges_31402.html)
4.2	Compliance with fit & proper requirement by Members in case of trading in securities of listed Depositories	Download Ref. No.: NSE/INSP/35116 dated June 14, 2017 (https://www.nseindia.com/content/circulars/INSP35116.pdf)

4.3	Revised format of Common Contract note (after incorporating GST requirements)	Download Ref. No.: NSE/INSP/35131 dated June 16, 2017
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RECENT REQUIREMENTS FROM JULY 01, 2016 TO SEPTEMBER 30, 2017

Item 1

CONSTITUENT REGISTRATION

1.1 Client Registration Documents in vernacular language

This has reference to the SEBI circular CIR/MIRSD/16/2011 dated August 22, 2011 on client registration documents. In order to facilitate better understanding of the registration documents by the investors, Exchange is pleased to provide the following documents in 15 regional vernacular languages:

1. Document stating the Rights & Obligations of stock broker, sub-broker and client for trading on exchanges (including additional rights & obligations in case of internet / wireless technology based trading)
2. Uniform Risk Disclosure Documents (for all segments / exchanges)
3. Guidance Note detailing Do's and Don'ts for trading on exchanges

The above mentioned documents in the vernacular languages are available on NSE website at https://www.nseindia.com/membership/content/complinc_trading_mem.htm and can be downloaded. Trading Members are advised to make available the documents to their clients on demand and also display the same on their own website. It may be noted that the documents are a translated version of the original documents in English. In case of any ambiguity the contents of the English version would prevail.

1.2 Simplification of Account Opening Kit

In order to further simplify the process of client registration, SEBI has issued a circular no. CIR/MIRSD/64/2016 dated July 12, 2016 on the captioned subject wherein it is decided that members can make available the standard documents (Rights & Obligations, Risk Disclosure Document, Do's and Don'ts) to their clients either in electronic or physical mode as per the preference of the clients after maintaining appropriate proof of dispatch/logs.

The SEBI circular inter alia states that,

“The stock broker/ depository participant shall make available these standard documents to the clients, either in electronic or physical form, depending upon the preference of the client as part of account opening kit. The preference of the client shall be sought as part of the account opening form. In case the documents are made available in electronic form, stock broker/ depository participant shall maintain logs of the same.”

1.3 Operationalisation of Central KYC Records Registry (CKYCR) and uploading of clients' KYC details

Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI), to act as, and to perform the functions of, the Central KYC Records Registry under the PML Rules 2005, including receiving, storing,

safeguarding and retrieving the KYC records in digital form of a client. Accordingly every reporting entities are required to capture the KYC information for sharing with the Central KYC Records Registry

The KYC details of existing and new individual clients shall be uploaded as under:

Registered intermediaries have to update their IT systems as well as register all new accounts of individuals in accordance with the CKYCR template mandatorily by October 31, 2016.

1. With respect to uploading of KYC data of the existing individual clients with CKYCR, Members are advised to note the following :
2. Members to ensure 50% completion of uploading of existing KYC data by November 30, 2016 and the remaining 50% of KYC data by December 31, 2016.

SEBI has issued circular No. CIR/MIRSD/ 66 /2016 dated July 21, 2016, on the subject "Operationalisation of Central KYC Records Registry (CKYCR)".

<http://www.sebi.gov.in/legal/circulars/jul-2016/operationalisation-of-central-kyc-records-registry-ckycr-32870.html>)

SEBI has issued circular No. CIR/MIRSD/120/2016 dated November 10, 2016, on the subject "Uploading of the existing clients' KYC details with Central KYC Records Registry (CKYCR) System by the registered intermediaries".

<http://www.sebi.gov.in/legal/circulars/nov-2016/uploading-of-the-existing-clients-kyc-details-with-central-kyc-records-registry-ckycr-system-by-the-registered-intermediaries-33654.html>)

1.4 Review of requirement of copy of PAN Card to open accounts of FPIs

In order to ease the PAN verification process at the time of account opening of FPIs, it is decided that the intermediaries can verify the PAN of FPIs online from website authorised by Income Tax department at the time of account-opening for FPIs. However, FPIs need to provide the copy of PAN card within 60 days of account-opening or before remitting funds out of India, whichever is earlier to their intermediaries.

SEBI has issued circular No. CIR/IMD/FPIC/123/2016 dated November 17, 2016, on the subject "Review of requirement for copy of PAN Card to open accounts of FPIs".

<http://www.sebi.gov.in/legal/circulars/nov-2016/review-of-requirement-for-copy-of-pan-card-to-open-accounts-of-fpis-33672.html>)

Item 2

DEALINGS WITH INTERMEDIARIES

2.1 Enhanced Supervision of Stock Brokers

SEBI constituted a committee on “Enhanced Supervision of Stock Brokers”, which included representatives from Stock Exchanges, Depositories and Brokers. With a view to implement the recommendations, the guidelines are being issued vide SEBI circular Ref no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016.

(http://www.sebi.gov.in/legal/circulars/sep-2016/enhanced-supervision-of-stock-brokers-and-depository-participants_33334.html).

For implementation of provisions of the circular, SEBI extended the timelines to adhere to the requirements of Enhanced Supervision in its circular dated December 20, 2016

Revised Time Line for implementing various provisions are as under:

Provision of Enhanced Supervision circular dated September 26, 2016	Revised Timeline
Assignment of nomenclature to existing demat accounts	July 01, 2017
Assignment of nomenclature to existing bank accounts	October 01, 2017
Pledging of client securities & issue of pledge statement	July 01, 2017
Monitoring of Clients’ Funds lying with the Stock Broker	July 01, 2017
Internal Audit-Rotation, Sampling and declaration	April 01, 2017
Internal Audit - Monitoring of quality of Internal Audit Reports and period of submission	Half year beginning from April 01, 2017
Monitoring of Financial Strength of Stock Brokers	April 01, 2017
Standard Operating Procedures for Stock Brokers	July 01, 2017
Uploading clients' fund balance and securities balance	July 01, 2017
Running Account Settlement	July 01, 2017

Further, SEBI vide their circular dated **CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated June 22, 2017** has provided clarification to some of the provisions of Enhanced Supervision Circular

2.2 Reporting of Bank & Demat Accounts

This has reference to the SEBI circular dated September 26, 2016 (no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95) on Enhanced Supervision of Stock Brokers. One of the requirements of the circular is the reporting by all the Members of their existing as well as their new bank & demat accounts to the Exchange.

A facility has been provided by the Exchange whereby Members can report details of their bank & demat accounts to the Exchange, electronically through the Inspection module in the Member portal.

Members are required to submit the details of all their existing bank & demat accounts in the specified format latest by October 26, 2016.

Further, the Members may note that all new bank & demat accounts shall be informed to the Exchanges within one week of the opening of the account through the same module.

Further, vide circular no. NSE/INSP/2016/33502 dated October 26, 2016, the due date for reporting of details has been extended to November 25, 2016. (<https://www.nseindia.com/content/circulars/INSP33502.pdf>)

2.3 System for submission of data for monitoring of clients' funds lying with the stock broker

Exchange has provided a facility in the Member Portal (Connect2NSE) to facilitate Members to upload the data for reconciliation towards monitoring of clients' funds which includes data such as client ledger & bank balances, details of collaterals and margin obligations etc.

As per SEBI circular dated CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated June 22, 2017, the said details are required to be uploaded on monthly basis till March 31, 2018. Accordingly, till March 31, 2018, stock broker shall submit the data as on the last trading day of every month to the Stock Exchanges on or before the next trading day. Thereafter, the uploading of that data by the stock broker to the Stock Exchanges shall be on weekly basis i.e. stock brokers shall submit the data as on last trading day of every week on or before the next trading day.

Members can access this facility electronically every month through the Inspection module in the Member Portal and submit the data as on the last day of the previous month for testing the system. Currently, Members can start submitting the information relating to February 2017 and subsequently every month for March 2017, April 2017 & May 2017 respectively. The procedure for submitting the information through the Inspection Module in the Member Portal is given in Annexure A.

(NSE circular Download Ref. No.: NSE/INSP/34379 dated March 15, 2017 & NSE/INSP/35412 dated July 20, 2017)

2.4 Prevention of Unauthorised Trading by Stock Brokers

In order to strengthen the regulatory provisions against un-authorized trades, SEBI vide its circular dated September 26, 2017 bearing Ref no. CIR/HO/MIRSD/MIRSD2/CIR/P/2017/108 has directed all members to execute trades of clients only after keeping evidence of the client placing the order which could be, inter alia, in the form of :

- a) Physical record written & signed by client
- b) Telephone recording
- c) Email from authorized email Id
- d) Log for internet transactions
- e) Record of SMS messages
- f) Any other legally verifiable record.

Further, in case the order instructions are received from clients through telephone, the member shall mandatorily use telephone recording system to record the instructions and maintain such recordings as part of its records.

It may be noted that in case of any dispute, the burden of proof will be on the member to produce the above records.

Item 3

DEALINGS WITH CLIENTS

3.1 Timelines for Closure of financial accounts under Rule 114H (8) of the income Tax rules, 1962 under alternative procedure of FATCA

Exchange is in receipt of a press release dated April 11, 2017 from Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance regarding extension of timelines for blocking/closure of all individual and entity accounts, opened from 1st July 2014 to 31st August 2015, in case of non-receipt of self-certification from such account holders.

The financial institutions have been advised to make all efforts to obtain self-certification from the account holders under FATCA and inform the account holders regarding blocking of their accounts in case self-certifications are not provided till 30 April 2017.

Item 4

CONTRACT NOTES

4.1 Compliance with fit & proper requirement by Members in case of trading in securities of listed Stock Exchanges

As per **Regulation 19(1) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations)**, no person shall, directly or indirectly, acquire or hold equity shares of a recognised Stock Exchange or recognised Clearing Corporation unless he is a fit and proper person in terms of Regulation 19 and 20 of the said SECC Regulations.

Further, SEBI circular CIR/MRD/DSA/01/2016 dated January 01, 2016 stipulates procedures for ensuring compliance with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations). The said SEBI circular also stipulates that post listing of Stock Exchanges, the text of the Regulation 19 & 20 of SECC Regulations with regard to fit and proper shall be made part of the contract note.

In view of the same, Members are required to ensure that their clients who are executing transactions in securities of the listed Exchanges through them are fit & proper as stipulated by the above applicable regulations and attach the text of the said regulations as annexure with the contract notes issued to such clients.

(Download Ref. No.: NSE/INSP/34055 dated January 24, 2017)

4.2 Compliance with fit & proper requirement by Members in case of trading in securities of listed Depositories

As specified under **Regulation 6(B) of SEBI (Depositories and Participants) Regulations, 2012**, Members are required to ensure that their clients who are executing transactions in the securities issued by listed depositories through them are fit & proper. Accordingly, Members shall also attach the text of the criteria for fit & proper person as specified in **Schedule II of the SEBI (Intermediaries) Regulations, 2008** as annexure to the contract notes issued to such clients

4.3 Revised format of Common Contract note

A revised format of the common contract note has been prescribed incorporating the changes stipulated by the Goods & Service Tax (GST) rules. All Member are requested to comply with the revised format from the date of implementation of GST and also comply with the relevant provisions/guidelines issued w.r.t GST, issued from time to time.