



CIRCULAR

CIR/HO/MIRSD/MIRSD2/CIR/PB/2017/107

September 25, 2017

To,

The Managing Directors of all Recognized Stock Exchanges

Dear Sir/Madam,

Sub: Clarification to Enhanced Supervision Circular

1. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, has issued guidelines covering broad areas for enhanced supervision based on the recommendation of the committee constituted by SEBI. Further SEBI issued certain clarification vide circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated June 22, 2017.
2. Subsequently, SEBI has received representations from the stock exchanges with respect to Clause 3.2 & 7 of the annexure to the aforesaid circular, expressing operational difficulties caused to the stock brokers on uploading data of the clients. Accordingly, in view of the operational difficulties being faced by the stock brokers, Clause 3.2 & 7 to the annexure to the aforesaid circular are clarified as follows:
 - i. With respect to clause 3.2, stock broker shall submit the data as on the last trading day of every month to the Stock Exchanges on or before the next three trading days till March 31, 2018. 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 three trading days. Further, the Stock Broker shall not be required to upload data with respect to custodian settled clients.
 - ii. Uploading of data as per clause 7 is hereby simplified and the stock broker shall not be required to upload the data for the following clients onto the stock exchange system:
 - a) Custodian settled clients



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b) Client with zero funds and securities zero balances and also not traded in the last 12 months.

iii. With respect to clause 7.1.4, it is clarified that the stock brokers shall submit the data within seven calendar days of the last trading day of the month.

3. In furtherance to the above, after 4.6.1 an additional clause 4.6.2 is inserted , as:

Stock Exchanges shall ensure that, the Internal Auditors also monitor the corrective steps taken by the stock brokers to rectify the deficiencies observed in the inspection carried out by SEBI/Stock Exchanges and the compliance thereof. The compliance status shall be made as part of the internal audit report.

4. The Stock Exchanges are directed to:

- a) bring the contents of this circular to the notice of the Stock Brokers and also disseminate the same on their websites.
- b) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above directions in co-ordination with one another to achieve uniformity in approach.

5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

6. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework".

Yours faithfully,

Debashis Bandyopadhyay
General Manager