

**INSPECTION DEPARTMENT
CIRCULAR**

DOWNLOAD REF.NO: NSE/INSP/10872

Circular No. NSE/INSP/2008/67

Dated: June 23, 2008

To

All Members

Sub: Uniform Documentary Requirements for trading

This is further to our Circular No. NSE/INSP/2006/52 (download reference no. NSE/INSP/7657) dated July 05, 2006 related to uniform documentary requirements for trading.

The Exchange is in receipt of complaints from investors regarding non-availability of copies of the documents executed by them for registration and it is observed that many disputes are related to the contents thereof. In order to facilitate investors to have access to the details provided by them to trading members at the time of registration of their accounts, the trading members are required to comply with the following :

1. Upon registration of a client, trading members shall deliver to the client a copy of the duly completed documents viz. Client registration form (KYC), Member Constituent Agreement/Tripartite agreement, Risk Disclosure document and also a copy of any other document executed by the client.
2. The trading code and the unique client code allotted to a client and the email id furnished by the client for the purpose of receiving electronic contract notes and other details, shall be communicated by the trading member through the KYC form or otherwise in writing to the clients.

Proof of such delivery/communication is to be maintained along with the registration documents pertaining to the clients. In respect of existing clients, the above mentioned documents and details may be provided upon request from such clients.

For any clarifications, trading members may contact any of the following officials:

Mr. Hansen Cardoza, Mr. Parameshwaran or Ms Sania Surve

Phone Nos. 2659 8196 (Direct)

2659 8100 – 8114 Extn. – 5094 / 5097/ 5128

For National Stock Exchange of India Ltd.

A.Sebastin

Asst. Vice-President

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED
INSPECTION DEPARTMENT
CIRCULAR**

DOWNLOAD REF.NO: NSE/INSP/10938
Circular No. NSE/INSP/2008/68

Dated: 4th July 2008

To

All Members

Sub: 'In-person' verification of Clients by Stock Brokers

All members are hereby informed that SEBI vide letter no. MIRSD/DPS-III/130466/2008 dated 2nd July 2008 has emphasized that it shall be the responsibility of the stock broker to satisfactorily identify his clients and to ensure in-person verification by his own staff while registering clients and keep complete audit trail for the same. SEBI has also mentioned that it would be stock brokers' responsibility to provide client details as and when required.

Accordingly, members are required to ensure 'in-person' verification by their own staff only while registering the clients, including clients of their branches and sub brokers, and that this function is not outsourced. Further the date of verification, name and signature of the official who has done in-person verification and the stamp of the member should be incorporated in the client registration form.

In case of 'In-person' verification of non-residents, the members should obtain from such clients KYC documents attested by any one of the following entities - Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy / Consulate General in the country where the client resides.

The circular will be effective in respect of all clients to be registered forthwith.

For any clarifications, trading members may contact any of the following officials:

Mr. Hansen Cardoza, Mr. Parameshwaran or Ms Sania Surve

Phone Nos. 2659 8196 (Direct)

2659 8100 – 8114 Extn. – 5094 / 5097/ 5128

For **National Stock Exchange of India Ltd.**

A. Sebastin

Asst. Vice-President

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED
INSPECTION DEPARTMENT
CIRCULAR**

DOWNLOAD REF.NO: NSE/INSP/7657
Circular no. NSE/INSP/2006/52

Dated: 5th July 2006

To
All trading members

Sub: Uniform documentary requirement for trading

As trading members are aware, SEBI vide circular number SEBI/MIRSD/DPS-I/Cir-31/2004 dated August 26, 2004 has prescribed uniform documentary requirement for trading. As required by SEBI, a circular along with annexures pertaining to clients, containing the model formats of uniform set of documents namely (a) Client Registration Form (b) Member Client Agreement (c) Tripartite agreement among broker, sub-broker and client wherever applicable and (d) Risk Disclosure Document, was forwarded by the Exchange for compliance by the trading members.

Attention of the trading members is drawn specifically to paragraph 3 of the said circular which states that the stock broker may incorporate any additional clauses in these documents provided these are not in conflict with any of the clauses in the model document, as also the Rules, Regulations, Articles, Byelaws, Circulars, directives and guidelines. Moreover, the trading member may also seek additional information so as to satisfy himself about the antecedents of the client.

As a matter of abundant caution, attention of the trading members is once again brought to the above circular. Trading members are further advised to ensure the following:

- (1) At the time of registering a client, the client shall be informed in writing that only the documents stated above are mandatory and any additional clause or documentation shall be voluntary and at the discretion of the trading member and the client.
- (2) Additional documents shall state at the beginning in bold that the document is voluntary.
- (3) However, if such documents are required in order to ensure smooth functioning of special facility such as internet trading offered by the trading member, the client shall be informed in writing clearly that such documents are voluntary and the client need not execute such documents if he / she does not wish to use that facility.
- (4) Such documents, if any shall also recognise specifically the right of the client to terminate the document. In such an eventuality, the trading member may terminate the special facility.
- (5) The docket or folder containing draft mandatory documents for signing and the checklist containing mandatory documents shall not include draft voluntary documents, if any.
- (6) No documentation shall give any exclusive right or control to the trading member or third party over the DP account or ledger account or bank account of the client except to the extent of and restricted to the client's obligation to the trading member in respect of the transactions done or to be done (like up-front margin) by the trading member on behalf of the client on the Exchange.

For any clarifications, trading members may also contact any of the following officials:

Mr. Ankit Badalia or Ms Harshda Dubey
Phone Nos. 2659 8196 (Direct)
2659 8100 – 8114 Extn. – 5127 / 5115

For National Stock Exchange of India Ltd.

**A. Sebastin
Asst. Vice-President
Inspection Department**

**INSPECTION DEPARTMENT
CIRCULAR**

Circular No. NSE/INSP/2007/63
Download No. NSE/INSP/2007/9859

Date: 4th December 2007

To
All members

Sub: Allotment of trading client code

Attention of trading members is drawn to circular no. NSE/INVG/2004/016 (download reference no. NSE/INVG/2004/5487) dated 30th September 2004 which states as follows.

Quote

For those investors who are required by applicable regulations not to buy or sell without adequate funds or securities to their credit before execution of transaction and whose transactions are to be settled by delivery only, for such entities the brokers may be permitted to allot upto two trading client codes (i.e. for their buy and sell transactions separately and so that each leg of transaction is treated separately and not netted). Both the trading client codes would be mapped to the same Unique Client Code for the client. STT liability for such entities is thus to be determined on the basis of transactions being required to be settled by delivery only.

Trading members are required to comply with the above.

This circular is applicable with immediate effect.

Unquote

It is reiterated that the requirement is to be complied in letter and spirit by all the trading members in respect of the eligible clients without exception, failing which the Exchange will take such disciplinary action as it may deem fit.

For and on behalf of
National Stock Exchange of India Ltd

A. Sebastin
Assistant Vice President
Inspection Department