

National Stock Exchange Of India Limited**Department : Inspection**

Download Ref No: NSE/INSP/49055

Date: July 26, 2021

Circular Ref. No: 38/2021

To All Trading Members,

Sub: Online Closure of Trading Accounts

SEBI, from time to time has issued various circulars to simplify, harmonize the process of opening of Trading accounts by investors. Constant technology evolution has taken place in the market and SEBI has allowed certain technological innovations to be used to facilitate online KYC process. SEBI/Exchanges have been receiving requests from investors regarding online closure of trading account similar to online opening of trading accounts.

SEBI vide its email dated July 15, 2021 has advised Exchanges to issue guidelines to the trading members to make available the facility for online closure of trading accounts. The guidelines for online closure of trading accounts is enclosed as Annexure A. Further Trading members are also advised to inform their clients regarding the availability of facility for online closure of trading accounts and its guidelines through emails, SMS, weekly / fortnightly / monthly newsletters etc.

All members are advised to take note of the same and comply with the requirement from August 01, 2021.

For and on behalf of**National Stock Exchange of India Limited****Subhankar Chowdhury
Senior Manager-Inspection****Enclosed: Annexure A**

In case of any clarifications, Members may contact our below offices:

Regional Office	E MAIL ID
Ahmedabad (ARO)	inspectionahm@nse.co.in
Chennai (CRO)	inspection_cro@nse.co.in
Delhi (DRO)	delhi_inspection@nse.co.in
Kolkata (KRO)	inspection_kolkata@nse.co.in
Mumbai (WRO)	compliance_wro@nse.co.in
Central Help Desk	compliance_assistance@nse.co.in

Annexure A**Guidelines for online closure of trading accounts**

1. Client shall be entitled to close the trading account through online mode without giving any reasons to the trading member. Clients shall not be restricted from requesting, through online mode or offline mode, for the closure of trading account maintained with a member, subject to the compliance requirements as stipulated by SEBI / Stock Exchange from time to time.
2. Online request for closing of trading accounts shall be made available for the clients who have opened their accounts offline or online, by those trading members which provide facility of opening account online and provide various services to their clients in online mode. Those trading members that do not provide any services online and do not open accounts online may not be required to offer online closure of trading accounts.
3. The request for account closure shall be done only through web portal / app of the trading member through secured access by way of client specific user ID and password (in case of internet clients) and the request send through emails, SMS, other messaging apps, etc. shall not be entertained by the trading member. As the KYC process requires e-sign post which trading accounts can be opened by the trading member, for online closure of trading account, client shall be required to e-sign the form (using Aadhaar based online electronic signature service) to be verified by the trading member in accordance with guidelines as stipulated by SEBI / Stock Exchanges from time to time.
4. Once the application for closure of trading account is received, the member shall intimate to the client on registered email id and / or mobile number (on both, if available) about the receipt of closure request and shall not permit any further requests for execution of trades by the client. A confirmation regarding the application submitted, shall be sought from the client by way of OTP sent on the email id and / or mobile number updated in its source account (to be closed account) at the time of closure of trading account.
5. Trading account can be closed only if the client doesn't have a negative account balance and / or client do not have any open position and there are no pending arbitration matters / orders prohibiting the release of the client funds & securities at the time of account closure request. In case the client has debit balance (after considering balance across Stock Exchanges) or open positions and applies for closure of trading account, the member shall send a written response to client asking him to clear the debit balance / open positions prior to initiating the process for closure of broking account.

6. On closure request, the member shall return funds and release all collateral and pledged securities back to the clients and close the trading account within 3 working days, subject to conditions mentioned in paragraph 5 above. Client needs to ensure that there are no securities / commodities available in the trading member's demat account at the time of account closure request.
7. If the member authorises the request received, the trading account will get closed. Once the trading account is closed, thereafter trading member shall inform the same to the client and update the client status in the UCC database of the Stock Exchange as inactive / deleted, as applicable and thereafter the member is not required to report details of such client in "cash and cash equivalent" reporting.
8. If the member rejects the client request for online closure of trading account received, the member shall mention the reason for such rejection and communicate the same to the client.
9. Members shall ensure that the applications are processed as per the timelines mentioned above. Trading member shall maintain and store system logs of the closure instructions and e-signed electronic requests (uneditable) received in electronic form in a secured manner and the same shall be subject to 100% internal audit.
10. Notwithstanding any such closure of trading account, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the closure of trading account shall continue to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
11. Stock Exchanges shall put in place a complaint redressal mechanism for dealing with complaints related to online closure of trading accounts.
