

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/55904	Date: March 09, 2023
Circular Ref. No: 20/2023	

To All Members,

Sub: Enhanced Supervision of Stock Brokers/Depository Participants - Maintenance of Daily Reconciliation Statement

This has reference to SEBI Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, and Exchange Circular No. NSE/INSP/2016/33276 dated September 27, 2016, on “Enhanced Supervision of Stock Brokers/Depository Participants”.

As per clause 2.4.2 of aforesaid SEBI circular, *“Transfer of funds between "Name of Stock Broker - Client Account" and "Name of Stock Broker - Settlement Account" and client's own bank accounts is permitted. Transfer of funds from "Name of Stock Broker - Client Account" to "Name of Stock Broker - Proprietary Account" is permitted only for legitimate purposes, such as, recovery of brokerage, statutory dues, funds shortfall of debit balance clients which has been met by the stock broker, etc. For such transfer of funds, stock broker shall maintain daily reconciliation statement clearly indicating the amount of funds transferred.”*

However, It has been observed that, the Trading Members are not able to promptly furnish daily reconciliation statement indicating the purpose of such transfers, when the same is sought by the Exchange during inspections or offsite supervision. In view of this, it is reiterated that the members shall maintain the reconciliation statement on a daily basis as prescribed in the aforesaid circular and provide the same as and when sought by the relevant authority.

Members are advised to take note of the contents of the circular and ensure strict compliance.

National Stock Exchange of India Limited

For and on behalf of
National Stock Exchange of India Limited

Harinatha Reddy M
Chief Manager

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

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