

National Stock Exchange Of India Limited**Department : INVESTOR SERVICES CELL**

Download Ref No: NSE/ISC/53233

Date: August 08, 2022

Circular Ref. No: 21

To All Members,

Subject: Adherence to KYC requirements

This is further to the SEBI circular CIR/MIRSD/16/2011 dated August 22, 2011, regarding norms prescribed for Simplification and Rationalization of Trading Account Opening Process and Exchange circulars NSE/INVG/22755 dated February 15, 2013 and NSE/ISC/42940 dated December 18, 2019, regarding updating of client address in the UCC system of the Exchange. As per the account opening requirement, the name and address mentioned on the KYC form should match with the documentary proof submitted by the client.

In view of the above, the Trading Members were required to ensure that the details submitted to the UCC database/system of the Exchange is matching with the documentary proof provided by the client. Trading members are required to do adequate verification of documents while onboarding clients and updating of details in UCC database/system of the Exchange.

In accordance with the above, trading members are required to send the identity and address proof of all the newly onboarded clients (irrespective of whether PAN has been submitted by account holder or not) to the Exchange, where the correspondence or permanent address of the client is 'Sikkim'. The aforesaid documents should be sent vide email on uci@nse.co.in. In case of any deviations observed by the Exchange during the scrutiny of records, the same shall be informed to the trading member for necessary corrective actions. However, in absence of corrective action by the trading member within 10 days from the date of intimation of the discrepancy, then trading member shall mark such account as closed with immediate effect and discrepant UCCs shall be considered as non-compliant and not permitted to trade. The Exchange may take any other disciplinary action that it may deem fit.

Further, for the existing UCCs having correspondence or permanent address as 'Sikkim', irrespective of the status (active / inactive) marked in the UCC system of the Exchange, the trading members are required to carry out KYC re-confirmation exercise (i.e., verification of existing KYC documents available, against the details uploaded in the UCC system of the Exchange). This activity of KYC re-confirmation (verification and certification) should be carried out by an Auditor appointed by the trading member, which could be any 'qualified Chartered Accountant' or a 'Company Secretary' or a 'Cost and Management Accountant' holding a certificate of Practice. The above requirement needs to be completed along with submission of final audit report, **not later than September 15, 2022**. Members are requested to submit a duly signed certification on the letter head of the Auditor, as per the format provided under Annexure I. The said certification will be emailed at uci@nse.co.in, with 'Verification and Certification of KYC Compliance for the Sikkim based clients (TM Code. XXXXX)', as the subject of the email communication.

This activity should be carried out for all the clients (where the correspondence or permanent address of the client is 'Sikkim') registered till June 30, 2022.

In the instances, where adverse observations are highlighted by the Auditor, the trading member will give a 30 days' notice to the client for rectification of records. In case the client fails to take corrective action within 30 days, the trading member shall mark such account as closed with immediate effect, under intimation to the client. In case the discrepancies/ error is on the part of the trading member, the same shall be rectified by the trading member within 15 days from the date the observations pointed out by the Auditor.

Auditor would also be required to certify the compliance OR closure of the discrepant UCCs, not later than October 15, 2022.

Failure to adhere to the above timelines, the Exchanges will mark the relevant/all UCCs as not permitted to trade and will take appropriate action against such trading member as per the Rules, Bye-Laws and Business Rules of the Exchange.

Further, the Trading Members are required to maintain additional diligence for all existing and new clients, by capturing the details of devices (Computer/Tablet/Mobile including Executable Applications, Browser based Apps, Mobile Apps) used to place/modify/cancel orders by the clients based out of Sikkim to verify if the orders are placed from 'Sikkim'

Trading Members are requested to take note and comply with the above guidelines.

**For and on behalf of
National Stock Exchange of India Limited**

**Dinaz Shroff
Chief Manager**

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