

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

Download Ref No: NSE/ISC/58027

Date: August 18, 2023

Circular Ref. No: 29/2023

To All Members,

Sub: Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011

This is with reference to SEBI circular-SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022, SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated August 11, 2023, NSE/ISC/56457 dated April 21, 2023 and NSE/ISC/57977 dated August 16, 2023, on “Guidelines in pursuance of amendment to SEBI KYC Registration Agency (KRA) Regulations, 2011” and “Simplification of KYC process and rationalisation of Risk Management Framework at KYC (Know Your Client) Registration Agencies (KRAs).”

As per SEBI circular reference number SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022, SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated August 11, 2023 issued by SEBI, it is mandatory for all stockbrokers to ensure that client records are validated by the relevant Know Your Customer (KYC) Registration Agency (KRA) before uploading them to the Exchange database. This step is crucial to maintaining the integrity and security of the market and ensuring that all trading activities are conducted in a transparent and compliant manner.

Failure to adhere to this circular not only exposes your firm to potential risks but also undermines the overall effectiveness of the market. Therefore, we strongly advise Trading Members to take the following actions:

1. **Validation by KRA:** Prior to uploading any client record to the Exchange UCC database, ensure that the client's KYC details have been validated by the KRA. This includes verifying the authenticity of identity documents, address proofs, and other relevant information.

2. **Timely Compliance:** Adhere strictly to the timelines outlined in the above-mentioned SEBI circulars. Ensure that client records are validated by the KRA before initiating any trading activity on their behalf.
3. **Records of Compliance:** Maintain comprehensive records of client validation by the KRA. These records should be readily accessible for inspection by regulatory authorities upon request.
4. **Communication:** Regularly communicate with your clients regarding the importance of timely KYC validation and its impact on their trading activities.

Your attention is hereby drawn to point 11 of the SEBI Circular SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022, which states the following:

“Clients whose KYC records are not found to be valid by KRA after the validation process shall be allowed to transact in securities market only after their KYC is validated.”

In view of the above circulars and in consultation with SEBI, it has been decided that clients whose KYC are not found valid by KRA, such UCCs shall neither be Permitted to Trade on the Exchange, nor will they be able to square up their open positions, if any, w.e.f September 02, 2023, until they comply with the aforesaid requirement.

The Trading Members are hereby advised to specifically monitor the open positions of such clients whose KYC is not found valid by KRA and take appropriate measures to ensure compliance with the above.

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

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

**Shanti Idnani
Associate Vice President**

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