

## Inspection Department

Ref. No. MSEI/INSP/4900/2017

Date: February 6, 2017

**Sub: Compliance with fit & proper requirement in case of trading in securities of listed Stock Exchanges**

Members' attention is drawn to Securities Contracts (Regulation) (Stock exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations) which inter alia states that no person shall, directly or indirectly, acquire or hold equity shares of a recognized Stock exchange or recognized Clearing Corporation unless he is fit and proper in terms of Regulation 19 and 20 of the said SECC Regulations.

Further, SEBI vide circular no. CIR/MRD/DSA/01/2016 dated January 01, 2016 (enclosed as Annexure – A) had issued procedures for ensuring compliance with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (SECC Regulations) by Listed Stock Exchanges. The said SEBI circular stipulates that post listing of Stock Exchange's, the text of the Regulation 19 & 20 of SECC Regulations with regard to fit and proper requirement shall be made part of the contract note.

The Exchange has now admitted Stock Exchange(s) under "Permitted to Trade" category on the Exchange vide circular no. MSEI/LIST/4898/2017 dated February 06, 2017.

In view of the same, Members are required to ensure that their clients who are executing transactions in the securities of the Exchanges (listed on other Exchange) through them are fit & proper as stipulated by the above mentioned regulations and that, the text of the said regulations with regard to fit and proper requirement shall be made part of the Contract Note.

All Members are advised to take note of the above and comply

Kirit Dodiya  
Vice- President- Inspection

Enclosed SEBI Circular No. CIR/MRD/DSA/01/2016 Dated January 01, 2016

In case of any query, member may contact the Compliance team on [Compliancemsx@msei.in](mailto:Compliancemsx@msei.in)

**Metropolitan Stock Exchange of India Limited**

(Formerly known as MCX Stock Exchange Ltd.)

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