METROPOLITAN STOCK EXCHANGE

Department: Inspection

Circular No: MSE/INSP/7543/2019 **Date : April 15, 2019**

Subject: Clarification on weekly upload of holding statements

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To All Members,

This is further to Exchange circular MSE/INSP/6994/2018 dated November 16, 2018 and MSE/INSP/7177 dated January 04, 2019 on the weekly upload the Holding Statement data to the Exchange.

Exchange has received various queries and representations from members on the upload of the data wherein they had expressed certain practical concerns in the matter. In order to address the operational difficulties faced by the Members and based on the joint deliberations with SEBI and other Stock Exchanges, further clarifications as specified in **Annexure-A** are issued.

Further, based on the submissions made by the Members till date, we have identified following areas which requires Members' immediate attention. The same should be noted and duly complied with by all Members:

i. SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 on Enhanced Supervision of Stock Brokers permits pledging of securities of debit balance clients only through Depository system in compliance with Regulation 58 of the SEBI (Depositories and Participants) Regulations, 1996. Members are hereby advised to ensure strict compliance of the said provision and not transfer the securities to Banks/NBFCs for raising funds.

ii. It should be strictly ensured that the securities of only debit balance clients are pledged and the funds raised by pledging such securities does not exceed the respective client's debit balance. The funds so raised are credited only to the client bank account and used for the respective clients only.

iii. Members are advised to update their PAN in all the Demat/Beneficiary accounts with the Depositories/Depositories participants.

iv. Members should ensure proper & daily reconciliation of all their securities and ensure proper segregation of clients securities and own securities. Members should have adequate systems and procedures in place to ensure that client collaterals are not used for any purposes other than meeting the respective client's margin / Pay-in requirements.

All Members are required to ensure strict adherence to the timelines of submission of the Holding statements. Any non-submission by the due date will be viewed seriously and appropriate action including levy of penalty & withdrawal of trading rights may be initiated.

In order to further enhance the effectiveness of the submission process, Exchanges & SEBI have jointly decided to introduce the below mentioned changes, of which the due date of implementation will be informed in due course:

a) In order to bring in uniformity across all Exchanges and ensure upload of a single file for all the dates (Monday to Saturday) in a week, the format of holding statement that needs to be uploaded is proposed to be revised. The revised indicative format is enclosed as **Annexure-B.** The revised file naming convention shall be **PAN_HS_DDMMYYYY** wherein PAN shall be the Member's PAN and date shall be end of the reporting week (i.e. Saturday). The file format shall be csv (comma separated) + ZIP.

b) The revised format shall also incorporate an additional column "Action" indicating any revision in the report submitted. "A" will be default option available in the column while making the submission. In case of any revision, Members shall only upload the file with incremental data and shall mention 'D' for deleted records and 'U' for updated records in the said additional column.

c) With respect to dormant or active clients with nil holdings, Members shall be required to upload a separate file to the Exchange. The file format is enclosed as **Annexure-C**. The file naming convention shall be **PAN_NH_DDMMYYYY** wherein PAN shall be the Member's PAN and date shall be end of the reporting week (i.e. Saturday). The file format shall be csv (comma separated) + ZIP. The mode of submission shall be informed in due course.

d) Exchange shall make the system, incorporating the above mentioned [points (a) to (c)] functionalities, available for testing and shall duly inform the implementation of aforesaid changes to the Market via a separate circular, in due course. Till such time, Member are advised to upload the holding statement as per the current process and as per the clarifications issued in Annexure-A.

Members are advised to take note of the same and comply.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Mahendra Choudhari
Asst. Vice President – Inspection

In-case of any query kindly contact Inspection Department on 6112 9000 or mail on compliancemsx@msei.in