

Department: Inspection

Segment: All Segments

Circular No: MSE/INSP/8529/2020

Date: January 10, 2020

Closure of Client Securities Account maintained by Trading Members

Member's attention is drawn to SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and SEBI/HO/MIRSD/DOP/CIR/P/2019/95 dated August 29, 2019 on "Handling of Client Securities" wherein it was stipulated that all the existing client securities accounts other than Pool account, Client Margin Trading Securities account and Client collateral account shall be wound up on or before September 30, 2019. Exchange had also issued clarifications on the same vide its circular MSE/INSP/8171/2019 dated September 30, 2019.

Members were advised to return the securities to the respective clients or dispose all the securities as directed under the aforesaid circulars. It has, however, come to the notice of the Exchange that some of the Members have neither closed their client securities accounts as required by aforesaid SEBI circulars nor marked them for closure/disabled the standing instructions for credits.

In view of the above, all the members are directed to close the client securities accounts by **January 16, 2020**, failing which the Exchange will issue suitable directions to freeze such accounts for both debits & credits (except corporate actions). It may also be noted that as provided in Exchange circular no. MSE/INSP/8171/2019 dated September 30, 2019 on FAQs on Handling of Client Securities by Trading Members/ Clearing Members, the securities shall not be transferred directly from the Client Securities Account to Client Collateral/ Collateral account.

Notwithstanding the above, Exchange may also initiate appropriate disciplinary actions for non-compliance of the said SEBI circular with respect to the closure of the client securities accounts by the due date.

Members are requested to take note of the contents of the circular 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