METROPOLITAN STOCK EXCHANGE

Department: Inspection	Segment: All
Circular No: MSE/INSP/11036/2021	Date : October 22, 2021

Subject: Market Access through Authorised Persons

To All Trading Members,

1. Attention of Members' is drawn to Exchange circular MSE/INSP/8252/2019 dated October 22, 2019, which mandates Members to exercise adequate control and due diligence over the activities & transactions of their Authorised Persons (APs) and conduct their periodic inspection in the manner as specified therein.

2. In this regard, Exchange has provided a format for reporting of the inspections/supervision undertaken by the Members which is attached as **Annexure A**.

   a) All inspections undertaken during a financial year including the quantum should comply with guidelines prescribed in Exchange circular MSE/INSP/8252/2019 dated October 22, 2019.

   b) Inspections undertaken during a particular quarter shall be reported within one month from end of the said quarter. For instance:

Inspections undertaken during the FY	Due date of reporting
Inspections done during the Quarter-1	July 31, XXXX
Inspections done during the Quarter-2	Oct 31, XXXX
Inspections done during the Quarter-3	Jan 31, XXXX

   c) In the first phase Members are required to report details of all inspections undertaken during FY 2020-21 and for quarter-1 & 2 of FY 2021-22 latest by November 30, 2021. Subsequently all inspections shall be reported in the manner stated in para 2 (b) above from quarter 3 FY 2021-22 onwards.

   d) In case, no inspection is undertaken during a particular quarter, Members will have to submit a "Nil" declaration for the said quarter. The "Nil" declaration will be carried forward to the next quarter and recorded unless the Member reports the inspection details in the next quarter

   The Members are advised to submit the said reporting in prescribed format (i.e. **Annexure A**) through e-mail to compliancemsx@msei.in.

3. Members are also hereby notified that they shall be mandatorily required to report any incidence, observed by them, involving assured returns or any unauthorised schemes operated by the Authorised

Persons, to the Exchange, within 2 working days. The reporting shall be made via e-mail to compliancemsx@msei.in. Members, additionally, shall also take necessary measures, as mentioned in SEBI circular MIRSD/DR-1/Cir-16/09 dated November 06, 2009, including filing of police complaint, upon noticing such incidence. Exchange may also require Members to obtain confirmation from their clients that there are no claims against such Authorised Person.

4. Members should undertake necessary due diligence & background screening of the applicants at the time of their onboarding as an AP. Members should restrict entities with names which may mislead clients/investors, including names with "Portfolio/wealth management/advisory" without a valid SEBI registration. The Exchange shall reject any AP application, where it is of the opinion that the name of the applicant is misleading or does not reflect the activities permitted to be undertaken by an Authorised Person.

5. As stipulated in Exchange circular MSE/INSP/10825/2021 dated August 28, 2021, it is re-iterated that Members and thereby their Authorised Persons are not permitted to undertake any business/activity that is not allowed under the Byelaws, Rules & Regulations and circulars of SEBI/Exchanges including operating any schemes of unauthorised collective investments/portfolio management, promising indicative/ guaranteed/fixed returns/payments etc. Further, Authorised Persons are not permitted to directly accepting or paying/delivering any funds and securities from/to the clients/investors. The trading members are advised, that all the acts of omission and commission of the Authorised Persons and its Directors/Partners, employees etc., shall be deemed to be those of the member and member shall be responsible for all such acts of its Authorised person(s) and/or their Directors/Partners, employees etc., including liabilities arising there from.

All Members are advised to take note of the above and ensure compliance.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Mahendra Choudhari
AVP – Inspection and Membership Department

Attached: Annexure A

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