

Department: Surveillance and Risk Management	Segment: All
Circular No: MSE/SURV/10922/2021	Date : September 24, 2021

Subject: Surveillance obligation for the Trading Members – Update

To All Members,

In continuation to Exchange circular no: MSE/SURV/10627/2021 dated July 01, 2021, wherein the trading members were advised about surveillance obligations of trading members to facilitate effective surveillance at the members end, inter-alia, covering processing of transactional alerts provided by the Exchange as well as own alerts generated by the trading members at their end based on their surveillance policy and suitable actions thereof.

In this regard, the Exchange has provided a facility to upload / submit the requisite data through a web-based application at the link <https://inspection-os.msei.in/MemberLogin.aspx>. The login credentials will remain the same as currently being used for accessing the system for other electronic submissions to the Exchange Trading members, who have traded at least one trade on any segment during the respective quarter, are required to submit the Surveillance Obligation report electronically on a quarterly basis, in the following format to the Exchange within 15 days from end of the quarter. No physical copies are required to be submitted to the Exchange.

Obligation of Quarterly reporting of status of the alerts generated by the Trading member:

- Trading members are required to provide duly approved status of the alerts

A. Status of Alerts generated by the Trading member:

Name of Alert	No. of alerts under process at the beginning of quarter	No. of new alerts generated in the quarter	No. of alerts verified & closed in the quarter	No. of alerts referred to Exchange (*)	No. of alerts pending / under process at the end of quarter

B. (*) Details of alerts referred to the Exchange:

Sr. No.	Date of Alert	Type of Alert	Brief observation and details of action taken	Date referred to Exchange

C. Details of any major surveillance action taken (other than alerts referred to Exchange), if any, during the quarter:

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Sr. No.	Brief action taken during the quarter

- Trading members, who do not have anything to report, need to submit 'NIL Report' within 15 days from end of quarter.
- The above details shall be uploaded by the trading members on the above mentioned web-based application within 15 days from end of the quarter.
- The aforementioned quarterly system of reporting shall be effective from the quarter ending September 2021.

● **Penalty in case of late / non submission of Quarterly Reporting of status:**

In case of late / non submission of quarterly reporting of the alerts generated by the trading member as mentioned above, trading members shall be liable for penalty as given below:

Submission of status report beyond stipulated period	Penalty to be imposed
1st instance	Rs.10,000 per day till submission of quarterly report
2nd instance onwards	Rs.20,000 per day till submission of quarterly report

Trading members may note that aforesaid penalty shall be levied on a monthly basis based on slabs as mentioned above and same shall be debited in the monthly bill.

● **Disciplinary Action for non-fulfilment of Surveillance obligation by Trading Members:**

- Trading members may note that during investigation / inspection, if it is observed that the member has not fulfilled their surveillance obligations, then appropriate disciplinary action shall be initiated against the concerned trading member.
- Any non-compliance with respect to surveillance obligations which may inter alia include delay in processing of transactional alerts downloaded by the Exchange and repeated instances of delay in reporting of the status of alerts, may result in further disciplinary action as deemed fit in terms of Rules, Bye-laws and Regulations of the Exchange.
- It may further be noted that aforesaid measure does not preclude SEBI / Exchange to take any further action(s), if the facts and circumstances so demand.

All the members are once again advised to ensure compliance with the above requirement and submit the Surveillance Obligation report positively within 15 days of the respective quarter end.

For any clarifications kindly contact Surveillance & Risk Management Department on 022-61129060/61 or send an email to surveillance@msei.in.

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

**Shalini Rebeiro
Asst. Vice President**