

Department: Investigation	Segment: All
Circular No: MSE/ID/12155/2022	Date : August 08, 2022

Subject: Adherence to KYC requirements

To All Members,

This is further to the SEBI circular CIR/MIRSD/16/2011 dated August 22, 2011 regarding norms prescribed for Simplification and Rationalization of Trading Account Opening Process and Exchange circular MCX-SX/ID/1026/2013 dated February 19, 2013 and MSE/ID/10721/2021 dated July 29, 2021 regarding updating correct information (including client address) in the UCC system of the Exchange. As per the account opening requirement, the name & address mentioned on the KYC form, should match with the documentary proof submitted by the client.

In view of the above, Trading Members were required to ensure that the details submitted to the UCC database/system of the Exchange is matching with the documentary proof provided by the client. Trading members are required to do adequate verification of documents while onboarding clients and updation of details in UCC system of the Exchange.

In accordance to the above, trading members are required to send the identity and address proof of all the newly on-boarded clients (irrespective of whether PAN has been submitted by account holder or not) to the Exchange, where the correspondence or permanent address of the client is 'Sikkim'. The aforesaid documents should be sent vide email on ucc@msei.in. In case of any deviations observed by the Exchange during the scrutiny of records, the same shall be informed to the trading member for necessary corrective actions. However, in absence of corrective action by the trading member within 10 days from the date of intimation of the discrepancy, such clients/ accounts shall be considered as non-compliant and will not be permitted to trade. The Exchange may take any other disciplinary action that it may deem fit.

Further, for all existing UCCs having correspondence or permanent address as 'Sikkim', irrespective of the status (active / inactive) marked in the UCC system of the Exchange, the trading members are required to carry out KYC re-confirmation exercise (i.e. verification of existing KYC documents available, against the details uploaded in the UCC system of the Exchange). This activity of KYC re-confirmation (verification and certification) should be carried out by an Auditor appointed by the trading member, which could be any 'Qualified Chartered Accountant' or a 'Company Secretary' or a 'Cost and Management Accountant' holding a Certificate of Practice. The above requirement needs to be completed along with submission of final audit report **not later than September 15, 2022**. Members are requested to submit a duly signed certification on the letter head of the Auditor, as per the format provided under Annexure I. The said certification is to be emailed at ucc@msei.in with 'Verification and Certification of KYC Compliance for the Sikkim based clients (Member Code. XXXX)', as the subject of the email communication.

Metropolitan Stock Exchange of India Limited

This activity should be carried out for all the clients (where the correspondence or permanent address of the client is Sikkim), registered till June 30, 2022.

In the instances, where adverse observations are highlighted by the Auditor, the trading member will give a 30 days' notice to the client for rectification of records. In case, the client fails to take corrective action within 30 days, then trading member shall mark such account (UCC) as Inactive with immediate effect and will not be permitted to trade, under intimation to the client. In case the discrepancies/ error is on the part of the trading member, the same shall be rectified by the trading member within 15 days from the date the observations pointed out by the Auditor. Auditor would also require to certify the compliance OR closure of the discrepant UCCs, not later than October 15, 2022.

Failure to adhere to the above timelines, the Exchange will mark the relevant/all UCCs as not permitted to trade, and will take appropriate action against such trading member as per the Rules, Bye-Laws and Business Rules of the Exchange.

Further, the Trading Members are required to maintain additional diligence for all existing and new clients, by capturing the details of devices (Computer/Tablet/Mobile including Executable Applications, Browser based Apps, Mobile Apps) used to place/modify/cancel orders by the clients based out of Sikkim to verify if the orders are placed from 'Sikkim'

Trading Members are requested to take note and comply with the above guidelines.

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

**Shalini Rebeiro
Assistant Vice President**

Date: MM-DD-YYYY

Name of the Trading Member
Address details

Subject: Verification and Certification of KYC Compliance for the Sikkim based clients

This is with reference to Exchange circular Ref. No. MSE/ID/12155/2022 dated August 8, 2022, advising the trading members to obtain a certificate from the Auditor regarding the KYC re-confirmation with regard to appropriateness and completeness (as per the guidelines) of accepted/available KYC details and confirming the upload of correct UCC information in UCC database of the Exchange for the Sikkim based clients registered upto June 30, 2022.

In view of the above requirement, I / we hereby, state that the KYC re-confirmation has been undertaken by us on behalf of the trading member _____ (Name of the trading member). The verification of all existing Sikkim based clients registered upto June 30, 2022, irrespective of the status marked in the UCC database of the Exchange (except marked as Inactive by the Exchange) having permanent and/or correspondence address as Sikkim has been done by us. The KYC re-confirmation and confirming the upload of correct UCC information in UCC database of the Exchange is conducted on the basis of existing KYC documents available with the details captured by the trading member at their end and Exchange UCC system.

The observations of the KYC re-confirmation of the Sikkim based clients is as shown below:

		A	B	C
Sr. No.	Particulars	Whether the address mentioned in the Exchange system (UCC database) is matching with the documentary proof	Is the discrepancy rectified by the client / trading member, as per the guidelines in the circular	Auditor comments
	Verification of the Correspondence and Permanent address	Yes / No	Yes / No / NA	
1				
2				

The list of clients for whom the address was not matching as per the documentary proof is attached as Annexure I.

Signature of the certifying authority