

Department: Investor Services Department	Segment: All
Circular No: MSE/ISC/12651/2022	Date: November 29, 2022

Subject: Framework for automated deactivation of trading and demat accounts in cases of inadequate KYCs

To All Members

In terms of the provisions of Rules, Bye-Laws and Regulations of the Exchange, the Members and the Investors are notified as under:

This is in continuation to SEBI circular no. SEBI/HO/EFD1/EFD1_DRA4/P/CIR/2022/104 dated July 29, 2022 and MSE Circular No.: MSE/MEM/12246/2022 dated September 02, 2022 regarding framework for automated deactivation of trading and demat accounts with inadequate Know Your Customer (KYC) details.

Members are required to take note of the following:

1. Exchange forwards the show cause notice / Order issued by SEBI to the respective Trading Member/s, for onward delivery to their clients.
2. The physical acknowledgment is required to be obtained by the Trading Member in the format provided by the Exchange.
In addition to the physical copy of the acknowledgement obtained from the client, Trading member is required to share a soft copy of the same, vide email to the Exchange.
- 3.. In partial modification of the above circular, failure to obtain physical acknowledgement of delivery of show cause notice / Order within specified timelines, such clients' UCC shall be deactivated from trading at PAN level i.e. all UCCs registered under the said PAN, across trading members shall not be permitted to trade. Further, onboarding of new UCC shall not be permitted at the Exchange, for such PAN/s.
4. For information regarding the list of deactivated client, Members are requested to refer the following link: <https://www.msei.in/investors/regulatory-actions> (under the header "List of PANs deactivated due to non-delivery of SEBI Show cause Notice / Orders").
5. Process for re-activation of the PAN is as provided in the circular MSE/MEM/12246/2022 dated September 02, 2022.

The pending pay-in and pay-out obligations and open positions shall be permitted to be settled / squared off / closed out as the case may be. However, the client shall not be allowed to take any fresh positions at the Exchange.

In an event, where the client wishes to open a new account with another Trading Member, the client would require to write to the Exchange at isc@msei.in to seek the show cause / order copy and provide an acknowledgement. The concerned Trading Member shall then obtain relevant KYC details and update the same with KRA and intimate the Exchange.



All Trading members are advised to take note and ensure strict adherence to the compliance requirements.

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

**Khaja Mohideen
AVP - Investor Services Department**