

Department: Inspection	Segment: All
Circular No: MSE/INSP/13168/2023	Date : March 10, 2023

Subject: Enhanced Supervision of Stock Brokers/Depository Participants - Maintenance of Daily Reconciliation Statement

To All Members,

This has reference to SEBI Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, and Exchange Circular No. MSEI/INSP/4554/2016 dated September 28, 2016, on "Enhanced Supervision of Stock Brokers/Depository Participants".

As per clause 2.4.2 of aforesaid SEBI circular, "Transfer of funds between "Name of Stock Broker - Client Account" and "Name of Stock Broker - Settlement Account" and client's own bank accounts is permitted. Transfer of funds from "Name of Stock Broker - Client Account" to "Name of Stock Broker - Proprietary Account" is permitted only for legitimate purposes, such as, recovery of brokerage, statutory dues, funds shortfall of debit balance clients which has been met by the stock broker, etc. For such transfer of funds, stock broker shall maintain daily reconciliation statement clearly indicating the amount of funds transferred."

However, It has been observed that, the Trading Members are not able to promptly furnish daily reconciliation statement indicating the purpose of such transfers, when the same is sought by the Exchange during inspections or offsite supervision. In view of this, it is reiterated that the members shall maintain the reconciliation statement on a daily basis as prescribed in the aforesaid circular and provide the same as and when sought by the relevant authority.

Members are advised to take note of the contents of the circular and ensure strict compliance.

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

**Mahendra Choudhari
AVP – Inspection and Membership Department**

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

Metropolitan Stock Exchange of India Limited