

# Bombay Stock Exchange Brokers' Forum (BBF)



**Week**  
10-May-2020 to 16-May-2020

## BBF Speaks

The Regulatory Compliance Weekly

## **I. DEVELOPMENTS IN COMPLIANCE**

### **1. Extension of timelines for compliance with regulatory requirements**

[SEBI circular ref. SEBI/HO/MIRSD/DOP/CIR/P/2020/82 dated 15-May-2020](#)

[BSE Notice No. 20200515-12 dated 15-May-2020](#)

[NSE Circular Ref. No 0173/2020 dated 15-May-2020](#)

*SEBI has provided extension/ relaxation till 30-Jun-2020 for the following requirements:*

- *Client Funding Reporting for the month of April 2020*
- *Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications for the quarter ended on 31-March-2020.*
- *Compliance certificate for Margin Trading for CM Segment.*
- *Maintaining call recordings of orders/ instructions received from clients.*
- *KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days.*
- *Submission towards weekly monitoring of client funds under the provisions of Enhanced Supervision.*
- *Submission of data on monthly basis towards clients' and fund balance under the provisions of Enhanced Supervision.*
- *Daily margin trading reporting.*
- *Update in Income Tax Permanent Account Number of Key Management Personnel / Directors.*
- *Issue of Annual Global Statement to clients.*

*Additionally, penalty for non-collection / short collection of upfront margins in cash segment is deferred till 30-Jun-2020.*

### **2. Extension of deadlines for submitting weekly holding till 31-May-2020 and operating trading terminals from designated alternate locations till 30-Jun-2020**

[BSE Notice No. 20200515-44 dated 15-May-2020](#)

[NSE Circular Ref. No: 31/2020 dated 15-May-2020](#)

*Exchanges have informed that no penal action will be taken in case of any late or delayed submission of securities holding statement reporting (weekly day-wise, client wise, account wise, ISIN wise holding balances) till 31-May-2020.*

*Additionally, members are permitted to operate the trading terminals from designated alternate locations till 30-Jun-2020.*

### **3. Entities permitted to undertake e-KYC Aadhaar Authentication service of UIDAI in Securities Market**

[SEBI circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/80 dated May 12, 2020](#)

*SEBI has permitted that entities (listed below) to get registered with UIDAI as KYC user agency ("KUA") and allow SEBI registered intermediaries / mutual fund distributors to undertake Aadhaar Authentication in respect of their clients for the purpose of KYC:*

1. *Bombay Stock Exchange Limited*
2. *National Securities Depository Limited*
3. *Central Depository Services (India) Limited*

4. *CDSL Ventures Limited*
5. *NSDL Database Management Limited*
6. *NSE Data and Analytics Limited*
7. *CAMS Investor Services Private Limited*
8. *Computer Age Management Services Private Limited*

#### **4. Cautionary advice/ advisory in Commodity Derivatives**

[BSE Notice No. 20200513-10 Notice dated 13-May-2020](#)

[MCX Circular no.: MCX/S&I/336/2020 dated May 11, 2020](#)

[MCX Circular No. MCX/MCXCCCL/337/2020 dated May 12, 2020](#)

[MCXCCL Circular No. MCXCCL/RISK/105/2020 dated May 12, 2020](#)

[NCCL Circular No.: NCCL/COMPLIANCE-008/2020 dated 11-May-2020](#)

*Commodity exchanges have required members to:*

- *exercise due caution*
- *conduct necessary due diligence*
- *follow sound risk management practices*
- *not to get carried away by unfounded rumours, tips etc*
- *put in place appropriate systems and procedures towards ensuring orderly trading, delivery and settlement*
- *keep track of the underlying physical markets as well as the derivative markets*

*Market participants, including investors have been advised to:*

- *take extra precautions while taking any investment decision in these unpredictable and volatile times*

#### **5. FATF public statements**

[NSE Circular Ref. No: 30/2020 dated 15-May-2020](#)

*SEBI has sent an email dated 30-Apr-2020 informing exchange of Financial Action Task Force (FATF) public statements dated 21-Feb-2020 providing details of:*

- *High risk Jurisdictions that call for action and*
- *Jurisdictions under increased monitoring*

#### **6. Caution against sharing of Internet trading login password**

[NSE Circular Ref No.: 76/2020 dated 15-May-2020](#)

*NSE has asked its members to sensitise their investors to not share their login password of Internet trading since the same could result in unauthorised trades and losses.*

## **II. OTHER DEVELOPMENTS**

### **1. Concentration Margin at MCX**

[MCX Circular No. MCX/MCXCL/335/2020 dated May 11, 2020](#)  
[MCXCCL Circular No. MCXCCL/RISK/104/2020 dated May 11, 2020](#)

*MCX has provided details of concentration margin levied as a risk management measure.*

### **2. Stamp Duty – Gujarat**

[MCX Circular No. MCX/MCXCL/349/2020 dated 15-May-2020](#)  
[MCXCCL Circular No. MCXCCL/F&A/108/2020 dated 15-May-2020](#)

*The Revenue Department, Government of Gujarat has sent a communication dated 11-May-2020. Point 6 of their letter states that Government of Gujarat has decided to refund the stamp duty to Stock Brokers who are having registered office established at Gujarat international Finance Tech (GIFT) City and the all stock exchanges, Clearing house and Depository are instructed to provide on a monthly basis list of brokers who have made transaction from GIFT city.*

### **3. Mapping of Unique Client Code with demat accounts of beneficial owners**

[CDSL Communiqué ref. CDSL/OPS/DP/POLCY/2020/227 May 14, 2020](#)

*Since the changes in the DP back office are not yet incorporated, the release of the functionality to map unique client code with the demat accounts of beneficial owners have been postponed. Revised date will be informed later.*

### **4. Revision of Password Policy and introduction of session logout for eIPO at NSE**

[NSE Circular Ref. No: 09/ 2020 dated 12-May-2020](#)

*W.e.f 19-May-2020, a new password policy has been prescribed for NSE E-IPO. Further, log in session shall auto log out after 60 minutes if no activity is performed.*

### **5. Simulated Environment - Liquidity Generation facility**

[NSE Circular Ref. No: NSE/MSD/44337 dated 11-May-2020](#)

*NSE has announced a facility in the simulated market environment to provide liquidity for participating members to test their Non-NEAT Frontend (NNF) applications for Capital Market (CM), Futures & Options (FO) and Currency Derivatives (CD) segments with effect from 11-May- 2020.*

*Timings will be from 6 pm to 8 pm on all trading days when simulated environment is available.*

### **6. Availability of Negative Price levels feature in Exchange Trading System for Commodity Derivatives Segment**

[BSE Notice No. 20200512-32 dated 12-May-2020](#)

*BSE has issued a follow-on notice to their notice dated 28-April-2020 where availability of negative price levels feature in the Trading system for Commodity Derivatives segment was announced. This notice clarifies a few things, one of them being that “price with ‘0’ shall be rejected by the trading system”, though negative prices will be permitted.*

## **7. Review of Margin framework – provision of parallel files by NSE**

[NCL Circular Ref. No: 026/2020 dated May-15-2020](#)

[NCL Circular Ref. No: 072/2020 dated May-15-2020](#)

[NCL Circular Ref. No: 174/2020 dated May-15-2020](#)

*The changes in the margin framework for various segments as per various SEBI circulars of 24-Feb-2020 are to be made effective from June 01, 2020. To enable members to estimate the revised margins as shall be applicable as per the revised margin framework NCL shall be providing parallel files from 18-May-2020.*

The Regulator/ Market Infrastructure Institutions issue various communications from time to time which are in public domain. A team of market participants are attempting to curate a list of critical ones of them which members should take note of.

The list of such critical communications for the week from 10-May-2020 to 16-May-2020 is presented.

Feedback on this may kindly be given to [events@brokersforumofindia.com](mailto:events@brokersforumofindia.com)

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