
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No. : NCDEX/COMPLIANCE-025/2023

Date : March 10, 2023

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

This has reference to SEBI Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 and Exchange circular no. NCDEX/COMPLIANCE-016/2016/239 dated September 27, 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 during inspections and/or off-site supervision of the trading members that they fail to furnish daily reconciliation statement on time, indicating the purpose of such transfers. 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 ensure compliance with the above regulatory requirements.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Pranesh Shetty
Vice President – Audit & Inspection

For further information / clarifications, please contact

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