
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No : NCDEX/COMPLIANCE-040/2024

Date : May 21, 2024

Subject : Review of validation of KYC records by KRAs under Risk Management Framework

SEBI has issued circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41 dated May 14, 2024, on the captioned subject. The copy of the said SEBI circular is enclosed for your reference.

Members are requested to take note of the contents of the circular and comply.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Pranesh Shetty
Vice President – Inspection & Enforcement

For further information/clarifications, please contact

1. Customer Service Group on toll free number: 1800 26 62339
2. Customer Service Group by e-mail to : askus@ncdex.com

CIRCULAR

SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41

May 14, 2024

To,

1. All intermediaries registered with SEBI under Section 12 of the Securities and Exchange Board of India Act, 1992
2. Stock Exchanges
3. Association of Mutual Funds in India (AMFI)
4. Association of Portfolio Managers in India (APMI)
5. BSE Administration & Supervision Ltd. (BASL)

Dear Sir/Madam,

Subject: Review of validation of KYC records by KRAs under Risk Management Framework

1. SEBI vide circular SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated Oct 12, 2023 has specified the Risk Management Framework at KRAs wherein the attributes for verification by KRAs have been mentioned. Based on the feedback received from the stakeholders in securities market and for ease of transacting by clients, the provisions of the Master Circular dated October 12, 2023 have been reviewed and it has been decided to simplify the risk management framework.

2. Based on the above, following clauses of the master circular stand modified:

2.1. Para 96 shall read as follows:

As a part of risk management framework, the KRAs shall verify the following attributes of records of all clients within 2 days of receipt of KYC records:

- a. Permanent Account Number (PAN)
- b. Name
- c. Address

2.2. Para 100 shall be read as under:

The records of those clients in respect of which all attributes mentioned in para 96 / 97 above are verified by KRAs with official databases (such as Income Tax Department database on PAN, Aadhaar XML / Digilocker / M-

Aadhaar) and PAN-Aadhaar linkage has also been verified as referred to in Rule 114 AAA of the Income Tax Rules, 1962 shall be considered as Validated Records.

3. The Exchanges / Depositories / concerned intermediaries shall complete the necessary technical change in their systems by May 31, 2024.
4. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 17 of the SEBI{KYC (Know Your Client) Registration Agency}Regulations, 2011 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
5. This circular is available at www.sebi.gov.in under the link "Legal --- Circulars".

Yours faithfully,

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