

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/53531	Date: September 02, 2022
Circular Ref. No: 62/2022	

To All Trading Members,

Sub: Clarifications on submission of Client Level Holding Statement, Cash & Cash Equivalent Balances and Bank Account Balances by members

Members' attention is drawn to Exchange circulars NSE/INSP/45193 dated July 31, 2020, NSE/INSP/48655 dated June 18, 2021, NSE/INSP/48661 dated June 21, 2021 and NSE/INSP/49432 dated August 27, 2021 on incorrect submission of Client Level Holding Statement, Cash & Cash Equivalent Balances and Bank Account Balances by members wherein members were advised to ensure correct reporting of data towards aforesaid submissions to Exchange.

As stated in Exchange circular NSE/INSP/49432 dated August 27, 2021, Exchange/SEBI, based on the Client Level Holding Statement, Cash & Cash Equivalent Balances and Bank Account Balances submissions by members, has been generating alerts with respect to the client funds & securities periodically. Based on the submissions made by the Members till date, it has come to the notice of the Exchange that certain Members are still incorrectly reporting Client Level Holding Statement, Cash & Cash Equivalent Balances and Bank Account Balances to Exchange. One of the common reasons observed for incorrect reporting is wrong reporting of client PAN in weekly submissions. It has been observed that PAN uploaded by certain members for their clients in aforesaid weekly submissions are different from the clients PAN uploaded in the UCC database of Exchange. Further, PAN mapped to demat account of the clients in the depositories' records are different from the client PAN uploaded in the UCC database of Exchange. In view of the same, members are strictly advised to ensure that PAN of all clients is same at all times across the UCC database of exchanges, depositories records and submissions made by members to Exchange. Any non-compliance observed in this regard shall be viewed very seriously by Exchange.

Further, Exchange vide circular NSE/INSP/51277 dated February 08, 2022 has provided clarification on reporting of the securities lying in the clients' demat accounts under the block mechanism. However, it has been observed that certain members are still incorrectly reporting weekly Holding Statement to Exchange by including securities available in the clients' demat account under the block mechanism also in their

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weekly Holding Statement. In view of the same, it is reiterated again that Members shall not include the securities lying in the clients' demat accounts under the block mechanism at the end of the day in the weekly Holding Statement uploaded to Exchange.

Members' attention is also drawn to Exchange's circular NSE/INSP/40743 dated April 12, 2019, wherein it has been reiterated that client securities which have been transferred to the Clearing Member, should be reported in the weekly submission of Holding Statement to Exchange. However, based on the submissions made by the trading members, it has been observed that certain trading members are not reporting the securities of their clients available with clearing member at end of day on account of settlement/payin payout obligation in the weekly Holding Statement submitted to Exchange. In view of the same, trading members are again advised to ensure that securities of clients lying with clearing member at end of day are reported in their weekly submission of holding statement to Exchange. Members shall specify Clearing Member's demat account number and mention "CM COLL" under 'Member Account Type' field. Quantity of such securities, if any shall be populated in "Free Balance (Qty.)" field. Further, Members are also advised to note that securities for which payin-payout is made to clearing corporations and same are not available with clearing member at the end of day, should not be reported in the weekly Holding Statement submitted to Exchange.

All Members are required to ensure correct submission of data towards Client Level Holding Statement, Cash & Cash Equivalent Balances and Bank Account Balances to the Exchange. Any non-compliance in this regard shall be viewed seriously by the Exchange and disciplinary actions as per Exchange circular NSE/INSP/53530 dated September 02, 2022 shall be applicable. Consolidated indicative list of reasons of incorrect submission is attached as **Annexure A**.

All Members are advised to take note of the above and comply.

For and on behalf of
National Stock Exchange of India Limited

Naresh Sawana
Senior Manager– Inspection

In case of any clarifications, Members may contact our below offices:

Regional Office	E MAIL ID	CONTACT NO.
Ahmedabad (ARO)	inspectionahm@nse.co.in	079- 49008632
Chennai (CRO)	inspection_cro@nse.co.in	044- 66309915 / 17
Delhi (DRO)	delhi_inspection@nse.co.in	011- 23459127 / 38 / 46

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Kolkata (KRO)	inspection_kolkata@nse.co.in	033-40400412/59
Mumbai (WRO)	compliance_wro@nse.co.in	Board Line: 022-25045000 / 022-61928200 Direct Line: 022-25045138 / 022-25045144 Extn: 28144/28138
Central Help Desk	compliance_assistance@nse.co.in	

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Annexure A

Sr. No.	Indicative list of reasons for incorrect submission
1	Reporting of securities available in client`s demat account under the block mechanism in weekly holding statement.
2	Client PAN uploaded in UCC database of Exchange and weekly submissions are different.
3	Non reporting of securities that are transferred to clearing member in weekly holding statement for settlement obligation and available with clearing member at end of day.
4	Non reporting of securities in the weekly holding statement received from the client for payin and available with member at end of day.
5	Client PAN uploaded in weekly submissions or Exchange UCC database and depository records (NSDL/CDSL) for demat account of client is different.
6	Reporting same data for multiple dates in the weekly submissions.
7	Submission for all days of a week (i.e. Monday to Saturday irrespective of trading holiday) were not uploaded.
8	Non reporting of securities pay-in / pay-out shortage data to clearing corporations.
9	Incorrect / Partial reporting of securities pay-in / pay-out shortages data to clearing corporations.
10	Non reporting of securities available in frozen demat accounts in the weekly holding statement.
11	Continuing reporting of securities in pool account in the weekly holding statement submission even after payin made for such securities to clearing corporation.
12	Reporting securities under old / incorrect ISIN in the holding statement.
13	Corporate action quantities were reported in incorrect ISIN.
14	PAN uploaded of client in weekly submissions and pan mapped to demat account in the depositories records was different.
15	Non reporting of Client Securities holding in EPI/CUSA/POOL a/c.
16	Incorrect reporting of holding data due to software/technical issue.
17	Continuing reporting of securities in weekly holding statement even securities were transferred to client.
18	Technical errors like reversal of margin postings, open bills while reporting clear balance.
19	Entry in register of securities was done prior to the date of actual execution in Demat a/c.
20	Funds or securities details of certain clients or balance of certain bank accounts were not uploaded in the weekly submissions.
21	Stock/funds balance of one Client was wrongly reported under another Client UCC.
22	DP Instruction for transfer of shares got failed and rectified later in back office.
23	Holding in certain demat accounts was reported twice.

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Sr. No.	Indicative list of reasons for incorrect submission
24	Securities pledged in favor of TM by client by way of margin pledge repledge were also reported in the weekly holding statement.
25	Incorrect reporting of peak ledger balance or Credit entry in ledger in lieu of EPI or Pool Account or Uncleared Cheques or Last settlement date or Cash Collateral for MTF clients in weekly submission of Cash & Cash Equivalent Balances.
26	Corporate Action quantities were not reported by the trading member due to decimal quantity.
27	Reporting MTF balances details into NON-MTF type and vice versa.
28	Newly registered clients having zero balances were not reported in the Cash & Cash Equivalent Balances submission.
29	Incorrect reporting of demat account type in “Member Account Type” field in the weekly submission of Holding Statement.
30	Non reporting of own securities of member in the weekly Holding Statement.
31	Reporting EPI holding as POOL account holding in weekly Holding Statement.
32	Incorrect reporting of Non-funded portion of BG and Margin utilised for credit balance clients in Cash & Cash Equivalent Balances submission.
33	Reporting bank balance of Client bank accounts as per bank book instead of clear bank balance as per bank statement in the weekly submission of Bank Balances.
34	FDR’s created by member from client ledger balances were reported separately in FDR column in Cash & Cash Equivalent Balances submission.
35	Non-reporting of Option value balance in the clear financial balance in the Cash & Cash Equivalent Balances submission.
36	Incorrect reporting of unclaimed/unsettled clients details & client bank account number in Cash & Cash Equivalent Balances submission.
37	Reporting of Authorised persons deposits in the Cash & Cash Equivalent Balances submission.