

# National Stock Exchange of India Limited

## Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/51830	Date: March 31, 2022
Circular Ref. No: 24/2022	

To All Trading Members,

### **Sub: Settlement of Running Account of Client's Funds lying with Trading Member (TM)**

Members' attention is drawn to SEBI circular MIRSD/ SE /Cir-19/2009 dated December 3, 2009 and SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, wherein the settlement of funds shall be done within 1 working day of the pay-out, unless client specifically authorizes the trading member in writing to maintain a running account.

In cases where the client has authorized the trading member in writing to maintain a running account, the settlement of running account of funds of the client shall be done by the trading member after considering the End of the day (EOD) obligation as on the date of settlement across all the Exchanges, at least once within a gap of maximum 30 / 90 days between two settlements of running account as per the preference of the client. Further, for the clients having credit balance, who have not done any transaction in the 30 calendar days since the last transaction, the credit balance shall be returned to the client by trading member, within next three working days. Detailed guidelines in this regard, were issued vide SEBI circular SEBI/HO/MIRSD/DOP/P/CIR/2021/577 dated June 16, 2021, and Exchange circular NSE/INSP/49458 dated August 31, 2021.

Further, while scrutinizing the books of accounts of the members, Exchange has observed instances of issuance of periodic payout of funds by members to its clients. The said amount or the periodicity of payments is not commensurate with the bills, or the settlement guidelines issued vide SEBI circular SEBI/HO/MIRSD/DOP/P/CIR/2021/577 dated June 16, 2021, and Exchange circular NSE/INSP/49458 dated August 31, 2021. Further, some of the said payments were being made to clients in fixed amounts at regular intervals, irrespective of the balance available in the respective clients' ledger.

In view of the above, members are advised to ensure that the settlement of running account of clients' funds is done, at least once within a gap of maximum 30 / 90 days between two settlements of running account as per the preference of the client, in accordance with the guidelines issued vide SEBI circular SEBI/HO/MIRSD/DOP/P/CIR/2021/577 dated June 16, 2021, and Exchange circular NSE/INSP/49458 dated

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August 31, 2021. Members shall not make part/periodic payments, that are not commensurate with the running account settlement guidelines. However, if the client specifically requests for a pay-out, the same shall be made and the evidence of such requests received from clients shall be maintained by the member. It is to be noted that for each such payout to the credit balance clients, a separate request received from clients, which could be, inter alia, in the form of writing, telephone recording, email from registered mail id, record of messages through registered mobile phones, log for internet requests shall be maintained by the members.

Further, it is reiterated that members are not permitted to undertake any business/activity that is not allowed under the Byelaws, Rules & Regulations and circulars of SEBI/Exchanges including operating any schemes of unauthorised collective investments/portfolio management, promising indicative/guaranteed/fixed returns/payments etc. Member's attention is also drawn to Exchange circular NSE/COMP/48536 dated June 09 2021 which stipulates, that all the acts of omission and commission of the Authorised Persons and its Directors/Partners, employees etc., shall be deemed to be those of the member and member shall be responsible for all such acts of its Authorised person(s) and/or their Directors/Partners, employees etc., including liabilities arising therefrom.

Members are requested to take note of the contents of the circular and comply to avoid any disciplinary action.

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

**Harinatha Reddy M**  
**Senior Manager - Inspection**

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

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