



CIRCULAR

SEBI/ MIRSD /Cir/ 01/ 2011
May 13, 2011

**The Managing Directors/Chief Executive Officers/
Executive Directors/Officiating Executive Directors
of all the Recognized Stock Exchanges**

Dear Sir/Madam,

Sub: Clarification on circular dated December 3, 2009 on 'Dealings between a Client and a Stock broker

1. This is with reference to SEBI circular No. MIRSD/SE/Cir-19/2009 dated December 3, 2009 wherein the stock brokers were directed to comply with the requirements as annexed to the aforesaid circular.
2. Subsequent to the issuance of the aforesaid circular, SEBI has received representations from market participants expressing difficulties in implementation of the requirements pertaining to renewal of Running Account Authorisation once in a year as prescribed in clause 12(a) read with clause 12(c) of the Annexure to the aforesaid circular.
3. Hence, in consultation with the major stock exchanges, the above requirements have now been modified as follows:
 - i. Clause 12(a) of the aforesaid annexure pertaining to renewal of authorisation stands deleted.
 - ii. Clause 12(c) of the aforesaid annexure is revised and shall read, as under:
"The authorisation shall be dated and shall contain a clause that the clients may revoke the authorisation at any time. The stock brokers, while sending periodical statement of accounts to the clients, shall mention therein that their running account authorisation would continue until it is revoked by the clients."

The above modifications would simplify and rationalize the requirements while protecting the interest of investors.

4. The Stock Exchanges are directed to bring the provisions of this circular to the notice of the stock brokers and also disseminate the same on their websites. The stock exchanges shall also make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.



5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. The circular shall come into force from date of this circular. The circular is available on SEBI website www.sebi.gov.in under the head 'legal framework'.

Yours faithfully,

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