

NSE Clearing Limited

Circular

DEPARTMENT: COMPLIANCE

Download Ref No: NCL/CMPL/58775

Date: October 6, 2023

Circular Ref. No: 39/2023

All Members

Sub: Reporting requirement on Bank Guarantees (BGs) created out of clients' funds

This is with reference to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/061 dated April 25, 2023 and NCL Circular No. NCL/CMPL/56488 dated April 25, 2023 on "Bank Guarantees (BGs) created out of clients' funds". In accordance with the aforesaid SEBI Circular, the following provisions were required to be implemented: -

- No new Bank Guarantees (BGs) shall be created out of clients' funds by Members w.e.f. May 01, 2023.
- Existing Bank Guarantees (BGs) created out of clients' funds shall be wound down by September 30, 2023.

Further, as per Para 5 of the aforementioned SEBI Circular, members are required to submit a certificate to the Clearing Corporation by October 16, 2023, confirming the implementation of provisions of SEBI Circular duly certified by their Statutory Auditor.

Accordingly, members are advised to submit the aforesaid certificate in the prescribed format enclosed as Annexure A. Members who are carrying out only proprietary trading without any clients since the date of above SEBI Circular, shall submit a one-time declaration.

An online facility is being provided to members for submission of Statutory Auditor Certificate / one time declaration to CC. User manual for submission of the certificate / one time declaration is enclosed as Annexure B.

All members are advised to take note of the contents of the circular and comply.

For and on behalf of
NSE Clearing Limited

Amit Mahesh Pujara
Head-Compliance

Telephone No	Fax No	Email id
1800 266 0050	022-26598243	internalaudit@nscl.co.in

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Annexure A

Certificate from Statutory Auditor on Bank Guarantees (BGs) created out of clients' funds.

We have examined the relevant books of accounts, records and documents maintained by M/s. _____, bearing SEBI registration number _____, a member of the _____ and obtained all the information and explanations to fulfill the requirements as prescribed by SEBI vide Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/061 dated April 25, 2023.

Based on the scrutiny of relevant books of accounts, records and documents, we hereby certify as under:

- a) No new BGs have been created by the M/s. _____ out of clients' funds from May 01, 2023 onwards.
- b) M/s. _____ has no existing / open BGs created out of client funds as on September 30, 2023 and on the date of execution of this certificate.

Further, we declare that we do not have any direct / indirect interest in or relationship with the member or its shareholders / directors / partners / proprietors / management, and also confirm that we do not perceive any conflict of interest in such relationship / interest with the said member.

(Seal & Signature)

(Name of the Proprietor / Partner / Person Signing)

(Auditor Designation)

Membership no. / CP. No.:

For (Name of Firm)

Firm Registration Number:

Unique Document Identification Number (UDIN):

Place:

Date:

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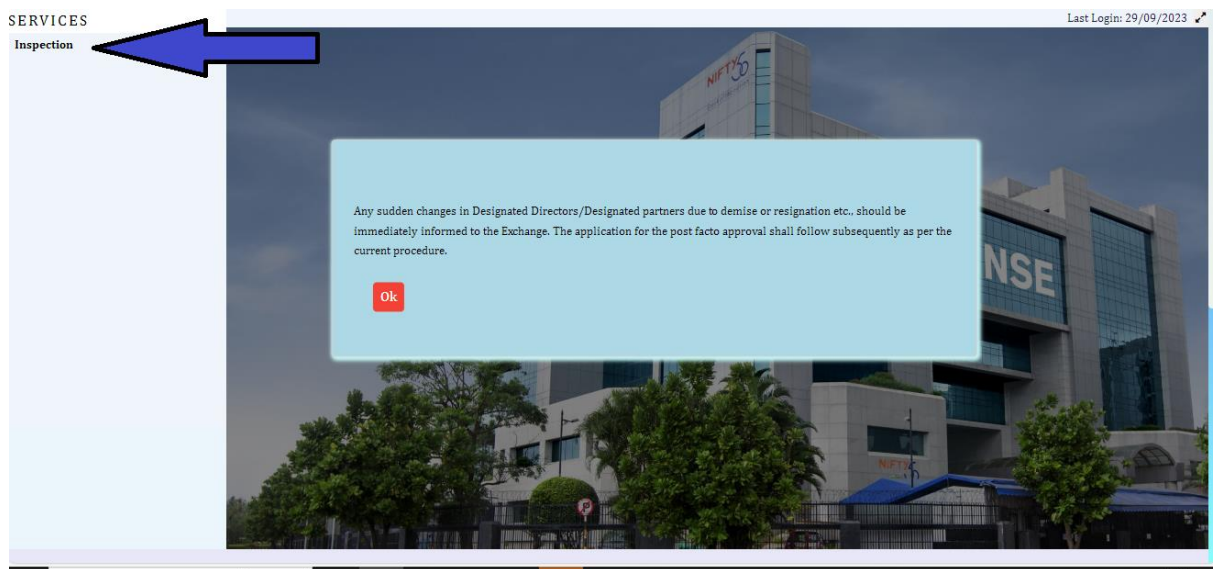
Annexure B

MANUAL FOR SUBMISSION OF CERTIFICATE:

Open Internet browser from the desktop.

Type <https://inspection.nseindia.com/MemberPortal/> in the address bar and then click the Go button from the browser.

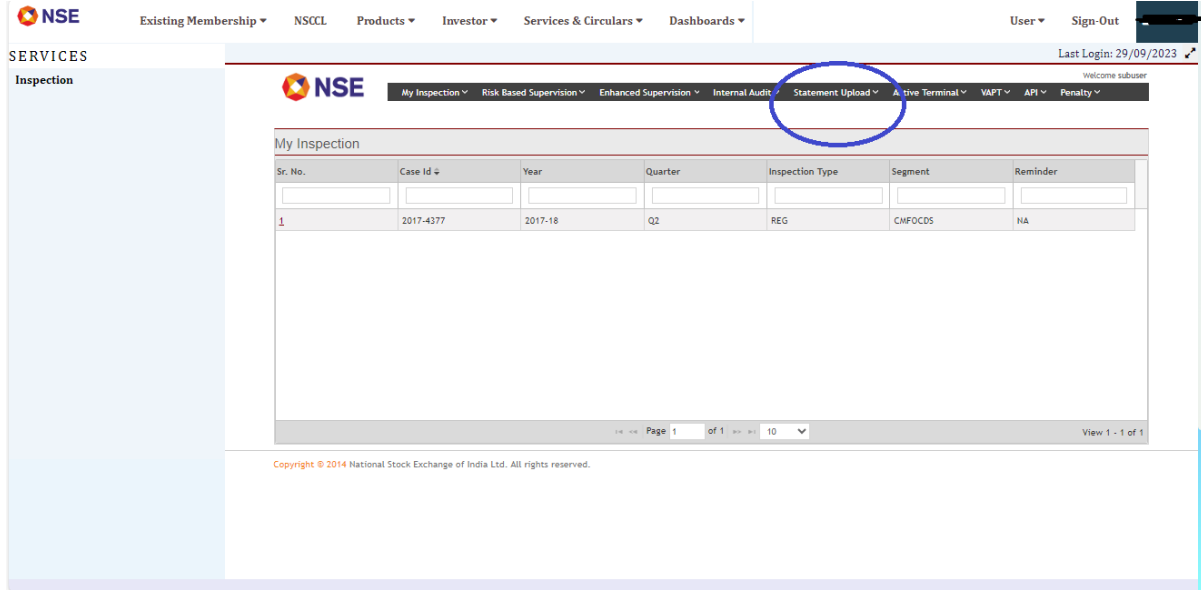
Login to Member Portal. After this step, below screen will be displayed along with the 'Inspection' tab at the left side.



Double click on the 'Inspection' tab from the left-hand side & Inspection module will be launched.

Under the inspection tab, select statement upload as per the screenshot below:

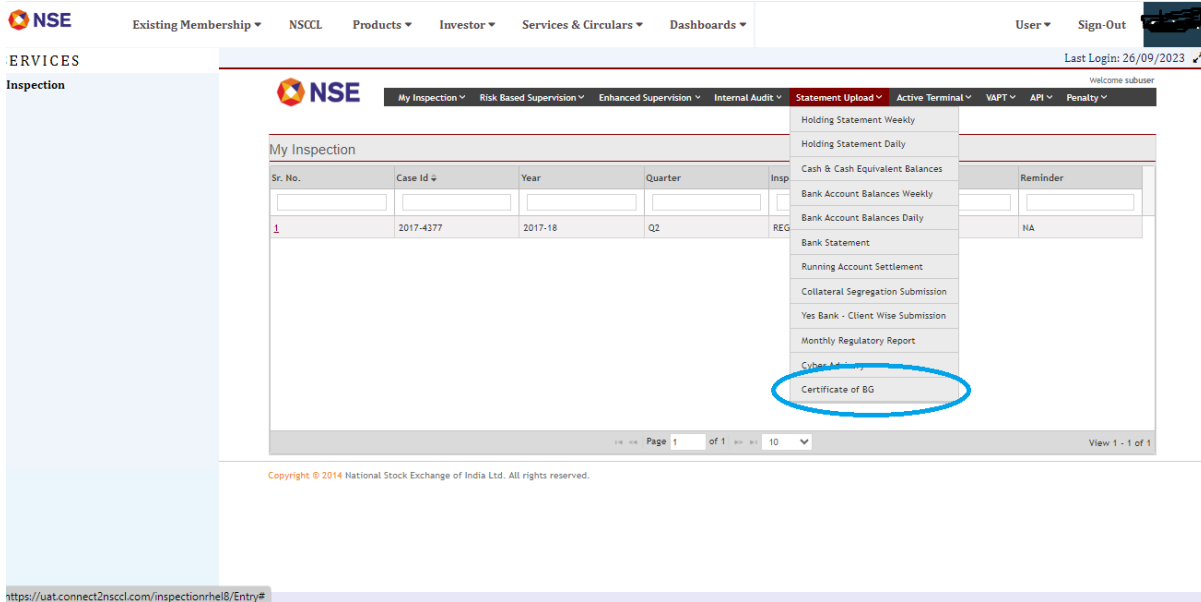
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The screenshot shows the NSE Clearing portal interface. The top navigation bar includes 'Existing Membership', 'NSCL', 'Products', 'Investor', 'Services & Circulars', and 'Dashboards'. The user is logged in as 'subuser' with a last login of 29/09/2023. The 'Statement Upload' menu item is circled in blue.

Sr. No.	Case Id	Year	Quarter	Inspection Type	Segment	Reminder
1	2017-4377	2017-18	Q2	REG	CNF0CDS	NA

Under statement upload select 'Certificate of BG' as per below screenshot:



The screenshot shows the NSE Clearing portal interface with the 'Statement Upload' dropdown menu open. The 'Certificate of BG' option is circled in blue.

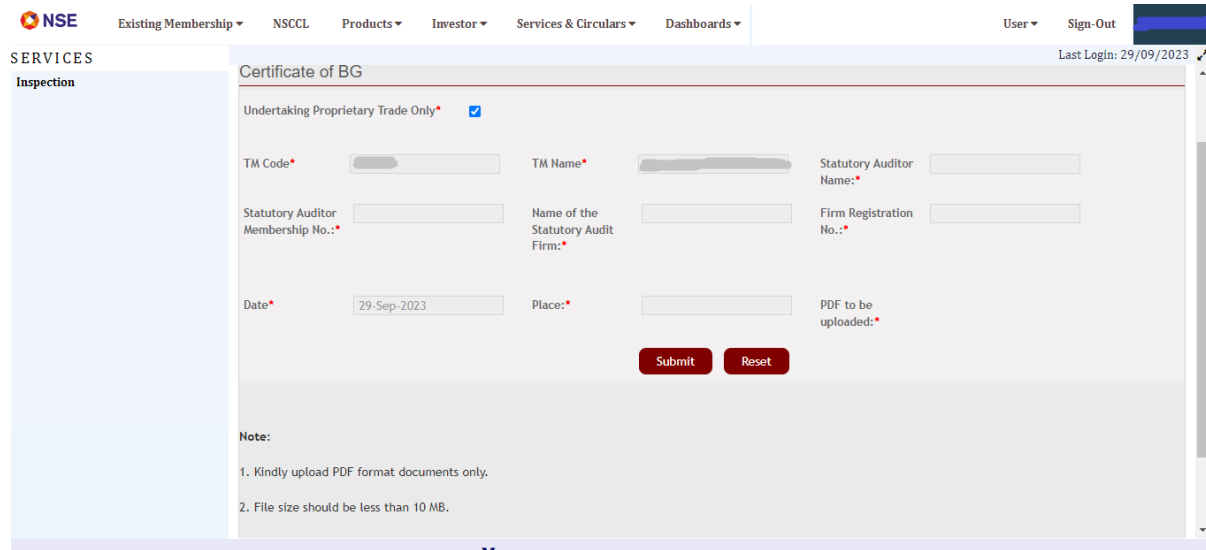
Sr. No.	Case Id	Year	Quarter	Insp	Reminder
1	2017-4377	2017-18	Q2	REG	NA

https://uat.connect2nsccl.com/inspectionhel@Entry#

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In case wherein member is doing only proprietary trading, members are required to submit the declaration as follows:

Step 1:



Service: Inspection

Navigation: Existing Membership, NSCCL, Products, Investor, Services & Circulars, Dashboards

Header: User, Sign-Out, Last Login: 29/09/2023

Certificate of BG

Undertaking Proprietary Trade Only*

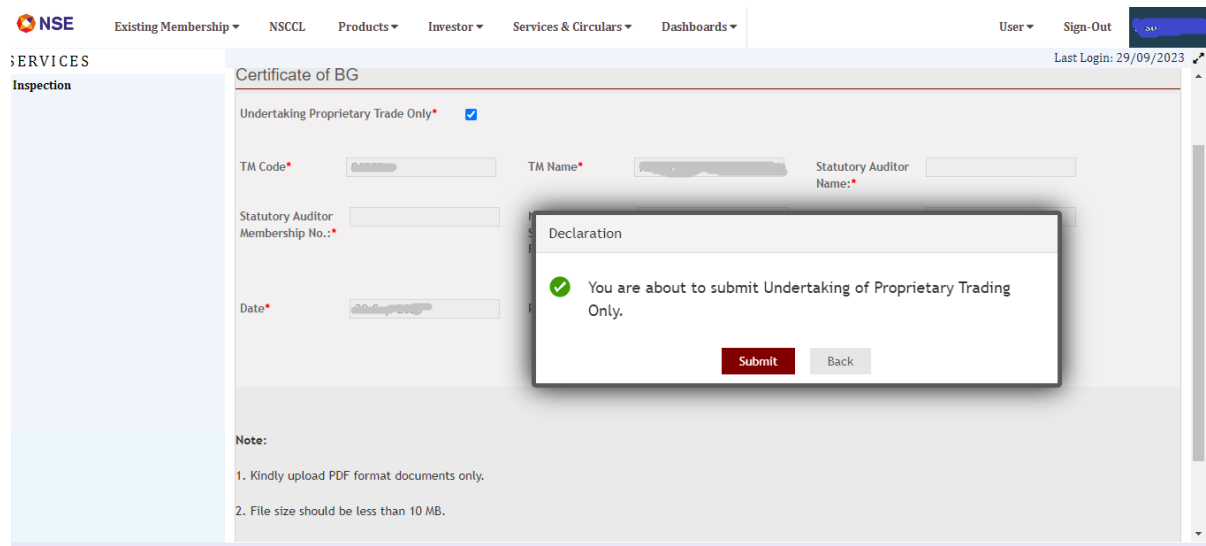
TM Code*	<input type="text"/>	TM Name*	<input type="text"/>	Statutory Auditor Name:*	<input type="text"/>
Statutory Auditor Membership No.:*	<input type="text"/>	Name of the Statutory Audit Firm:*	<input type="text"/>	Firm Registration No.:*	<input type="text"/>
Date*	<input type="text" value="29-Sep-2023"/>	Place:*	<input type="text"/>	PDF to be uploaded:*	<input type="text"/>

Buttons: Submit, Reset

Note:

1. Kindly upload PDF format documents only.
2. File size should be less than 10 MB.

Step 2:



Service: Inspection

Navigation: Existing Membership, NSCCL, Products, Investor, Services & Circulars, Dashboards

Header: User, Sign-Out, Last Login: 29/09/2023

Certificate of BG

Undertaking Proprietary Trade Only*

TM Code*	<input type="text"/>	TM Name*	<input type="text"/>	Statutory Auditor Name:*	<input type="text"/>
Statutory Auditor Membership No.:*	<input type="text"/>	Name of the Statutory Audit Firm:*	<input type="text"/>	Firm Registration No.:*	<input type="text"/>
Date*	<input type="text" value="29-Sep-2023"/>	Place:*	<input type="text"/>	PDF to be uploaded:*	<input type="text"/>

Buttons: Submit, Reset

Note:

1. Kindly upload PDF format documents only.
2. File size should be less than 10 MB.

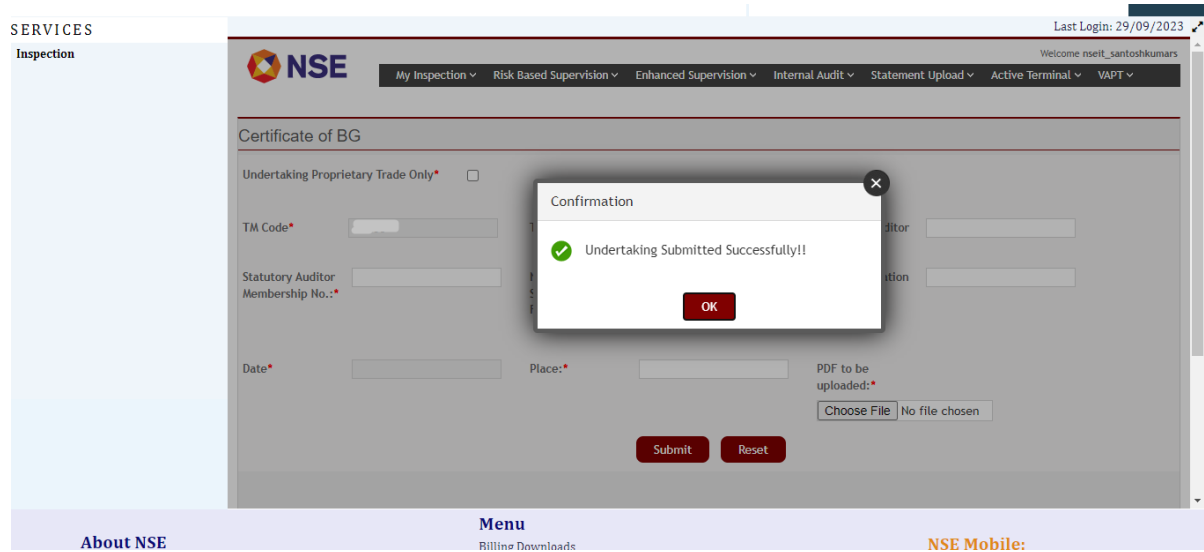
Declaration

✔ You are about to submit Undertaking of Proprietary Trading Only.

Buttons: Submit, Back

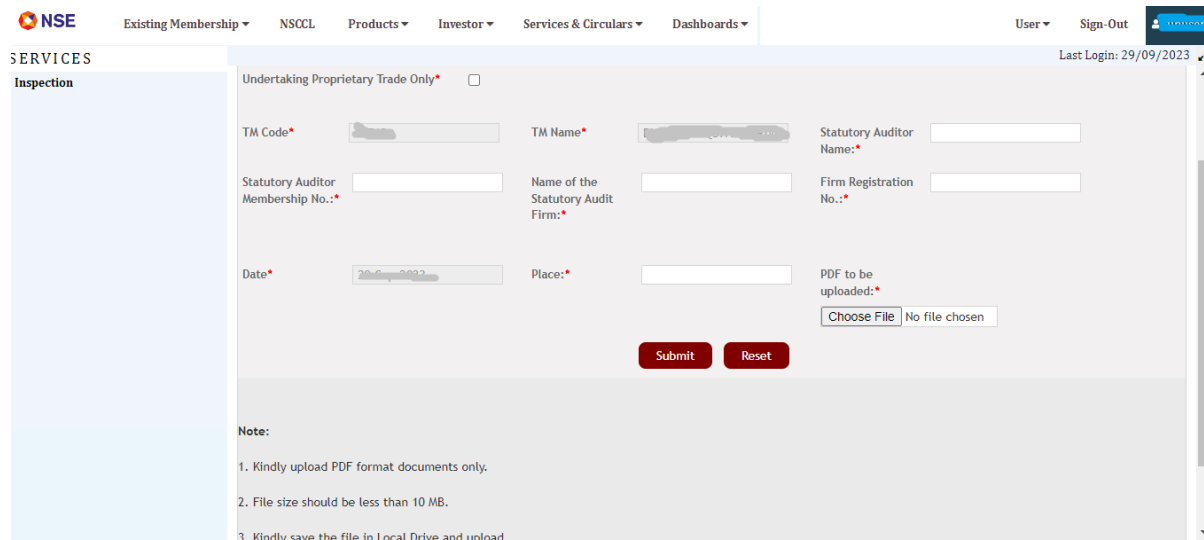
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Step 3:



For members having clientele business, scanned PDF copy of certificate from Statutory Auditor is to be submitted as below:

Step 1:



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Following details are required to be updated by member. Further, please note data once submitted cannot be edited.

Statutory Auditor Name:

Statutory Auditor Membership No:

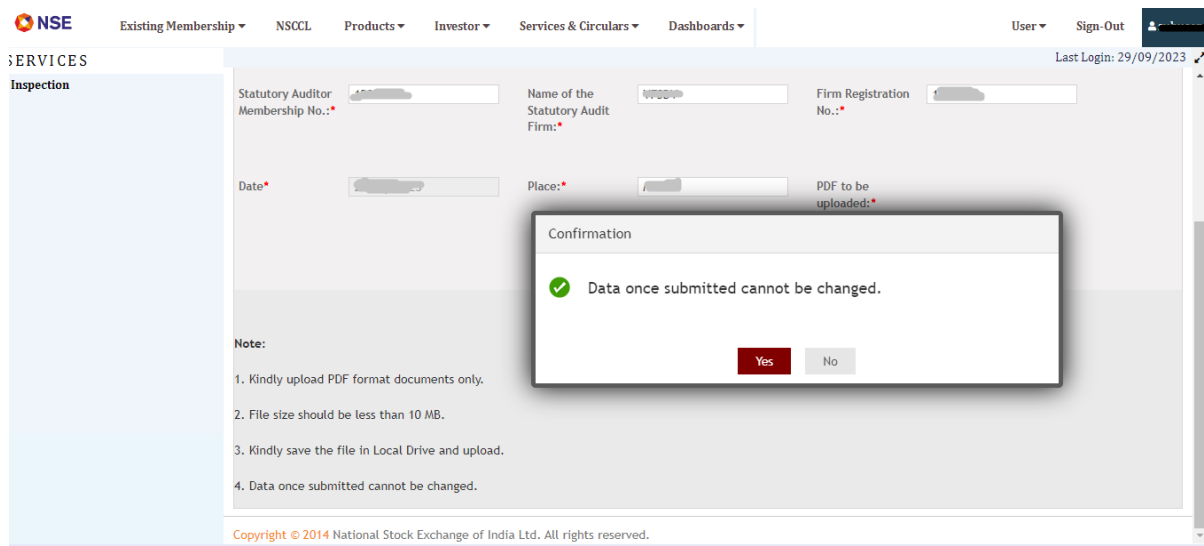
Name of the Firm:

Firm Registration no:

Place:

PDF to be uploaded:

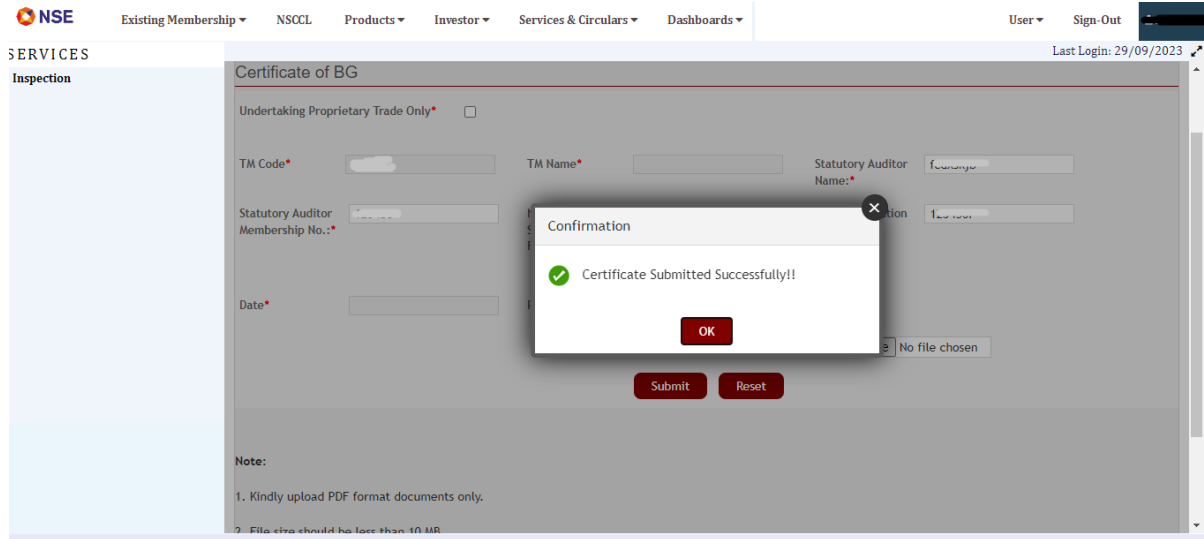
Step 2:



The screenshot shows the NSE Clearing portal interface. The top navigation bar includes the NSE logo and menu items: Existing Membership, NSCL, Products, Investor, Services & Circulars, and Dashboards. On the right, there are links for User, Sign-Out, and a user profile icon. The main content area is titled 'SERVICES' and 'Inspection'. It contains a form with the following fields: Statutory Auditor Membership No., Name of the Statutory Audit Firm, Firm Registration No., Date, Place, and PDF to be uploaded. A confirmation dialog box is overlaid on the form, displaying a green checkmark and the message: 'Data once submitted cannot be changed.' Below the message are 'Yes' and 'No' buttons. A 'Note' section at the bottom of the form lists four instructions: 1. Kindly upload PDF format documents only. 2. File size should be less than 10 MB. 3. Kindly save the file in Local Drive and upload. 4. Data once submitted cannot be changed. The footer of the page reads: Copyright © 2014 National Stock Exchange of India Ltd. All rights reserved.

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Step 3:

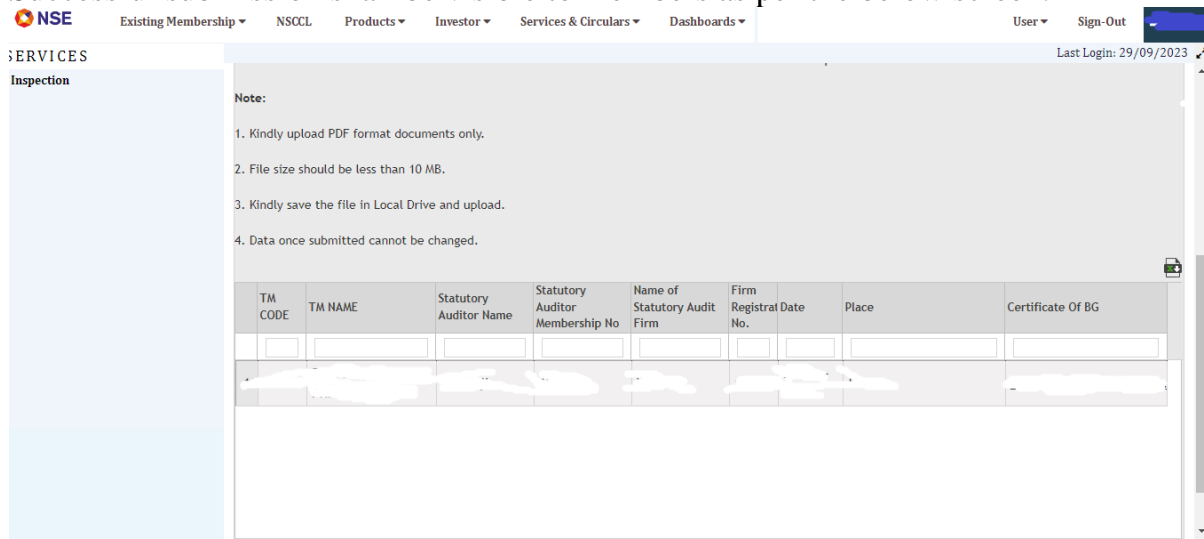


The screenshot shows the 'Certificate of BG' form in the NSE Clearing portal. A confirmation dialog box is displayed in the center, stating 'Certificate Submitted Successfully!!' with an 'OK' button. The form fields include:

- Undertaking Proprietary Trade Only*
- TM Code* [Redacted]
- TM Name* [Redacted]
- Statutory Auditor Name* [Redacted]
- Statutory Auditor Membership No.* [Redacted]
- Date* [Redacted]

Buttons for 'Submit' and 'Reset' are visible at the bottom of the form. A note at the bottom of the form reads: '1. Kindly upload PDF format documents only. 2. File size should be less than 10 MB.'

Successful submission shall be visible to members as per the below screen:



The screenshot shows the 'Certificate of BG' submission list table in the NSE Clearing portal. The table has the following columns:

TM CODE	TM NAME	Statutory Auditor Name	Statutory Auditor Membership No	Name of Statutory Audit Firm	Firm Registrat No.	Date	Place	Certificate Of BG
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

Notes below the table:

1. Kindly upload PDF format documents only.
2. File size should be less than 10 MB.
3. Kindly save the file in Local Drive and upload.
4. Data once submitted cannot be changed.