National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/54034	**Date: October 13, 2022**
Circular Ref. No: 76/2022	

To All Trading Members,

Sub: Risk Based Supervision (RBS) - Submission of information for the period April 01, 2022 – September 30, 2022

Members are requested to submit the information / data towards the Risk Based Assessment for the period April 01, 2022 – September 30, 2022 to the Exchange. The particulars of such information / data sought in this regard are enclosed as **Annexure-A**. The same has to be submitted to the Exchange electronically through the Inspection module in the Member portal latest by November 30, 2022.

The procedure for submitting the same through the Inspection module in the Member portal is given in **Annexure-B** of this circular.

It is to be noted that the submission of RBS data is mandatory for all active Members of the Exchange (i.e. those who have executed/cleared even a single trade during the aforementioned period i.e. April 01, 2022 – September 30, 2022). Further, the data collated from the Members/Exchange towards RBS is shared with SEBI and in case of any non-submission/delayed submission by a Member, disciplinary action as prescribed in **Annexure C** will be initiated.

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

For and on behalf of
National Stock Exchange of India Limited

Ajinkya Nikam
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
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: 25331 / 23690
Central Help Desk	compliance_assistance@nse.co.in	

Annexure-A

RISK TEMPLATE FOR MEMBERS FOR THE PERIOD APRIL 01, 2022 - September 30, 2022			
Sl. No.	**Particulars**	**Details**	**Description**
A	**Details of Branches**		
1	Total number of Branches as on last day of Assessment period		Total Number of Branches of the Member (Excluding AP) as on September 30,2022. Branches without any operational terminals also to be included.
2	Number of Branches Inspected by Member during the period		Count of Branches Inspected by Member during the period
3	Number of APs Inspected by Member during period		Count of APs Inspected by Member during the period
B	**Details of Branches / APs offices with order placement facility**		
4	Number of branches having order placement facility		Count of branches as on September 30, 2022 as per SEBI circuar SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018.
5	Number of APs offices having order placement facility		Count of APs offices of the member as on September 30, 2022 as per SEBI circuar SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018.
C	**Details of withdrawn/ termination of AP**		
6	Number of APs who discontinued service or were terminated during the period		Number of APs cancelled by the Members during the period.
7	Number of instances of AP termination due to any regulatory non-compliance during the period		Total number of APs cancelled by the Members due to any regulatory non-compliance or due to any regulatory directions
D	**No. of AP and Internet trading clients**		
8	Number of AP clients		Total number of registered clients mapped to AP of the Member as on September 30, 2022.
9	Total Internet Trading Clients		Total number of registered clients who have been provided internet trading facility (IBT) as on September 30, 2022.
E	**Number of clients categorized as high risk clients e.g. PEPs, clients from countries mentioned in the FATF statements, NRIs, etc. as on September 30, 2022**		
10	PEP		appropriate client due dilligence process as specified by the Preven tion of Money Laundering Act, PMLA, 2002- - Politically Exposed Persons - Clients in high risk countries identified in the Financial Action Task Force (FATF) statements published regularly. - Non resident clients (NRIs only) - Mutual Funds/ Trusts categorised as high risk. - Others :- Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations, Clients with dubious reputation, Companies offering foreign exchange offerings etc.
11	FATF		
12	NRI		
13	MF/ Trusts		
14	Others		
F	**Other Details**		
15	Total number of employees		Total Number of people employed by the Member including contract staff as on September 30, 2022
16	Type of Insurance cover obtained by the Member.		The type of Insurance cover taken by the Member e.g Stock Brokers Indemnity Policy, fire insurance etc. as on the last day of assessment period
17	Amount of Insurance cover obtained by the Member. (in Rs.)		The aggregate amount of all insurance cover obtained by the Member as on September 30, 2022
18	Whether there are any subsidiaries/ branches/representative offices in other countries and whether regulatory approval taken for the same?		**"Yes - Regulatory approval taken/ Yes- Regulatory approval not taken/No" to be mentioned for any subsidiaries/ branches/representative offices in other countries and whether regulatory approval taken**
19	Location of BCP/ DR site		Location name/Name of city to be specified. In case of no such site, please mention "Nil"
20	Brokerage income for the assessment period (in Rs.)		Gross brokerage revenue from broking operations across all exchanges.
21	Operating profit/ loss for the Member for the assessment period		Profit / loss from broking operations before interest and tax (For all Exchanges)
22	Total debit balances of all clients as on last day of assessment period (in Rs.)		Total debit balance of all clients across all segments and exchanges as on September 30, 2022
23	Total available collaterals from all debit balance clients as on last day of the Assessment period		Total available collaterals (Free & un-encumbered) from debit balance clients (as considered for the above point) as on September 30, 2022.
24	Total amount of delayed payment charges collected from the clients (in Rs.)		Total Amount of late/delayed payment charges levied on clients during the HY ended September 2022 (across all Exchanges).
25	Number of STRs filed during the Assessment Period		Count of the Suspicious Transaction Reports filed with FIU-India
26	Total credit balances of all clients as on last day of the Assessment period (in Rs.)		Total amount payable to clients across all segments and Exchanges as on last day of the Assessment period (in Rs.)
27	Total funds available in Bank (all Client Bank Accounts, including the Settlement Account)/ with Clearing Member/ clearing corporations as on last day of the Assessment period (in Rs.)		Aggregate of fund balances available in all Client Bank Accounts, including the Settlement Account & Funds available with Clearing Member / Clearing Corporation (For all Exchanges)
G	**Loans given to group companies/ associates/ subsidiaries/ key persons during the HY ended September 2022 – details, secured/ unsecured and amount involved.**		

28	Details of loans		Details of loans given to group companies/ associates/ subsidiaries/any other entity & key persons
29	Secured loans (in Rs.)		Total amount of secured loans given by the Member to group companies/ associates/ subsidiaries
30	Unsecured loans (in Rs.)		Total amount of un-secured loans given by the Member to group companies/ associates/ subsidiaries
H	**Number and details of non-compliances observed by SEBI and details of any actions initiated/ taken against Member**		
31	Number of instances of non compliances and amount of penalties levied by SEBI on the Member during the Assessment Period with regard to fraud instances by the Member – Nature of the frauds, amount involved, whether involving client assets or Member's own assets, whether actions taken against employees, APs, etc.		
	Number of Instances		Number of times SEBI has observed such issues
	Penalty levied (in Rs.)		Total Penalty levied by SEBI due to such issues during the Assessment Period
	Action taken against employees/AP		Suspension / Debarring / Adjudication / Monetary Penalty / Warning / Advice /Terminations etc.
32	Details of inspection undertaken by SEBI during assessment period, details of adverse observations and penalties/regulatary action, if any.		
	Number of SEBI inspections		Count of total SEBI inspections during the Assessment Period, including those of your APs
	Number of adverse observations in SEBI inspections		Please refer note below (Example 1 and 2 mentioned here under)
	Nature of disciplinary action by SEBI for inspections		Suspension / Adjudication / Monetary Penalty / Warning / Advice etc. (If more than one inspection of SEBI, all details of action to be provided.)
	Monetary penalty, if any, levied by SEBI (in Rs.)		Total Amount of monetary penalty levied by SEBI in all inspections
I	**Details of action taken by Police or any Foreign regulator**		
33	Number and details of actions initiated/ taken/ pending against Member or its employees by police w.r.t. frauds, forgery, etc.		
	Number of instances of Actions initiated/pending		Number of total proceedings initiated by Police (if any) for fraud, forgery etc. during the Assessment Period
	Number of instances of Actions taken		Number of total action by Police (if any) during the Assessment Period
34	Whether any disciplinary action initiated/ pending/ taken, details and penalty levied by any foreign regulator against the Member for regulatory non-compliances in their jurisdiction?		
	Number of Instances		Number of total non compliances observed by Foreign regulator (if any) during the Assessment Period
	Penalty levied (in Rs.)		Penalty levied for the non compliances observed by Foreign regulator (if any) during the Assessment Period
J	**Number of Instances of sharing of client Information**		
35	Number of Instances of sharing client KYC or trade information with associate/ group company/ third party.		Number of Instances of sharing of client information without his express consent during the HY ended September 2022
K	**Disciplinary actions against key persons of the Member**		
36	Details of disciplinary actions initiated/ taken against key persons of the Member by SEBI, or any other regulatory authority during the HY ended September 2022 viz. name of concerned person, PAN, type of action and penalty if any. Also specify the consent amount, if any.		
	Details of disciplinary actions initiated/ taken		Details of disciplinary actions against key persons during the HY ended September 2022
	Number of Instances		Number of actions taken against the key persons of the Member during the HY ended September 2022.
	Penalty levied/ consent amount (in Rs.)		Penalty levied/consent amount for such disciplinary actions initiated/taken
L	**Details of Associates/Group Companies/Related Parties**		
37	Details of Associates/ group companies/Related parties along with details of registration and whether active in any sector of the financial market.		Please provide the details of your Associate companies group companies and Related Parties along with their PAN and registration number. Also confirm whether they are active in any sector of the financial market
M	**Actions initiated/ taken/ pending against the stock broker, its employees, key persons**, controlling person**		
38	Number of instances and amount involved, if any, in actions initiated/ taken/ pending against the stock broker, its employees, key persons**, controlling person by SEBI, SAT, Courts, Consumer Forums, stock exchanges, other regulators, etc. pertaining to securities market operations in the period		
	No. of Instances of non-compliances		Count of instances as per sheet
	Penalty levied (In Rs)		Amount as per sheet
N	**Details of Branch and Aps**		
39	Whether Broker operates only through internet or its own Branches		Drop down - Branches, Internet , Both
	Active AP		Number of active AP
	Active Branches		Number of active branches (Should cross check with figure updated in point 1 ie should be equal to or lesser than that)

NOTES:			
1	"Key person" means and includes directors, promoters, compliance officer		
2	* To be provided where action has been taken by SEBI during the period irrespective of when the inspection was undertaken * "Number of instances" means number of inspections in which adverse observation was found relating to that area		
	Example-1 : Only the observations need to be considered for number of Instances. Eg. Observations during the HY ended September 2022 inspections.		
	Inspection Observations in one SEBI inspection	**Number of non-compliances in inspection**	**Number of Instances for above purpose**
	Misuse of client funds and securities	24 clients	1
	Delay or non-settlement of the client accounts on timely basis.	18 clients	1
	Delay or non-issuance of statements of accounts and daily margin statements.	7 clients	1
	Instances of misuse of Power of Attorney provided by the client.	12 clients	1
	Number of adverse observations in SEBI inspections for Point Number 34		**4**
	Example-2 : In case of more than 1 inspections during the HY ended September 2022		
SEBI Inspection during the HY ended September 2022	**Observations**	**Number of Instances for the above purpose**	
Apr-22	Misuse of client funds and securities	1	
	Delay or non-settlement of the client accounts on timely basis.	1	
	Delay or non-issuance of statements of accounts and daily margin statements.	1	
	Instances of misuse of Power of Attorney provided by the client.	1	
Jul-22	Misuse of client funds and securities	1	
	Instances of misuse of Power of Attorney provided by the client.	1	
	Number of adverse observations in SEBI inspections for Point Number 34	**6**	

Annexure B

Member Portal User Guide for RBS Submission

1. Members are required to use below URL to login to Member Portal.

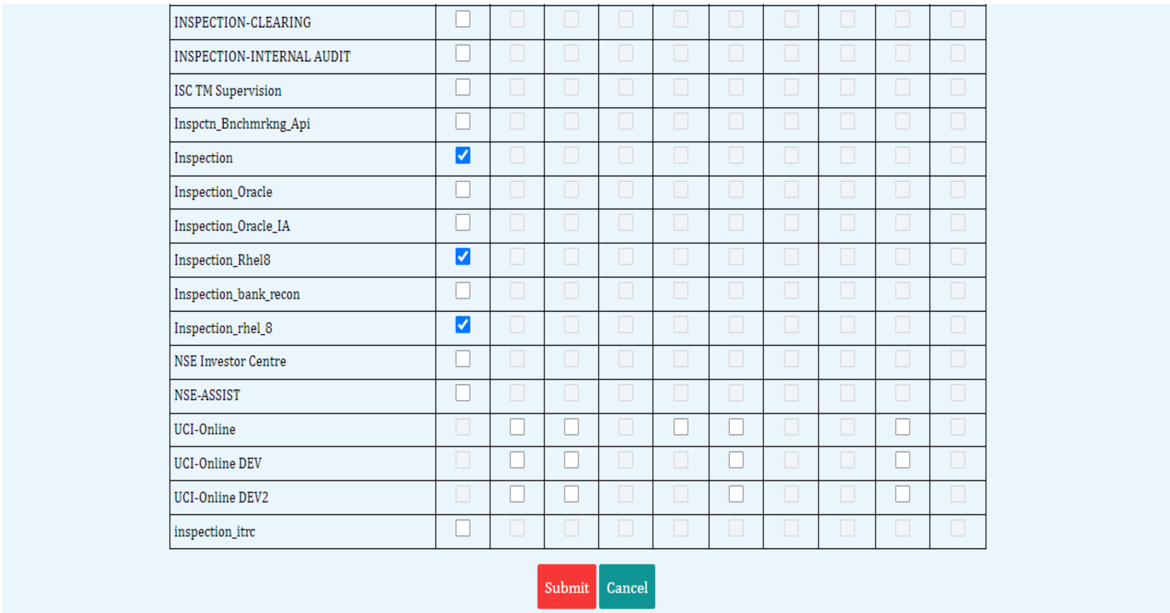
   URL - https://inspection.nseindia.com/MemberPortal/

   Admin User needs to create sub user id login in Member Portal under user management tab.

2. Enable Inspection tab in Member Portal

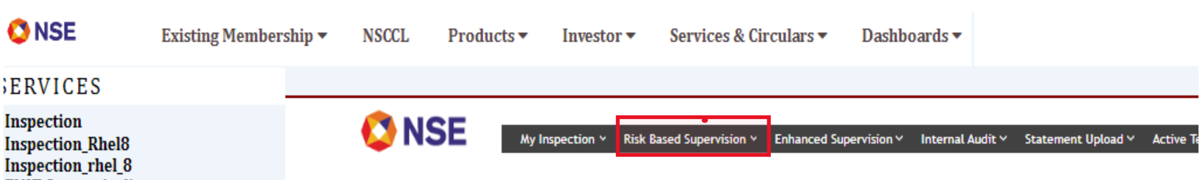
   Admin user should assign Inspection service to sub user id. Please use below navigation to assign service

   Select services as per below screenshot.

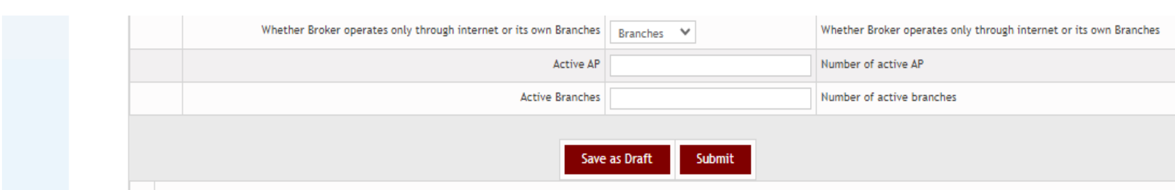


3. Click on Inspection service

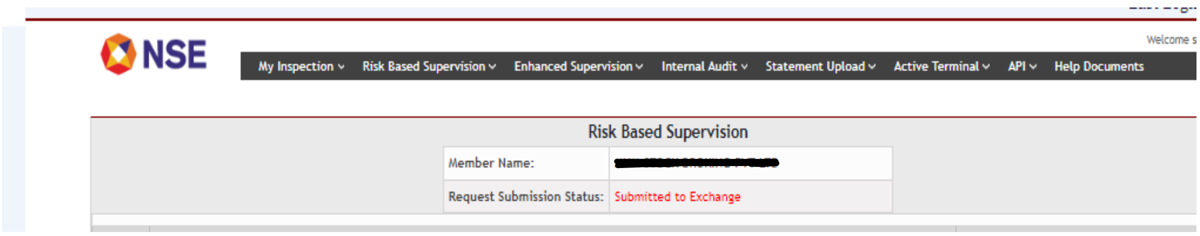
4. Click on Risk Based Supervision Tab



5. A form for entering the details will appear. Carefully fill the form as per the details collated by you in the boxes against each of the line items. You may also save the form as draft for later submission.



6. Please ensure that all the details filled are correct and complete in all respect. Submit the form by clicking on “Submit” button.



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Annexure C

INDICATIVE PENALTY FOR NON-SUBMISSION / LATE SUBMISSION OF RISK BASED SUPERVISION (RBS) DATA

The following late/non-submission penalty/ disciplinary actions would be initiated against the Member in this regard:

Details of Violation/contravention	**Penalty/disciplinary actions**	**Penalty/disciplinary action in case of Repeat violation/contravention**
Failure to submit data for the half yearly Risk Based Supervision within the time specified by Exchange.	1. For 1st week after due date, Charges of Rs. 2,500/- per day 2. Charges of Rs. 5000/- per day from second week after due date 3. In case of non-submission within three weeks from the due date of submission, New client registration to be prohibited and notice of 7 days for disablement of trading facility till submission of data/report. The disablement notice issued to the member shall be shared with all the Exchanges for information. 4. In case of non-submission within four weeks from the due date of submission, Member shall be disabled in all segments till submission of data/report	In case of a repeat instance by the Member, levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission within three weeks from the due date of submission, New client registration to be prohibited and notice of 7 days for disablement of trading facility till submission of data/report. The disablement notice issued to the member shall be shared with all the Exchanges for information. In case of non-submission within four weeks from the due date of submission, Member shall be disabled in all segments till submission of data/report