

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/63829	Date: September 09, 2024
Circular Ref. No: 59/2024	

To All Trading Members,

Sub: Online Closure of Trading Accounts

This is with reference to Exchange Circular Nos. NSE/INSP/49055 dated July 26, 2021 & NSE/INSP/49323 dated August 17, 2021 on “Online Closure of Trading Accounts”.

Based on representation from Brokers’ Industry Standards Forum and in consultation with SEBI, in order to bring the simplicity in online account closure process of the trading account, and to harmonize the online account closure process of the trading account with the online account closure process of the demat accounts, the guidelines for online closure of trading accounts as prescribed under Annexure A of Exchange Circular No. NSE/INSP/49055 dated July 26, 2021 stands modified for point nos. 3, 4, 7 & 9. The updated **Annexure A** is attached herewith.

All Members are advised to take note of the same and ensure compliance.

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

**Chirag Shah
Senior Manager – Inspection**

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

Regional Office	CONTACT NO.	E MAIL ID
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Annexure A

Guidelines for online closure of trading accounts

1. Client shall be entitled to close the trading account through online mode without giving any reasons to the trading member. Clients shall not be restricted from requesting, through online mode or offline mode, for the closure of trading account maintained with a member, subject to the compliance requirements as stipulated by SEBI / Stock Exchange from time to time.
2. Online request for closing of trading accounts shall be made available for the clients who have opened their accounts offline or online, by those trading members which provide facility of opening account online and provide various services to their clients in online mode. Those trading members that do not provide any services online and do not open accounts online may not be required to offer online closure of trading accounts.
3. In case of trading account, the client can request for account closure through web portal / app of the trading member through secured access with 2 factor authentication or by sending the trading account closure request on email through his/her/its registered email ID. The closure request received through SMS, other messaging apps, etc. shall not be entertained by the trading member.
4. Once the application for closure of trading account is received, the member shall provide acknowledgement to the client on registered email id and / or mobile number about the receipt of closure request and shall not permit any further requests for execution of trades by the client.
5. Trading account can be closed only if the client doesn't have a negative account balance and / or client do not have any open position and there are no pending arbitration matters / orders prohibiting the release of the client funds & securities at the time of account closure request. In case the client has debit balance (after considering balance across Stock Exchanges) or open positions and applies for closure of trading account, the member shall send a written response to client asking him to clear the debit balance / open positions prior to initiating the process for closure of broking account.

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6. On closure request, the member shall return funds and release all collateral and pledged securities back to the clients and close the trading account within 3 working days, subject to conditions mentioned in paragraph 5 above. Client needs to ensure that there are no securities / commodities available in the trading member's demat account at the time of account closure request.
7. If the member authorises the request received, the trading account will get closed. Once the trading account is closed, thereafter trading member shall inform the same to the client and update the client status in the UCC database of the Stock Exchange as inactive / deleted, as applicable and thereafter the member is not required to report details of such client in segregation and monitoring of collateral at client level reporting.
8. If the member rejects the client request for online closure of trading account received, the member shall mention the reason for such rejection and communicate the same to the client.
9. Members shall ensure that the applications are processed as per the timelines mentioned above. Trading Member shall maintain and store system logs of the closure instructions received in electronic form in a secured manner and the same shall be subject to 100% internal audit.
10. Notwithstanding any such closure of trading account, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the closure of trading account shall continue to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
11. Exchanges shall continue its complaint redressal mechanism for dealing with complaints related to online closure of trading accounts.