



**THE INSTITUTE OF  
Company Secretaries of India**  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament

'ICSI House', 22 Institutional Area, Lodi Road, New Delhi-110003, India.  
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# CS UPDATE

Mar 19, 2010

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**Disclaimer:** - CS Update contains government notifications, case laws and contributions received from the members. Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.

# Forthcoming Programmes

- Workshop on RESEARCH METHODOLOGY at Navi Mumbai on March 23, 2010
- 5<sup>th</sup> International Professional Development Fellowship Programme on 20-27 May, 2010 covering Rome, Florence, Venice (Italy), Innsbruck (Austria), Munich (Germany) and Engelberg, Zurich (Switzerland)
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CENTRE FOR  
CORPORATE GOVERNANCE,  
RESEARCH &  
TRAINING (CCGRT)

## Workshop on RESEARCH METHODOLOGY

<b>Introduction &amp; Background</b>	<p>Research methodology is the study of how to perform scientific research. This workshop looks at strategies for performing research and is designed for persons who wish to gain a Ph. D of high standard.</p> <p>The focus of the workshop is build around two components – the first involves doing a scientific study and the second component is methodological and concerns the use of scientific method.</p> <p>Company Secretaryship Qualification is recognised as equivalent to Post Graduate Degree of Commerce / Management Studies for the purpose of registering for Ph. D programs of these universities. Members of the Institute can take advantage of this opportunity.</p>	
<b>Day, Date &amp; Timing</b>	Tuesday, March 23, 2010	09.30 a.m – 05.30 p.m
<b>Venue</b>	A/C Conference Hall of ICSI-CCGRT, Plot No. 101, Sector 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614	
<b>Proposed Coverage includes</b>	<ul style="list-style-type: none"> <li>♦Introductory details relating to important aspects of research</li> <li>♦Research Methods &amp; Methodology (Discussion on 12 Methods)</li> <li>♦Objectives hypothesis &amp; the method of validating the hypothesis</li> <li>♦How to frame objectives of Hypothesis.</li> <li>♦Procedure for collection of Primary &amp; Secondary data through question &amp; interview procedure.</li> <li>♦Certain important statistical technique for testing hypothesis.</li> <li>♦Interpretations of the analysis &amp; results</li> <li>♦Conclusions, Suggestions &amp; Recommendations</li> <li>♦Methods of Research</li> <li>♦Report writing</li> </ul>	
<b>Presenters</b>	<p><b>Dr. Anil K. Khandelwal</b> Chairman, Baroda Pioneer Asset Management Company Limited</p> <p><b>Dr. A B Rao</b> Senior Research Guide Pune University</p>	
<b>Fees</b>	<p>General : Rs. 2500/- per participant</p> <p>Members of ICSI, &amp; Faculty Members (50% discount) : Rs. 1250/- per participant</p>	

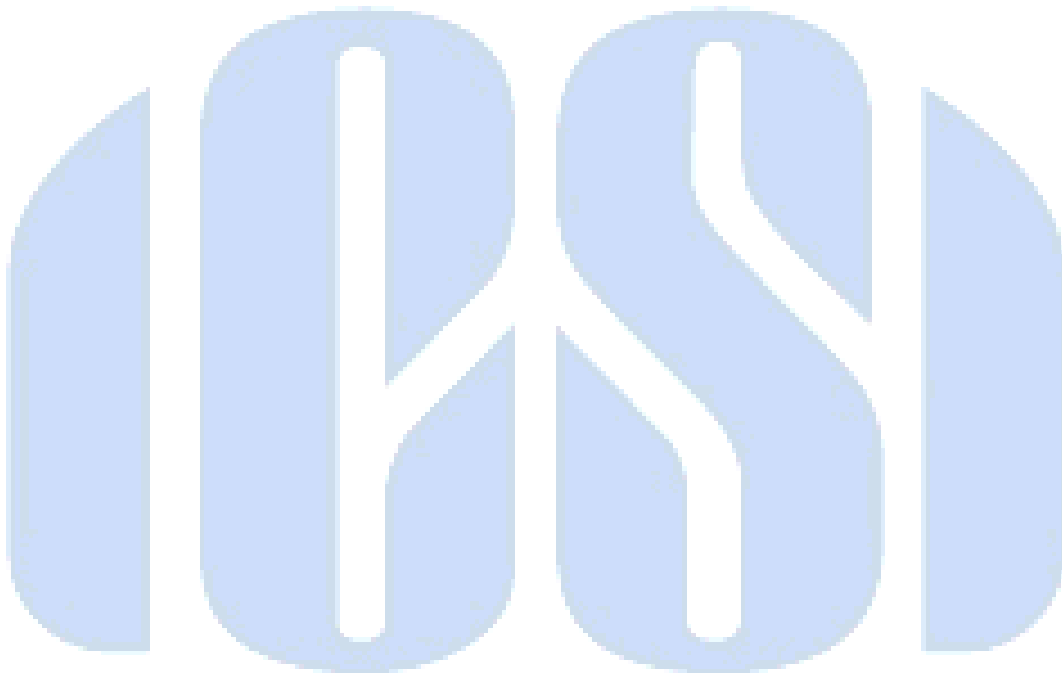
	to cover the cost of backgrounder, Course Kit, Lunch and other organisational expenses.
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***Annual Members of ICSI-CCGRT can attend this program free of Cost***

**For Registration :** The Fees may be drawn by way of D.D / local cheque payable at Mumbai in favour of "ICSI-CCRT A/c" and sent to **Shri Gopal Chalam**, Dean, ICSI-CCGRT, Plot No. 101, Sector -15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614.

☎ 022-27577814, 4102 1515, Fax – 022-2757 4384, email : ccgrt@vsnl.net

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## **5th INTERNATIONAL PROFESSIONAL DEVELOPMENT FELLOWSHIP PROGRAMME – 2010**

The Institute is organizing the 5<sup>th</sup> International Professional Development Fellowship Programme from 20<sup>th</sup> May, 2010 to 27<sup>th</sup> May, 2010 covering Rome, Florence, Venice (Italy), Innsbruck (Austria), Munich (Germany) and Engelberg, Zurich (Switzerland). On 27<sup>th</sup> May, at Zurich, there would be an International Conference which will address the 'emerging challenges the corporates are facing globally in terms of economic activities, social obligations and growing commitments towards environment, the surge in shareholders' activism and demand for more disclosures in the overall changing context.

### **Theme of the Conference –**

### **“PLANET, PEOPLE AND PROFIT: THE NEW INTERNATIONAL PARADIGM FOR CORPORATE SUSTAINABILITY”**

To have threadbare deliberations, there would be Sub-Groups of the delegates. These sub-groups will be constituting their views and suggestions by having their internal group discussions/presentations, etc. from day one till the date of the Conference. The findings/suggestions so emerged would be presented at the International Conference on 27<sup>th</sup> May, 2010 at Zurich.

The delegate fee for the International Conference is Rs.10,000/- (included in the package). Delegates will be entitled to Ten Programme Credit Hours for this Conference.

**COUNTRIES TO BE COVERED :** Italy, Austria, Germany and Switzerland •  
**DATES (Tentative) :** From Thursday, 20<sup>th</sup> May, 2010 (Departure from Delhi/Mumbai/Chennai) To Thursday, 27<sup>th</sup> May, 2010 (Arrival at New Delhi/Mumbai/Chennai-28th May, 2010)

**Number of Delegates\*** – Limited to sixty only on first booked (paid) first admitted basis. In case, number of delegates exceeds sixty, such delegate registration requests received afterwards will be considered only if total number of additional delegates is fifteen or more.

(\*) Subject to minimum fifteen (15) delegates from each departure location.

### **DETAILS OF FELLOWSHIP PROGRAMME**

**Day 01 : 20 May, 2010 : Rome** ■ The glimpse of Rome with a Guided City Tour of the most important sites: Colosseum, Roman Forum, Trevi Fountain, Spanish Steps, and Pantheon. Visit to Vatican City. After visiting the Vatican; Arch de Constantine; the temples of Saturn & Concord, the Arch of Augustus; the Circus Maximus and other important Roman monuments.

**Day 02 : 21 May, 2010 : Rome- Pisa- Florence** ■ Business breakfast in Rome  
■ Transfer to Pisa at 0830 hours by coach ■ Visit the “Field of Miracles”, Baptistry and the bell tower, known throughout the world as Leaning Tower of Pisa ■ Transfer and visit to impressive Duomo, Vecchio Tower, the Basilica of Santa Croce and Ponte Vecchio, Florence's most distinctive bridge on the Amo River; the Piazzelle Michelangelo, for a breathtaking bird's eye view of Florence.

**Day 03 : 22 May, 2010 : Florence – Venice or Padova** ■ Business breakfast in Florence  
■ Check out and transfer to Venice ■ On arrival, transfer to the Troughetto pier to travel

by Vaporetto (boat) to St. Mark's Square past Palladian churches ornate palazzos. Bridge of Sighs, Doges' Palace and Basilica of St. Mark (the largest Cathedral in the world), and eye catching demonstration of Murano glass blowing at Murano Glass Factory.

**Day 04 : 23 May, 2010 : Padova/ Venice – Innsbruck** ■ Business breakfast in Venice Padova ■ Transfer to Innsbruck by coach ■ Visit to Swarovski's Crystal World - the makers of the world's finest crystals ■ Transfer to Innsbruck and local sightseeing ■ Visit of the famous Golden Roof, Maria Theresien Strasse, and Trasmopolino, Olympic ski jump, Imperial Palace, Royal Church and other attractions in Innsbruck.

**Day 05 : 24 May, 2010 : Innsbruck – Munich** ■ Business breakfast in Innsbruck ■ Proceed for Munich.

**Day 06 : 25 May, 2010 : Munich - Engel berg- Mt. Titlis- Lucerne** ■ Business breakfast in Munich ■ Proceed for one of the most beautiful country in Europe- "Switzerland" by coach ■ On arrival, visit Mt. Titlis - The MountTitlis experience world's first revolving cable car known as 'Roitar' ■ Visit Lion monument, Chapel Bridges & Old Town of Lucerne. Enjoy free time to shop around for beautiful watches, Swiss chocolates and much more ■ Evening enjoy Lake Lucerne cruise and **Gala Dinner at restaurant**

**Day 07: 26 May, 2010 :Engel berg- Mt. Jungfrauoch & Interlaken and transfer to Zurich** ■ Business breakfast in Engelberg ■ Excursion to Jungfrauoch ■ Arrival at Lauterbrunnen ■ Rack Rail : Lauterbrunnen-Jungfrauoch-Lauterbrunnen ■ After visiting ice caves, terrace & ice sphinx, start descending from Alps & reach Interlaken ■ Time free at Interlaken and enjoy Swiss shopping ■ Transfer to Zurich and Indian dinner.

**Day 08 : 27 May, 2010 : Zurich – India** ■ International Conference ■ Check-out of the hotel and transfer to the airport after Conference for return flight.

***Tentative cost of the tour per person :***

The cost of the tour per person will be on the basis of twin/multiple sharing (without Dubai visit):

A. Cost Per Adult	Rs. 1,02,000 /- (Rupees One Lakh Two Thousand Only)
B. Child (Age 2 – 12 yrs) (without bed)	Rs. 82,500 /- (Rupees Eighty Two Thousand Five Hundred Only)
C. Child (Age- 12) (with Bed)	Rs. 96,000/- (Rupees Ninety Six Thousand only)
D. Infant (0 – 2 Yrs)	Rs. 20,000 /- (Rupees Twenty Thousand Only)
E. Single Occupancy	Rs.1,27,000/- (Rupees One Lakh Twenty Seven Thousand Only)

**Cost of the Package Includes** ■ Return Economy class airfare as on date using Emirates or similar ■ Airport taxes, visa charges, Medical Insurance and service taxes as on date for the travelling period ■ Delegate Fee for the conference (Rs.10,000) ■ Seven nights accommodation in the hotel ■ Meals (Continental breakfast with discussion breakfast, Indian lunch & Indian dinner), Transfers, Sightseeing/Excursion as per the itinerary ■ 1 Gala dinner in Switzerland ■ One litre mineral water bottle per day ■ Service of Professional Tour Manager ■ Tips to the coach driver

**Cost of Package does not include** ■ Cost of US \$ 25,000 granted by RBI under the Basic Travel Quota (BTQ) scheme ■ Any increase in the airfare and taxes that may come into effect prior to departure of the tour ■ Any increase in the Rate of Exchange leading to increase in surface transportation and land arrangements which may come into effect prior to departure of the tour ■ Portage at hotels and airports, tips, laundry, wines, mineral water and all items of personal nature forming part of the tour menu ■ Anything not specifically mentioned in the "Tour price includes" as above ■ Any other expenses of personal nature.

**Please note the above rates are subject to change and are based on a minimum of 60 Passengers travelling together in the month of May.**

**Last Date of Registration** - *March 20, 2010*

**Last Date of Withdrawal** - *March 27, 2010*

**REGISTRATION PROCEDURE** – You are requested to confirm your participation, with or without spouse, children or co-delegates, by sending a covering letter accompanied by the photocopies of the passport and an **initial amount of Rs.20,000 per person travelling, by way of Demand Draft only issued in favour of the "Institute of Company Secretaries of India" payable at New Delhi as to reach the Director (Academics & Professional Development), ICSI House, 22 Institutional Area, Lodi Road, New Delhi 110 003 on or before 20<sup>th</sup> March, 2010 positively.** Registration may however be withdrawn by a delegate on or before 27<sup>th</sup> March, 2010. Any request received for withdrawal after this date shall attract forfeiture of said registration charges.

Please also give details of passport number(s), Date of Issue, Date of Expiry, Place of Issue, at the time of registration. The balance payment be made on or before 10<sup>th</sup> April, 2010 by Demand Draft only issued in favour of the Institute of Company Secretaries of India payable at New Delhi. Please note that joining to this programme is limited to members and others accompanying the members of the Institute. It may further be noted that considering limited number of seats, the registration for this programme will be made on first-come-first-served basis.

#### **Cancellation Charges**

After issue of the ticket on **10<sup>th</sup> April, 2010 or visa application (i.e. upto 5.30 pm on 19<sup>th</sup> April, 2010)** - 50% of the Tour Price

Cancelled 15 working days prior (i.e. before 5.30 p.m. on 10<sup>th</sup> May, 2010 but from 20<sup>th</sup> April, 2010) - 75% of the tour price

Cancelled 7 working days prior (i.e. from 10<sup>th</sup> May, 2010 onward) - 100 % of the tour cost

Receipt of cancellation request will be considered on the basis of actual time of receipt of the request at the ICSI, Headquarters.

**VISA PROCEDURE** – The Visa procedure is very strict now. To travel, Schengen Visa from Italian Embassy is required to be obtained. The Tour Operator will co-ordinate the visa process directly with the delegate.

**DOCUMENTATION CHECK LIST** – To process your Visa two photocopies of the following documents together with original papers of point (3) and (4) will be required :

(1) 6 Months Valid Passport from the Date of Travel with the old Passport if any

- (2) 4 Photographs each, 45mm\*35mm white background, Matt finishing
- (3) Last 6 months Bank Statements (Current & Saving Account) of Firm / Individual
- (4) Last 3 Years Income Tax Returns Acknowledgement of (Firm/ Individual)
- (5) In case of GOVERNMENT employees, No Objection Certificate, Salary Certificate & Leave Sanction Certificates
- (6) FDR/NSC/Saving Certificate if any.

*For any query, you may please feel free to contact :*

**Sutanu Sinha**

*Director (Academics & Professional Development)*

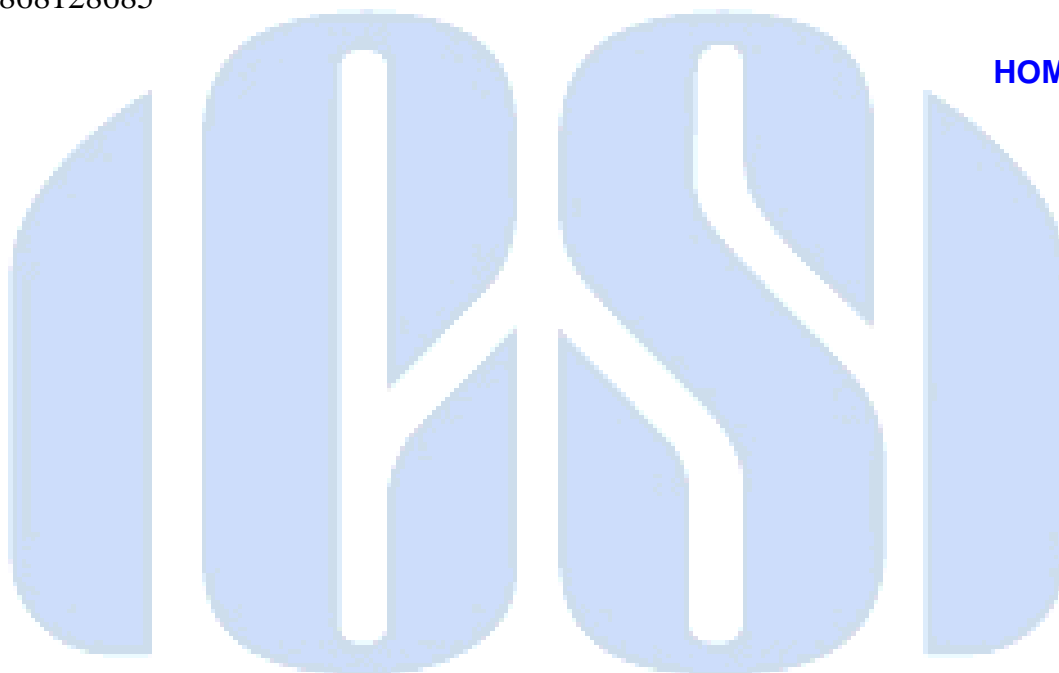
E-mail : [sutanu.sinha@icsi.edu](mailto:sutanu.sinha@icsi.edu)

**R K Verma**

*Joint Director Administration*

E-mail : [rk.verma@icsi.edu](mailto:rk.verma@icsi.edu)

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**Investor Awareness Programmes under IEPF (2010)**

Sl. No	Place of program/ Name of the Chapter	Schedule of program
1.	Kalyani University	Date : 26.03.2010 Time : 2.00 PM to 4.30 PM Venue: Vidyasagar Sabhagriha, Kalyani, Dist: Nadia, W.B
2.	Jamsedpur	Date: 27.03.2010 Time: 4.00 PM Venue: RMCE Auditorium, Near Jubilee Park, Jamshedpur.
3.	Mangalore	Date : 20.3.2010 Time : 4 PM to 7 PM Venue: J. B. Pinto memorial hall, Grace towers, IIIrd floor, Bejai - Kapikad Road, Mangalore - 575004
4.	Vridhachalam (Puducherry)	Date: 27.3.2010 Time: 4 PM - 8 PM Venue: Raja Mahal, Vridhachalam, Puducherry
5.	Vellore	Date: 28.3.2010 Time: 10 AM - 2 PM Venue: Hotel Kanna, Vellore, Puducherry
6.	Pune	Date : 20.3.2010 Time : 4PM to 6 PM Venue: Maratha Chamber of Commerce, Tilak Road, Pune

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**ATTENTION**  
**38<sup>TH</sup> NATIONAL CONVENTION OF COMPANY SECRETARIES**  
**SUGGESTIONS ON THEME AND SUB-THEMES**

The 38<sup>th</sup> National Convention of Company Secretaries is scheduled to be held in September, 2010. Suggestions are invited for theme and sub-themes to be deliberated at the National Convention.

The person whose theme alongwith its sub-themes is selected shall get exemption from paying the delegate registration fee for the Convention. The decision of the Institute shall be final in all respects. Interested persons may send their suggestions so as to reach by March 25, 2010 to :

Sutanu Sinha  
Director (Academics)  
The Institute of Company Secretaries of India  
ICSI House, 22, Institutional Area  
Lodi Road, New Delhi 110 003  
E-mail : [devender.kapoor@icsi.edu](mailto:devender.kapoor@icsi.edu) - Fax : 011-24645045

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# SEBI

# Updates

- Master Circular on Oversight of Members (Stock Brokers/Trading Members/Clearing Members of any Segment of Stock Exchanges and Clearing Corporations)

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भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

संपर्क प्रभाग, सेबी भवन, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051

Communications Division, SEBI Bhavan, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

दूरभाष / Tel: +91-22-26449000 ईमेल / email: [press@sebi.gov.in](mailto:press@sebi.gov.in) वेबसाइट / website: [www.sebi.gov.in](http://www.sebi.gov.in)

**Deputy General Manager**

**Market Intermediary Regulation and Supervision Department**

**E-mail: [biranchins@sebi.gov.in](mailto:biranchins@sebi.gov.in)**

SEBI/MIRSD/Master Cir-04/2010

March 17, 2010

The Executive Directors / Managing Directors / Chief Executive Officers  
All Stock Exchanges/Clearing Corporations

**Sub: Master Circular on Oversight of Members (Stock Brokers/Trading Members/Clearing Members of any Segment of Stock Exchanges and Clearing Corporations)**

1. This master circular consolidates and updates the requirements/obligations with regard to oversight of members (Inspection by Stock Exchanges/Clearing Corporations, Internal Audit and Default) prescribed by the following circulars:

- A. Circular no. SMD(B)/104/22775/93 dated October 29, 1993
- B. Circular no. SMD/MDP/CIR/043/96 dated August 5, 1996
- C. Circular no. SMD/Policy/Cir-24/97 dated September 26, 1997
- D. Circular no. SMDRP/POLICY/Cir-45/2001 dated September 17, 2001
- E. Circular no. SEBI/SMD/DBA-1/CIR-27/2003 dated June 25, 2003
- F. Circular no. MIRSD/DPSIII/Cir-26/08 dated August 22, 2008, and
- G. Circular no. MRD/DMS/Cir-29/2008 dated October 21, 2008

**I. Inspection of Members by Stock Exchanges / Clearing Corporations**

2. The Stock Exchange or the Clearing Corporation, as the case may be, shall, in consultation with SEBI, formulate a policy for inspection of members and follow up action thereon.

3. The Stock Exchange or the Clearing Corporation, as the case may be, shall inspect all active members in various segments every year.

4. The inspection shall cover:

- a. Compliance with the relevant provisions of the Act, Rules and Regulations made there under, Rules and Regulation of the Stock Exchange / Clearing Corporation and the circulars issued by SEBI and Stock Exchanges / Clearing Corporations from time to time, and

b. Efficacy of the investor grievance redressal mechanism and discharge of various obligations towards clients, for the preceding one year unless a longer period is warranted in the circumstances.

5. An illustrative list of common violations/deficiencies observed by SEBI in its inspections of members is enclosed as Annexure. The Stock Exchanges and Clearing Corporations are advised to bring this list to the notice of members with an advice to them to avoid these violations/deficiencies.

6. The Stock Exchange or the Clearing Corporation, as the case may be, shall initiate all the follow up action – remedial, penal and disciplinary - required on inspection findings, within 6 months from the conclusion of the inspection.

## **II. Internal Audit**

7. The member shall carry out complete internal audit on a half yearly basis by an independent qualified Chartered Accountant, Company Secretary or Cost and Management Accountant who is in practice and does not have any conflict of interest.

8. The audit shall cover, inter alia,

a. the existence, scope and efficiency of the internal control system,

b. compliance with the provisions of the SEBI Act, 1992, Securities Contracts (Regulation) Act 1956, SEBI (Intermediaries) Regulations, 2008, SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, circulars issued by SEBI from time to time, Bye Laws and Regulations and circulars issued by the Stock Exchange / Clearing Corporation,

c. data security and insurance in respect of operations, and

d. efficacy of the investor grievance redressal mechanism and discharge of various obligations towards clients.

9. The internal auditor shall submit the audit report to the member, who shall place it before its Board of Directors/Proprietor/Partners and shall forward the same along with para-wise comments to the respective stock exchange/clearing corporation within three months from the end of the half year period.

10. The Stock Exchange/Clearing Corporation shall analyze the audit reports so received and take appropriate follow up action.

11. The Stock Exchange/Clearing Corporation shall initiate appropriate actions – remedial, penal or disciplinary - against the members where deficiencies are noticed in audit reports or where audit report has not been received, and inform the details of action taken to SEBI, within six months from the end of the half year period.

### **III. Default in case of Multiple Membership**

12. Whenever a member of any segment is declared defaulter, the concerned Stock Exchange/Clearing Corporation shall immediately declare it a defaulter in all its segments. It shall also immediately inform all other Stock Exchanges/Clearing Corporations the details of the defaulter member such as name of the member, the names of the proprietors/partners/promoters/dominant shareholders, as applicable.

13. Immediately on receipt of the information about default of a member, the Stock Exchange / Clearing Corporation shall declare the said member defaulter on all its segments.

14. The Stock Exchanges / Clearing Corporations shall take appropriate action against the associates of defaulter member. For this purpose, the term 'associate' shall include a person:

a. who, directly or indirectly, by itself, or in combination with other persons, exercises control over the member, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such entities; or

b. in respect of whom the member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control;

or

c. whose director or partner is also a director or partner of the member, body corporate or the firm, as the case may be.

Explanation: The expression "control" shall have the same meaning as defined under clause (c) of Regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

### **IV. Implementation**

15. For the above purpose, the Stock Exchanges / Clearing Corporations shall take all necessary action, including the following:

a. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, if the same has not been already made.

b. bring the provisions of this circular to the notice of the members and also to disseminate the same on the website, and

c. communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.

16. This circular is issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

17. The circulars mentioned in Para 1 of this Master Circular stand rescinded. Notwithstanding such rescission, anything done or any action taken under those circulars before the date of this Master circular, shall be deemed to have been done or taken or commenced under the corresponding provisions of this circular. After the rescission of the earlier circulars referred to in para (1), any reference thereto in any regulation, guidelines and circulars shall be deemed to be a reference to this Master Circular.

Yours faithfully,  
**(B. N. Sahoo)**

**Annexure**

The common irregularities observed in the Stock brokers/trading members books are brought to the notice of all. They are as follows:

S.No	Description
I	<b>Relating to KYC</b> 1. 'In person verification' not done while opening the account. Photo copy of KYC & agreement are not provided to clients; if provided proof of delivery/dispatch is not maintained 2. Adding clauses in broker-client agreement/tripartite agreement which are contrary to the clauses as prescribed in Model agreements. Voluntary clauses in agreements are not highlighted as 'voluntary' and signatures of clients taken on all the documents
II	<b>Relating to Contract notes:</b> 3. Contract notes are not bearing serial numbers, SEBI registration numbers, Order no. & time. Contract notes are not issued in the prescribed format/not issued within 24 hours of trade execution/not signed properly by the broker or his authorized representatives 4. Duplicates/counterfoils/acknowledged copies of the contract notes issued not being maintained or maintained with inadequate details. 5. Not issuing contracts in Form B while acting as principal

	<p>6. Appropriate stamp duty not paid and charging Securities Transaction Tax (STT) on non equity funds transactions by the brokers.</p> <p>7. Brokerage is not shown separately on contract notes. The correct rate at which the transaction was executed is not passed on to the client</p> <p>8. Charges other than brokerage and statutory charges levied on the clients which are not specifically agreed upon by the clients or charging more than the limits prescribed.</p> <p>9. In case the Electronic Contract Notes (ECN) are issued, the same are not made available on brokers' websites/ sending ECN on single email-id for a group of clients/not maintaining ECN logs for ECN sent to the clients</p>
<b>III</b>	<p><b>Relating to Investor services</b></p> <p>10. Deficiency in service to the clients</p> <p>11. Non maintenance of investor grievance register and lack of proper system for receipt and reconciliation of investor grievances/not taking adequate steps for redressal of grievances of investors within one month from the date of receipt of the complaint.</p> <p>12. Non maintenance of client database or details captured wrongly in the database</p> <p>13. There are delays between pay-out by the exchange to their members and the transmission of shares/money received in such pay-out to their clients by brokers without any record of reasons for such delay.</p> <p>14. Non dissemination of email ID created for receiving investor grievances to the investors</p> <p>15. Freezing of accounts of clients without giving adequate reason</p> <p>16. Providing multiple client codes to one client/using same PAN no. for more than one client</p> <p>17. Frequent trade modification/client code modification done in client account</p> <p>18. Daily margin statement and quarterly statements not sent to clients</p>



	19. Relationship managers acting as portfolio managers by entering into verbal agreement with clients for trading on their behalf
<b>IV</b>	<p><b>Relating to funds and securities</b></p> <p>20. Unauthorized trading activities carried out in client's account</p> <p>21. Not having separate account for clients' funds/securities or having separate accounts for clients but not segregating clients' funds/securities from its own funds/securities.</p> <p>22. The brokers are found involved in funding activities - with the exception of those in connection with or incidental to or consequential upon the securities business.</p> <p>23. Non collection of margin from clients/wrong reporting of collection of margins to exchanges/clearing members</p> <p>24. Accepting cash from the clients. Accepting/giving third party payments/receipts</p> <p>25. Pledging client's securities without explicit authorization from client. The details of shares pledged not being informed to client</p>
<b>V</b>	<p><b>Relating to terminals</b></p> <p>26. Not putting the unique client code (UCC) of clients while placing orders in the trading system.</p> <p>27. The broker granting the trading terminals at places other than that specified by SEBI e.g. registered office, branch office or registered sub brokers' offices.</p> <p>29. Terminals operated by personnel without having proper qualification/ persons operating the terminal are not employees/remissers/sub brokers of stock brokers</p>
<b>VI</b>	<p><b>Others</b></p> <p>30. Non-maintenance or improper maintenance of Books of Accounts which are required to be maintained as per Rule 15 of SC (R) Rules, 1957 and Regulation 17 of SEBI (Brokers and Sub-Brokers) Regulations 1992</p> <p>31. Non-compliance with provisions relating to spot/negotiated deals</p> <p>32. Instances of the broker/dealers/others connected with the broker, involved in front running, circular trading, creating</p>

	<p>false markets, misuse of the exchange mechanism for securing financing transactions, entering fictitious transactions and illegal transactions</p> <p>33. Non submission of audit report/internal audit reports within the prescribed time limit</p> <p>34. Dealing with unregistered sub-brokers/acting through brokers of other exchanges for its clients without registering as a sub broker of these brokers</p> <p>35. Involved in business other than the securities business in violation of applicable laws</p> <p>36. Non payment/ inadequate payment of SEBI registration fees by the stock brokers and also by their sub brokers</p> <p>37. Not taking prior permission from SEBI for change in status and constitution.</p> <p>38. Not complying with the provisions of advertisements/internet based trading</p> <p>39. Non appointment of compliance officer.</p> <p>40. Non- compliance with trading restrictions imposed by Stock Exchanges</p> <p>41. Trading in unlisted securities and in securities prior to their admission to dealings by Exchanges</p> <p>42. Not reporting off-the-floor transactions (e.g.) (a) The transactions with stock brokers of other exchanges (b) Principal to principal transactions with clients (c) Transactions done after the trading hours.</p> <p>43. Not informing the investors/general public about cancellation of registration of its sub broker(s)</p> <p>44. Non-formation of policies related to internal controls, employee/insider trading, Prevention of Money Laundering (PML) etc. If policies are formulated, they are not implemented.</p> <p>45. Delivery vs payment (DvP) trades are done in other than those circumstances as prescribed.</p>
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