



*APAC e-Update*  
**(An e-Communiqué for Capital Market Intermediaries)**

1st Edition

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# SEBI Updates

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## 1.1. Compulsory Internal Audit for Stock Brokers

SEBI has decided to also permit independent practicing Company Secretaries as well as Cost & Management Accounts, for the purpose of carrying out half yearly internal audit of stock brokers/trading members/clearing members.

Earlier, SEBI had vide their Circular No. MIRSD/DPSIII/Cir-26/08 dated 22-Aug-2008, mandated the stock brokers/trading members/clearing members to get a complete internal audit of their operations done, by a independent qualified Chartered Accountant on a half yearly basis starting w.e.f. October, 2008.

Source : *SEBI Circular No. MRD/DMS/Cir-29/2008 dated 21<sup>st</sup> October, 2008*

## 1.2. Permission for Cross Margining in Equity & Derivatives Contract

SEBI has decided to allow the benefit of cross margining in case a client/other market participant is found to be having offsetting positions in both cash and derivatives segments. In such cases a spread margin of 25% of the total applicable margin on the eligible off-setting positions shall be levied in the respective cash and derivative segments. The Stock Exchanges are working on modalities of the said proposal and are likely to come out with a Circular in this regard, very soon.

Source : *SEBI Circular No. SEBI/DNPD/Cir- 44 /2008 dated 2nd December, 2008*

## 1.3. Review of Securities Lending and Borrowing (SLB) Framework

In order to popularise the Securities Lending & Borrowing Segment (SLB Segment) of Stock Exchange(s), SEBI has revised operational guidelines of this segment. Besides others, the amendments include increase in tenure of SLB Cycle to 30 days from present 7 days, adjustment for Corporate Actions during the period of 30 days and extension of trading timings from present 10 AM to 11 AM to normal trading timings i.e. 9:55 AM to 3:30 PM

Source : *SEBI Circular No. MRD/DoP/SE/Cir- 31 /2008 dated 31<sup>st</sup> October, 2008*

#### 1.4. Permission for issuance of Contract Notes through STP in F&O Segment

SEBI has extended the facility of issuance of Electronic Contract Notes (ECNs) as a legal document using Straight Through Processing (STP) to the equity derivatives segment also.

Source : SEBI Circular No. SEBI/DNPD/143542 /Cir-43/08 dated 6<sup>th</sup> November, 2008

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## NSE Updates

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#### 2.1. Revision of F&O Market Lots

NSE has decided to increase the Market Lots of 243 Securities, while Market Lots of 2 Securities are proposed to be reduced. The said changes are proposed to be made w.e.f. 26<sup>th</sup> December 2008 in respect of contracts expiring in March, 2009 or thereafter.

Source: NSE Circular No. NSE/FAOP/11720 dated 2<sup>nd</sup> December, 2008

#### 2.2. Complete waiver of transaction charges in Currency Derivatives Segment

NSE has extended complete waiver of Transaction Charges in Currency Derivatives Segment till 31st March, 2009, subject to a contribution of Rs. 500/- towards Investor Protection Fund.

Source : NSE Circular No. NSE/F&A/11703 dated 28th November, 2008

#### 2.3. Extension of deadline for migration to TCP/IP

NSE has extended the deadline for migration from X.25 Protocol to TCP/IP technology till 15th January, 2009.

Source: NSE Circular No. NSE/MEM/ 11678 dated 26th November, 2008

#### 2.4. Revision of Deposit Structure in Currency Derivatives Segment

For Trading Members in Currency Derivatives Segment, NSE has reduced the requirement of Interest Free Cash Deposit from Rs. 10 Lacs to Rs. 2 Lacs. The balance amount of Rs. 8 Lacs may also be paid in the form of Bank Guarantees / FDRs.

Source : NSE Circular No. NSE/MEM/11705 dated 28<sup>th</sup> November, 2008

## 2.5. Submission of Half Yearly Net worth Certificate

Members are required to submit their half yearly Net-worth Certificate to NSE for half year ending September 30, 2008 by December 31, 2008. The Net –worth Certificate is required to be submitted both in physical form as well as by way of upload in electronic format through ENIT.

Source: NSE Circular No. NSE/COMP/ 11382 dated 29<sup>th</sup> September, 2008

## 2.6. Expiry of December F&O Contracts

The Exchange has informed its members that in view of declared holiday on 25<sup>th</sup> December, all future contracts having expiry in December 2008 shall expire on 24<sup>th</sup> December 2008.

Source: NSE Circular No. NSE/FAOP/11440 dated 6<sup>th</sup> October, 2008

## 2.7. Trading in Illiquid Securities

On a monthly basis, NSE is providing a list of securities which have identified by the Exchange as Illiquid Securities on the basis of their trading pattern in the previous month. The Exchange has advised its members to exercise additional due diligence while trading in such securities either on their own account or on behalf of their clients. The latest list of Illiquid Securities for the month of November, 2008 has been enclosed with below-mentioned Circular.

Source: NSE Circular No. NSE/INVG/11722 dated 3<sup>rd</sup> December, 2008

## 2.8. Queries on Application Status (Migration from X.25 protocol to TCP/IP )

Members may call the NSE Helpdesk on 022-26567500 (8.00 am - 10.00 pm) for tracking the status of their application/s for migration from X.25 Scenario to TCP/IP Scenario.

Source: NSE Circular No. NSE/CMTR/11590 dated 4<sup>th</sup> November, 2008

## 2.9. Additional User Ids for Currency Derivatives Segment

The Exchange has informed that it would enable 10 additional user ids per TAP IP and 3 additional user-ids on X.25 protocol for the purpose of trading in Currency Derivatives Segment. The NCFM Certification requirement for Currency Derivatives Segment shall be same as that

of F&O Segment. However, a dealer who is having F&O Id on any leased line/VSAT may apply for Currency Derivative Dealer Id on same VSAT/Leased Line, on the basis of same F&O Certificate.

Source: *NSE Circular No. NSE/MEM/11421 dated 3<sup>rd</sup> October, 2008*

#### 2.10. Compliance Hand Book

For ready reference of members on various Compliance Issues, NSE has released a Hand Book on Compliance which may be accessed through the given link

Source: <http://www.nseindia.com/content/circulars/insp11532.htm>

#### 2.11. Ready Reckoner for Unique Client Code

NSE has issued a circular containing all the aspects of Unique Client Codes (UCC) which may be accessed through the given link:

Source: <http://www.nseindia.com/content/circulars/inv11683.htm>

#### 2.12. NSE revises Consolidated Circulars for CM and FO Segments

NSE has revised consolidated circulars issued earlier by it w.r.t. Cash Segment as well as F&O Segment.

Source : *NSE Circular Nos. NSE/CMTR/11671 & NSE/FAOP/11675 dated 25th November, 2008*

#### 2.13. Revised guidelines for appointment of Authorised Persons in Currency Derivatives

NSE has revised eligibility criteria for appointment of Authorised Persons in Currency Derivatives Segment. Now, even a person who is not a registered sub-broker may be also be appointed as Authorised Person in Currency Derivatives Segment.

Source : *NSE Circular No. NSE/MEM/11679 dated 26<sup>th</sup> November, 2008*

#### 2.14. NSE to discontinue Interactive Reports

NSE has decided not to provide interactive reports i.e. Trade Log & Order Log through Corporate Manager Id, as NSE is providing both of these reports in 'Online Back-up' folder on Extranet (or ftp), on a daily basis. The effective date for the same is yet to be intimated by NSE.

Source : *NSE Circular No. NSE/CMTR/11601 dated 6<sup>th</sup> November, 2008*

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# BSE Updates

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## 3.1. Submission of Networth Certificate for the half year ended September 30, 2008

BSE has advised members to submit Networth Certificate as on September 30, 2008, to the Membership Department on or before December 31, 2008. Further, Vide Notice No. 20081201-9 dated 1st December, 2008, BSE has advised that for the purpose of Net-worth calculations w.e.f. 30th September 2008, only the fair value of unlisted shares of BSE (as mentioned in said notice) shall be reckoned.

Source: *BSE Notice No. 20081010-27 dated 10th October, 2008*

## 3.2. Trading in Illiquid Securities

On a monthly basis, BSE is providing a list of securities which have identified by the Exchange as Illiquid Securities on the basis of their trading pattern in the previous month. The Exchange has advised its members to exercise additional due diligence while trading in such securities either on their own account or on behalf of their clients. The latest list of Illiquid Securities for the month of November, 2008 has been enclosed with below-mentioned Notice

Source: *BSE Notice No. 20081203-16 dated 3<sup>rd</sup> December, 2008*

## 3.3. Automation of Bulk / Block deals data

In order to simplify the process and ensure timely reporting of bulk/block deals, the Exchange is providing an indicative report of bulk / block deals to the members for downloading on a daily basis after market hours. The members may add/update/delete the data provided by the Exchange if required, save the changes and thereafter the files shall be uploaded back to the Exchange using the existing Data Upload System.

Source: *BSE Notice No. 20080905-25 dated 5<sup>th</sup> September, 2008*

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# MCX Updates

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## 4.1. Revision in Transaction Charges

MCX has informed that its transaction charges shall stand revised w.e.f. 17<sup>th</sup> November 2008. The revised charges are as follows:

<b>Average daily turnover</b>	<b>Transaction fee rates (per Rs. 1 lakh of turnover)</b>
Upto Rs. 20 crore	Rs. 4.00
On incremental turnover above Rs. 20.00 crore to Rs. 100 crore	Rs. 3.00
On incremental turnover above Rs. 100.00 crore to Rs. 300 crore	Rs. 2.00
On incremental turnover above Rs. 300.00 crore	Rs. 1.00

Source: MCX Circular No. MCX/C&S/353/2008 dated 6th November, 2008

## 4.2. Revised format of Contract Notes

MCX has prescribed a new format of Contract Notes which shall be effective from 1<sup>st</sup> January, 2009.

Source: MCX Circular No. MCX/LEGAL/363/2008 dated 15<sup>th</sup> November, 2008

## 4.3. Revision in Trading Timings

MCX has extended evening trading timings from 11.30 PM to 11.55 PM w.e.f. 3rd November, 2008. The above timings shall remain effective up to 7th March, 2009.

Source: MCX Circular No. MCX/T&S/321/2008 dated 10<sup>th</sup> October, 2008

## 4.4 Revised guidelines for deposit of Non-cash collaterals (BGs & FDs)

MCX has revised its guidelines for deposit of Bank Guarantees and Fixed Deposits w.e.f. 15<sup>th</sup> October, 2008 towards Margins / Additional Base Capital.

Source: MCX Circular No. MCX/C&S/313/2008 dated 1<sup>st</sup> October, 2008

#### 4.5. Upgradation of MCX Leased Line Network

In order to enhance performance and response time, MCX is in the process of upgrading its leased line technology.

Source: MCX Circular No. MCX/TECH/342/2008 dated 25<sup>th</sup> October, 2008

#### 4.6. Upgradation of MCX VSAT Network

MCX is in the process of upgrading its VSAT technology. To defer the expenditure in this regard, MCX shall recover Rs. 50,000/- (Rupees Fifty Thousand) per VSAT from its members in 10 monthly installments of Rs. 5,000/- each. These installments were proposed to be debited w.e.f. 07-Oct-2008.

Source: MCX Circular No. MCX/TECH/311/2008 dated 30<sup>th</sup> September, 2008

#### 4.7. Regional Arbitration Centers

MCX has informed that the Arbitration hearings in relation to MCX related disputes shall now be held at four centers i.e. Delhi, Kolkatta, Chennai and Mumbai.

Source: MCX Circular No. MCX/LEGAL/328/2008 dated 16<sup>th</sup> October, 2008

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## NCDEX Updates

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#### 5.1. Square off facility for Open Interest limit violation

W.e.f. 8th November, 2008, on violation of Member level Open Interest limits of any contract or commodity, NCDEX would place its respective member in square off mode only for that particular contract or commodity. Members can continue to trade normally on all other contracts / commodities.

Source: NCDEX Circular No. NCDEX/TRADING-105/2008/250 dated 6th November, 2008

#### 5.2. Availability of Base Capital towards Initial and Exposure Margins

W.e.f. 6th October 2008, NCDEX has allowed its members to use entire base capital amount of Rs. 30 lac towards both Initial Margin as well as Exposure Margin.

Source: NCDEX Circular No. NCDEX/RISK-017/2008/225 dated 1<sup>st</sup> October, 2008

### 5.3. Revised guidelines for deposit of Non-cash collaterals (BGs & FDs)

NCDEX has revised its guidelines for deposit of Bank Guarantees and Fixed Deposits w.e.f. 1<sup>st</sup> October, 2008 towards Margins / Additional Base Capital.

Source: NCDEX Circular No. NCDEX/CSG-007/2008/223 dated 30<sup>th</sup> September, 2008

### 5.4. Revision of guidelines in respect of Insurance Cover

NCDEX has made requirement relating to taking of Insurance Cover Optional for such members who are not doing trading on behalf of clients.

Source: NCDEX Circular No. NCDEX/MEMBERSHIP-009/2008/264 dated 21<sup>st</sup> November, 2008

### 5.5. New Categories of Memberships

NCDEX has introduced two new categories of memberships i.e. Trading Members and Strategic Trading cum Clearing Members whose role shall be akin to those of Trading Members and Trading-cum-Clearing Members of NSE F&O Segment respectively.

Source: NCDEX Circular No. NCDEX/MEMBERSHIP-008/2008/262 dated 17<sup>th</sup> November, 2008

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## NSDL Updates

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### 6.1. Submission of Internal Audit Reports on half yearly basis

NSDL has prescribed that the DPs shall now be required to submit internal audit reports on a half yearly basis as per following schedule:

Period	to be submitted by
Half year ending 31st March	15th May
Half year ending 30th September	15th November

Source: NSDL Circular No. NSDL/POLICY/2008/0077 dated 3rd November, 2008

## 6.2. In-person verification through web-cam

NSDL has permitted its Depository Participants to carry out In-person verifications through web-camera.

Source: NSDL Circular No. NSDL/POLICY/2008/0076 dated 27th October, 2008

## 6.3. Transmission of securities in case of death of Karta of HUF Client

NSDL has informed that in case of death of Karta in case of HUF , securities having market value of not more than Rs. 10 Lacs may be transferred to the new Karta upon submission of prescribed documents by surviving members. However the new Karta must be eldest among the surviving members,

Source: NSDL Circular No. NSDL/POLICY/2008/0072 dated 17th October, 2008

## 6.4. Revised Guidelines on Anti-Money Laundering Measures

NSDL has revised the parameters of alerts being generated by it with regard to Suspicious Transactions for the purpose of Anti-Money Laundering Measures. The complete details regarding the same may be obtained from the below-mentioned NSDL Circular.

Source: NSDL Circular No. NSDL/POLICY/2008/0071 dated 16th October, 2008

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# CDSL Updates

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## 7.1. In-person verification through web-cam

CDSL has permitted its Depository Participants to carry out In-person verifications through web-camera.

Source: CDSL Communiqué No. CDSL/OPS/DP/1331 dated 31<sup>st</sup> October, 2008

## 7.2. Increase in Net-worth requirements for Broker DPs

W.e.f. year ending 31st March 2009, all CDSL Depository Participants who are also Stock Brokers shall have to maintain a minimum Net-worth of Rs. 2,00,00,000/- (Rupees Two Crores Only). The said Net-worth Certificate must be submitted with CDSL on or before 30th September and must be certified by Statutory Auditors only.

Source: CDSL Communiqué No. CDSL/AL&C/DP/1338 dated 5<sup>th</sup> November, 2008

### 7.3. Automatic Closure of BO Accounts

W.e.f. 29th November 2008, CDSL is following the policy of automatically closing all such BO Accounts which are “pending for activation” by respective DPs for more than 30 days.

Source: *CDSL Communiqué No. CDSL/OPS/DP/1361 dated 20<sup>th</sup> November, 2008*

### 7.4. Updated Compliance Manual

CDSL has prepared an updated Compliance Manual for ready reference of its Depository Participants which may be accessed through the given link

Source: [http://www.cdslindia.com/downloads/Compliance\\_Manual/Compliance-Manual-September-2008.pdf](http://www.cdslindia.com/downloads/Compliance_Manual/Compliance-Manual-September-2008.pdf)

### 7.5. Revised Guidelines on Anti-Money Laundering Measures

CDSL has revised the parameters of alerts being generated by it with regard to Suspicious Transactions for the purpose of Anti-Money Laundering Measures. The complete details regarding the same may be obtained from the below-mentioned CDSL Communiqué.

Source: *CDSL Communiqué No. CDSL/OPS/DP/1345 dated 6<sup>th</sup> November, 2008*