

CIRCULAR

SEBI/HO/MIRSD/DOP/CIR/P/2020/88

May 25, 2020

To,

- 1. All Recognised Stock Exchanges**
- 2. All Recognised Clearing Corporations**
- 3. All Depositories**

Madam / Sir,

Subject: Implementation of Circular on 'Margin obligations to be given by way of Pledge / Re-pledge in the Depository System' – Extension.

1. SEBI, vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020, specified guidelines with regard to Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System. The provisions of this circular were to come into effect from June 01, 2020.
2. In view of the situation arising due to Covid-19 pandemic, lockdown imposed by the Government, representations received from the Depositories and the Clearing Corporations and that the changes to the systems and software development still under progress, it has been decided to extend the implementation date of the aforesaid circular to August 01, 2020. Accordingly, in terms of paragraph 12 of the circular, the trading member (TM) / clearing member (CM) shall be required to close all existing demat accounts tagged as 'Client Margin / Collateral' by August 31, 2020.
3. However, the provision as specified in paragraph 4 of the aforesaid circular regarding holding of Power of Attorney by TM / CM not to be considered as equivalent to the collection of margin by TM / CM in respect of securities held in the demat account of the client, shall be applicable from June 01, 2020.
4. Further, with regard to paragraph 4 of annexure A regarding confirmation from the client / pledgor through OTP on mobile number / registered e-mail id or other verifiable mechanism, it is clarified that such confirmation shall be required only once from the client / pledgor at the time of initial creation of pledge in favour of TM / CM and subsequent repledging by TM / CM shall not require any further confirmation from the client / pledgor. Paragraph 4 of Annexure A of the aforesaid SEBI circular stands modified accordingly.
5. Stock Exchanges, Clearing Corporations and Depositories are directed to bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.

6. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

Yours faithfully

D Rajesh Kumar
General Manager
Market Intermediaries Regulation and Supervision Department