



CIRCULAR

MIRSD/Cir-23/2011

December 2, 2011

**SEBI Registered Intermediaries –
Stock Brokers through Stock Exchanges
Depository Participants (DPs) through Depositories,
Mutual Funds (MFs)
Portfolio Managers (PMs),
Collective Investment Schemes (CIS)
Venture Capital Funds (VCFs)**

Association of Mutual Funds in India (AMFI)

Dear Sirs,

Subject: The Securities and Exchange Board of India (KYC Registration Agency) Regulations, 2011.

1. As you are aware, SEBI simplified the account opening process for investors vide Circular No. CIR/MIRAD/16/2011 dated August 22, 2011. Further, SEBI vide circular MIRSD/SE/Cir-21/2011 dated October 05, 2011 issued guidelines for uniform KYC requirements for investors while opening accounts with any intermediary in the securities market.
2. At present, if a client intends to open accounts with different intermediaries for the purpose of trading / investment in the securities market, he has to undergo the process of Know Your Client (KYC) again and again. Therefore, to avoid duplication of KYC process with every intermediary, a mechanism for centralization of the KYC records in the securities market has been developed.
3. An intermediary shall perform the initial KYC of its clients and upload the details on the system of the KRA. When the client approaches another intermediary, the intermediary can verify and download the client's details from the system of the KRA. As a result, once the client has done KYC with a SEBI registered intermediary, he need not undergo the same process again with another intermediary.
4. Accordingly, SEBI has formulated the KYC Registration Agency (KRA) Regulations, which have been notified vide notification no. LAD-NRO/GN/2011-12/29/36772 dated December 2, 2011 (copy enclosed). The Regulations cover the registration of KRAs, functions and responsibilities of the KRAs and intermediaries, code of conduct, data security, etc.



5. The Stock Exchanges & Depositories are directed to:
 - a. bring the provisions of this circular to the notice of the Stock Brokers & DPs, respectively, and disseminate the same on their websites;
 - b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision in co-ordination with one another;
 - c. monitor the compliance of this circular through half-yearly internal audits and inspections; and
 - d. communicate to SEBI, the status of the implementation of the provisions of this circular through Monthly Development Report of the following month.

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

Yours faithfully,

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Encl. : Copy of KRA Regulations