

Department: Inspection	Segment: All
Circular No: MSE/INSP/13249/2023	Date : March 28, 2023

Subject: Settlement of Running Account of Client's Funds lying with Trading Member (TM)

To All Members,

This has reference to SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 & Exchange Circular MSE/INSP/12113/2022 dated July 28, 2022 regarding "Settlement of Running Account of Clients' Funds lying with Trading Member (TM)" and subsequent FAQs notified vide Exchange Circular MSE/INSP/12350/2022 dated September 26, 2022. As per said circulars, members are required to carry out the settlement of running account of clients' funds on the first Friday of the Month/Quarter as per the preference opted by the client and if first Friday is a trading holiday, then such settlement shall happen on the previous trading day.

In this regard, Members are requested to note that first Friday of the Quarter April – June, 2023 (i.e. April 7, 2023) being a trading holiday, the settlement of running account of client's funds in accordance with aforesaid circulars shall be carried out by members on the previous trading day i.e. **April 6, 2023** (Thursday).

Further, Members' attention is also drawn to Exchange Circulars MSE/INSP/12826/2022 dated December 30, 2022 on reporting requirement on settlement of running account of clients' funds lying with Trading Member (TM) wherein members have been advised to submit the summary of settlement of clients' funds and UCC wise settlement details to the Exchange within the prescribed timelines by e-mail to exchange vide mail id 'Compliancemsx@msei.in'.

Based on the data submitted by the members in the aforesaid submissions for the last quarter January – March 2023, it has been observed by the Exchange that values of certain data points such as value of funds retained, value of funds settled etc. were incorrectly reported by certain members. In view of the same, clarifications/guidelines on data points being reported under aforesaid submissions are provided to members in the enclosed **Annexure-A**. Members are requested to ensure the same while making these submissions to the Exchange.

All Members are advised to take note of the same and strictly comply.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Mahendra Choudhari
AVP – Inspection and Membership Department

In case of any query kindly contact Inspection Department on 6112 9000 or mail on compliancemsx@msei.in

Metropolitan Stock Exchange of India Limited

Summary of Settlement of clients' funds Submission

Sr. No	Particulars	Description
1	Settlement Date	Format: DD-MM-YYYY
2	No. of Client Settled	Number of clients settled either by way of retention of funds against obligation and/or actual transfer of funds to client. Count shall not include debit / nil balance clients.
3	Value of Funds Retained (Amt. in Rs.)	Amount should only include client funds that have been retained by the Member as on settlement date and should exclude debit / nil balance clients' fund balances.
4	Value of Funds Settled (Amt. in Rs.)	Amount should only include value of funds transferred to clients after retention of funds, if any for settlement.
5	Bank account No.	TM Bank Account Number from where funds as reported in point number 4 mentioned above have been transferred to the clients for settlement needs to be mentioned and such account numbers should be from the list of Bank accounts as submitted under Enhanced Supervision by the Member to the Exchange.
6	No. of Clients	Number of clients to whom funds have been transferred for settlement purpose.
7	Value of Transfer (Amt. in Rs.)	Amount should only include client funds that have been transferred for settlement to the said client through the stated TM Bank account number. Total Amount transferred to a client from all bank accounts should be equal to the amount reported in the point number 4 mentioned above.

UCC wise Settlement Details submission

While submitting UCC wise settlement details, members are advised to note following points

- A.** Clients where funds have been neither retained nor transferred for settlement shall be excluded.
- B.** Clients where funds have been retained but no funds have been transferred for settlement, Bank account details of TM/client (viz; TM Bank Account No., IFSC details, Client Bank Account Number & Client Bank Account IFSC) shall be mentioned as NA. Further, aggregate value of such funds should match with the amount reported for "value of funds retained" in the point 3 mentioned above of **Summary of Settlement of clients' funds** submission.
- C.** Clients where funds have been transferred, Bank account details of TM and client needs to be mentioned and cannot be mentioned as "NA". Further, aggregate value of such funds of all clients should match with the amount reported for "value of funds settled" in the point 4 mentioned above of **Summary of Settlement of clients' funds** submission.