

Department: Inspection	Segment: All
Circular No: MSE/INSP/16145/2024	Date : October 11, 2024

Subject: Risk Based Supervision (RBS) – Submission of information for the period April 01, 2024 – September 30, 2024 (Half Year ended September - 2024)

To All Members,

Members are requested to submit the information / data towards the Risk Based Assessment for the period April 01, 2024 – September 30, 2024 to the Exchange. The particulars of such information / data sought in this regard are enclosed as **Annexure-A**. The same has to be submitted to the Exchange electronically through Risk Based Supervision in Enhanced Supervision Portal latest by **November 30, 2024**.

The link for submission of the information/data will be activated from October 14, 2024. The procedure for submitting the same through Risk Based Supervision in Enhanced Supervision Portal is given in **Annexure-B** of this circular.

It is to be noted that the submission of RBS data is mandatory for all active Members of the Exchange (i.e. those who have executed even a single trade during the assessment period i.e. April 01, 2024 – September 30, 2024). Further, the data collated from the Members / Exchange towards RBS is shared with SEBI and in case of any non-submission / delayed submission by a member, disciplinary action as prescribed in **Annexure-C** will be initiated.

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

In case of any query kindly contact Inspection Department on (022) 6112 9000 or mail on compliancemsx@msei.in.

**For and on behalf of
Metropolitan Stock Exchange of India Limited**

**Sunil Shendge
Manager – Inspection Department**

Metropolitan Stock Exchange of India Limited

Annexure-A

RISK TEMPLATE FOR MEMBERS FOR the Assessment Period April 01, 2024 - September 30, 2024

Sl. No.	Particulars	Details	Description
A	Details of Branches		
1	Total no. of Branches as on last day of Assessment Period		Total Number of Branches of the Member (Excluding AP) as on the assessment period. Branches without any operational terminals also to be included.
2	Number of Branches Inspected by Member during the Assessment Period		Count of Branches Inspected by Member during the Assessment Period
3	Number of APs Inspected by Member during the Assessment Period		Count of APs Inspected by Member during the Assessment Period
B	Details of Branches / AP offices with order placement facility		
4	Number of branches with order placement facility		Count of branches as on the assessment period as per SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018.
5	Number of APs offices with order placement facility		Count of APs offices of the member as on the assessment period as per SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018.
C	Details of withdrawn/ terminated of AP		
6	Number of APs who discontinued service or were terminated during the Assessment Period		Number of APs cancelled by the Members during the Assessment Period.
7	Number of instances of AP termination due to any regulatory non-compliance during the Assessment Period		Total number of APs cancelled by the Members due to any regulatory non-compliance or due to any regulatory directions
D	No. of AP and Internet trading clients		
8	Number of AP clients		Total number of registered clients mapped to AP of the Member as on the assessment period.
9	Total Internet Trading Clients		Total number of registered clients who have been provided internet trading facility (IBT) as on the assessment period.
E	No. of clients categorized as high risk clients e.g. PEPs, clients from countries mentioned in the FATF statements, NRIs, etc. registered as on March 31, 2024		
10	PEP		Total Number of Registered clients categorised by Member through the adoption of an appropriate client due diligence process as specified by the Prevention of Money Laundering Act, PMLA, 2002- - Politically Exposed Persons - Clients in high risk countries identified in the Financial Action Task Force (FATF) statements published regularly. - Non-resident clients - Mutual Funds/ Trusts Categorised as High Risk - Others :- Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations, Clients with dubious reputation, Companies offering foreign exchange offerings etc.
11	FATF		
12	NRI		
13	MF/ Trusts		
14	Others		
F	Other Details		

Sl. No.	Particulars	Details	Description
15	Total No. of employees		Total Number of people employed by the Member including contract staff as on last day of Assessment Period.
16	Type of Insurance cover obtained by the Member.		The type of Insurance cover taken by the Member e.g. Stock Brokers Indemnity Policy, fire insurance etc. as on the Last day of Assessment Period.
17	Amount of Insurance cover obtained by the Member. (Rs.)		The aggregate amount of all insurance cover obtained by the Member as on Last day of Assessment Period.
18	Whether there are any subsidiaries/ branches/representative offices in other countries and whether regulatory approval taken for the same?		"Yes-Regulatory approval taken / Yes-Regulatory approval not taken / No" to be mentioned for any subsidiaries/branches/representative offices in other countries and whether regulatory approval taken.
19	Location of BCP/ DR site		Location name/Name of city to be specified. In case of no such site, please mention "Nil"
20	Brokerage income for the Assessment Period (in Rs.)		Gross brokerage revenue from broking operations across all exchanges.
21	Operating profit/ loss for the Member for the Assessment Period (in Rs.)		Profit / loss from broking operations before interest and tax (For all Exchanges)
22	Total debit balances of all clients as last day of Assessment Period (in Rs.)		Aggregate value of clear Debit Balances of all clients across MTF/Non-MTF balances as obtained from trial balance across segments and across exchanges (after adjusting for open bills of clients, uncleared cheques deposited by clients and uncleared cheques issued to clients and the margin obligations if posted in the client ledger if any). Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI of securities to CC.
23	Total available collaterals from all debit balance clients as on last day of Assessment Period (in Rs.)		Total available collateral from debit balance clients (as considered for the point no. 22 above) as on last day of the Assessment Period : For aggregating total available collateral of the member for the debit balance clients, the client wise available collateral should be considered as lower of debit and Total value of collateral for that client. Total value of collateral to be considered should be, collateral available in the demat account of the Trading Member which is Pool Account and Pledged to the Trading Member i.e., Client Securities Margin Pledge Account, Client Securities Under Margin Funding Account, Client Unpaid Securities Pledge Account. Further, value of the collaterals to be reported as: - T day for quantity and - T – 1 day for Var & Closing Price
24	Total amount of delayed payment charges collected from the clients (Rs.)		Total Amount of late/delayed payment charges levied on clients during the FY ended March 31, 2024 (across all Exchanges).
25	Number of STRs filed during the Assessment Period		Count of the Suspicious Transaction Reports filed with FIU-India

Sl. No.	Particulars	Details	Description
26	Total credit balances of all clients as on last day of the Assessment Period (in Rs.)		Aggregate value of clear Credit Balances of all clients as obtained from trial balance across segments and across exchanges (after adjusting for open bills of clients, uncleared cheques deposited by clients and uncleared cheques issued to clients and the margin obligations if posted in the client ledger if any). Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI of securities to CC. Debit balance of client in MTF will not be adjusted against the credit balance of same client in non-MTF.
27	Total funds available in Bank (all Client Bank Accounts, including the Settlement Account)/ with Clearing Member/ clearing corporations as on last day of the Assessment Period (in Rs.)		<p>Clients' funds lying in USCNBA/DSCNBA/Settlement account only as per bank statement to the extent of permissible justifications as stipulated by Exchange/CC from time to time under upstreaming framework of client funds.</p> <p>Note:- • Balances in OD/LAS (Loan against shares) accounts shall not be considered. • Any FDR that has been created out of the client funds by member and lying with member shall not be considered towards availability of client funds payable. Aggregate value of collateral deposited with all clearing corporations/clearing member in form of Cash & Cash Equivalents as mentioned below (Cash, FD and Mutual Fund Overnight Schemes i.e. MFOS). • Cash • FDRs created out of clients' funds lien marked to CCs fulfilling conditions stipulated by Exchange/CC from time to time under upstreaming framework of clients' funds • MFOS created out of clients' funds and pledged with Clearing corporation fulfilling conditions stipulated by Exchange/CC from time to time under upstreaming framework of clients' funds</p> <p>Note:- Early pay in of funds to CC to be considered, if it is debited from settlement bank account and same is not included in any of collateral report of clearing corporations. For NSE Clearing deposits, the amount of Cash and FDRs can be taken from the COLLDTLS file downloaded to the members. For ICCL deposits, members may refer to the "Collateral Margin Report" or "Holding Statement" of each segment for deriving the amount of collateral in the form of Cash, FD & MFOS. For NCCL deposits, the amount of Cash and FDRs can be taken from the CL0102 file. For MCXCCL deposits, members may refer 1.68. Collateral File to Members (nomenclature :MCX_CD_<CMID>_<YYYYMMDD>.csv and MCX_CD_<TMID>_<YYYYMMDD>.csv).</p>
G	Loans given to group companies/ associates/ subsidiaries/ key persons during Assessment Period – details, secured/ unsecured and amount involved.		
28	Details of loans		Details of loans to group companies/ associates/ subsidiaries / any other entity & key persons
29	Secured loans (In Rs.)		Total amount of secured loans given by the Member to group companies/ associates/ subsidiaries
30	Unsecured loans (In Rs.)		Total amount of un-secured loans given by the Member to group companies/ associates/ subsidiaries
H	Number and details of non-compliances observed by SEBI and details of any actions initiated/ taken against Member		
31	Number of instances of non-compliances and amount of penalties levied by SEBI on the Member during Assesment Period with regard to fraud instances by the Member – Nature of the frauds, amount involved, whether involving client assets or Member's own assets, whether actions taken against employees, APs etc.		
	No. of Instances		No. of times SEBI has observed such issues

Sl. No.	Particulars	Details	Description
	Penalty levied (In Rs.)		Total Penalty levied by SEBI due to such issues during the Assessment Period
	Action taken against employees/AP		Suspension / Debarring / Adjudication / Monetary Penalty / Warning / Advice/Termination etc.
32	Details of inspection undertaken by SEBI during the Assesment Period, details of adverse observations and penalties/regulatory action, if any.		
	No. of SEBI inspections		Count of total SEBI inspections during the Assessment Period, including those of your APs
	No. of adverse observations in SEBI inspections		Please refer note below (*Example 1 and 2 mentioned here under)
	Nature of disciplinary action by SEBI for inspections		Suspension / Adjudication / Monetary Penalty / Warning / Advice etc.(If more than one inspection of SEBI, all details of action to be provided.)
	Monetary Penalty, if any, levied by SEBI (in Rs.)		Total amount of monetary penalty levied by SEBI in all inspections
I	Details of action taken by Police or any Foreign regulator		
33	Number and details of actions initiated/ taken/ pending against Member or its employees by police w.r.t. frauds, forgery, etc.		
	No. of instances of Actions initiated/pending		Number of total proceedings initiated by Police (if any) for fraud, forgery etc. during the Assessment Period
	No. of instances of Actions taken		Number of total action by Police (if any) during the Assessment Period
34	Whether any disciplinary action initiated/ pending/ taken, details and penalty levied by any foreign regulator against the Member for regulatory non-compliances in their jurisdiction?		
	No. of Instances		Number of total non-compliances observed by Foreign regulator (if any) during the Assessment Period
	Penalty levied (In Rs)		Penalty levied for the non-compliances observed by Foreign regulator (if any) during the Assessment Period
J	No. of Instances of sharing of client Information		
35	No of Instances of sharing client KYC or trade information with associate/ group company/ third party.		Number of Instances of sharing of client information without his express consent during Assessment Period
K	Disciplinary actions against key persons of the Member		
36	Details of disciplinary actions initiated/ taken against key persons of the Member by SEBI, or any other regulatory authority during the Assessment Period viz. name of concerned person, Designation/Relation, PAN, type of action and penalty if any. Also specify the consent amount, if any.		
	Details of disciplinary actions initiated / taken		Details of disciplinary actions against key persons during the Assessment Period
	No. of Instances		Number of actions taken against the key persons of the Member during the Assessment Period
	Penalty levied/ consent amount (In Rs.)		Penalty levied/consent amount for such disciplinary actions initiated/taken
L	Details of Associates/Group Companies		

Sl. No.	Particulars	Details	Description
37	Details of Associates/ group companies/Related parties along with details of registration and whether active in any sector of the financial market.		Please provide the details of your Associate companies, group companies, Subsidiaries and Related Parties along with their PAN, Regulatory Bodies & Registration Number. Also confirm whether they are active in any sector of the financial market. Associate' shall have the meaning as per the SEBI (Intermediaries) Regulations, 2008. "associate" means and includes any person controlled, directly or indirectly, by the intermediary, any person who controls, directly or indirectly, the intermediary, or any entity or person under common control with such intermediary, or where such intermediary is a natural person any relative as defined under the Companies Act, 1956 (1 of 1956) of such intermediary or where such intermediary is a body corporate its group companies or companies under the same management;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, 1997The term related party shall have the same meaning as given in clause 76 & 77 of Section 2 of Companies Act 2013 to be read with Rule 4 of the Companies (Specification and definition details) Rules, 2014.Note:- 1) The entities wherein PAN is not applicable shall be termed as "PANNOTAPPL". However, it is mandatory for the member to specify reasons in case of non-applicability of PAN in the column "Reasons for PAN not applicable". 2) If Regulatory Body selected as "Other", Please mentioned in next text box.
M	Actions initiated/ taken/ pending against the stock broker, its employees, key persons**, controlling person		
38	Number of instances and amount involved, if any, in actions initiated/ taken/ pending against the stock broker, its employees, key persons**, controlling person by SEBI, SAT, Courts, Consumer Forums, stock exchanges, other regulators, etc. pertaining to securities market operations in the Assessment Period		
	No. of Instances of non-compliances		Count of instances
	Penalty levied (In Rs)		Enter Amount
N	Details of Branch and Aps		
39	Whether Broker operates only through internet or its own Branches		Drop down - Branches, Internet, Both
	Active AP		Number of active AP
	Active Branches		Number of active branches (Should cross check with figure updated in point 1 i.e. should be equal to or lesser than that)

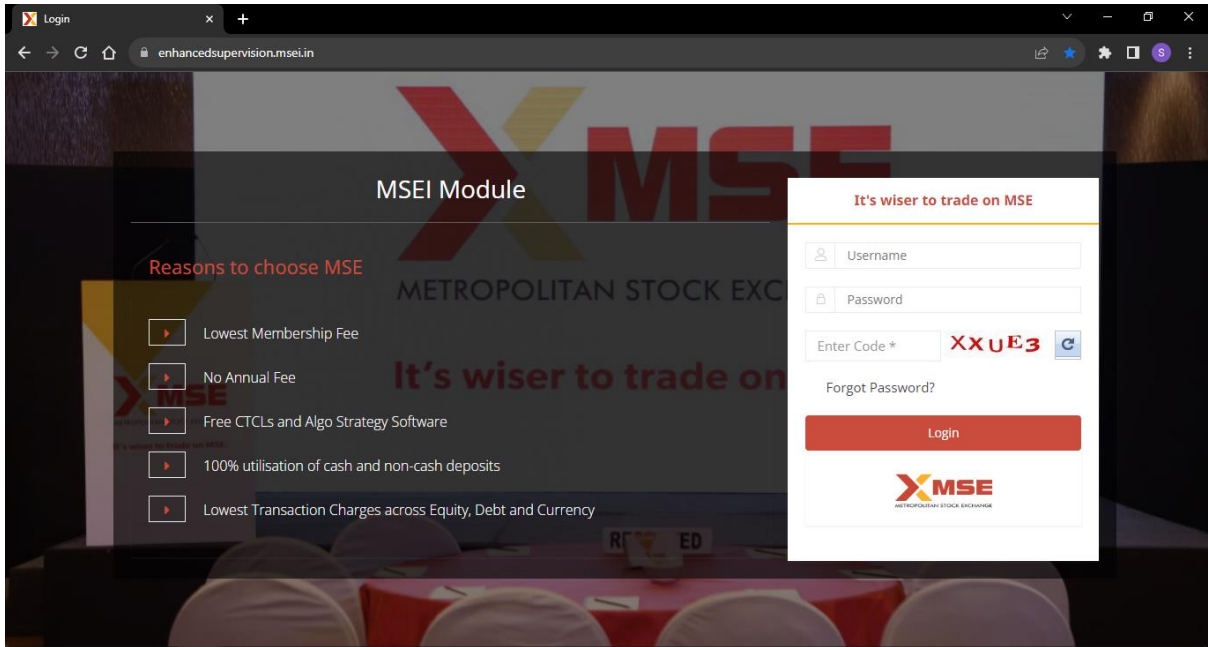
Notes :-			
1	"Key person" means and includes directors, promoters, compliance officer		
2	* To be provided where action has been taken by SEBI during the period irrespective of when the inspection was undertaken * "Number of instances" means number of inspections in which adverse observation was found relating to that area		
Example-1 : Only the observations need to be considered for no. of Instances. E.g. Observations during the Assessment Period inspections.			
	Inspection Observations in one SEBI inspection	No. of non-compliances in inspection	No. of Instances for above purpose
	Misuse of client funds and securities	24 clients	1
	Delay or non-settlement of the client accounts on timely basis.	18 clients	1
	Delay or non-issuance of statements of accounts and daily margin statements.	7 clients	1
	Instances of misuse of Power of Attorney provided by the client.	12 clients	1
	No. of adverse observations in SEBI inspections for Point No. 30		4
Example-2 : In case of more than 1 inspections during the Assessment Period			
SEBI Inspection during the Assessment Period.	Observations	No. of Instances for the above purpose	
Apr-24	Misuse of client funds and securities	1	
	Delay or non-settlement of the client accounts on timely basis.	1	
	Delay or non-issuance of statements of accounts and daily margin statements.	1	
	Instances of misuse of Power of Attorney provided by the client.	1	
Jul-24	Misuse of client funds and securities	1	
	Instances of misuse of Power of Attorney provided by the client.	1	
No. of adverse observations in SEBI inspections for Point No. 32		6	

Annexure-B

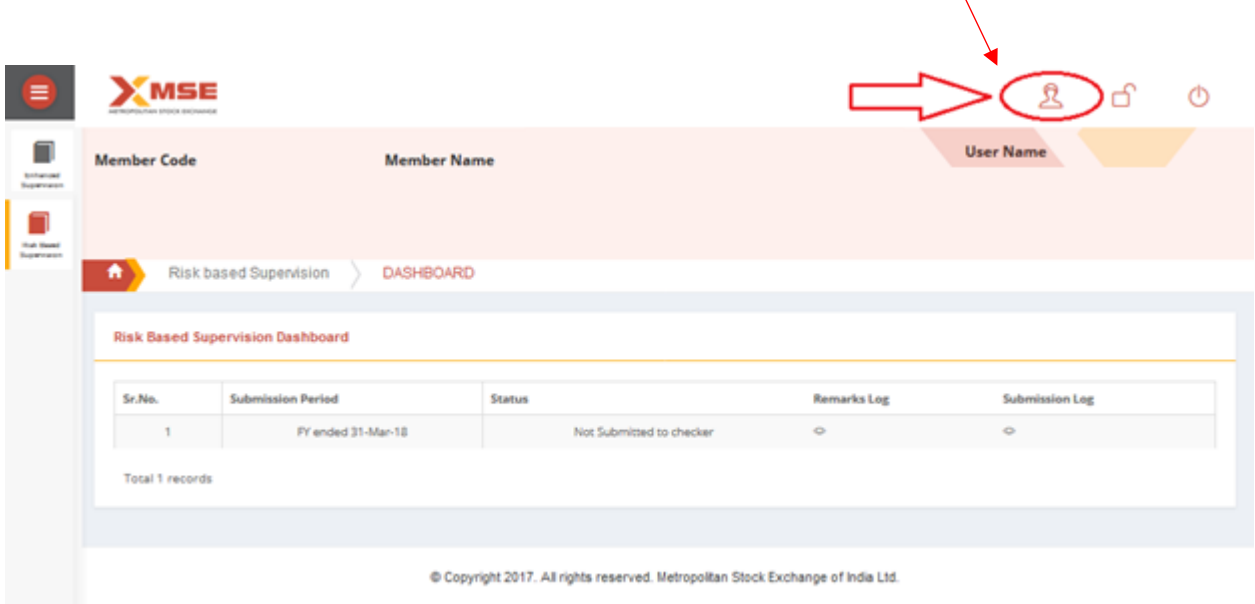
User Guide for Submission of data under Risk based Supervision

1: Login to the system through following URL using the user id and password

<https://enhancedsupervision.msei.in/>



2: By default, the login id of the compliance officer will have the Maker-Checked rights for submission of data. An sub-ordinate user can be created by clicking on the **My Profile** option on the top right hand-side ribbon and assigning the Maker and/or Checker rights to the specific user as below:



User can be added by clicking on the **Add User** button as mentioned below:

The screenshot shows the X-MSE Enhanced Supervision interface. The top navigation bar includes the X-MSE logo and the text "ANAND KRISHNA SAJAN KUMAR BANGALURU". The main content area is divided into three sections: "Broker Profile", "Communication Details", and "User". The "Broker Profile" section contains fields for Name, TMID, PAN No, and File ID. The "Communication Details" section contains fields for Name, Validity (Permanent), Email (compliance@mx@msei.in), and Contact Number. The "User" section contains a table with columns for Name, Email Id, Expiry Date, Status, and Action. A red arrow points from the text above to the "Add User" button in the User section.

Rights can be assigned to the user as below:

The screenshot shows the X-MSE Enhanced Supervision interface. The top navigation bar includes the X-MSE logo and the text "ANAND KRISHNA SAJAN KUMAR BANGALURU". The main content area is divided into two sections: "User" and "Module Permission". The "User" section contains fields for Name, Email, Contact Number, Password, and Expiry Date (31-12-2049). The "Module Permission" section contains a list of permissions with checkboxes. A red arrow points from the text above to the "Risk Based Surveillance Maker" checkbox.

Name	Email Id	Expiry Date	Status	Action
No items found				

Module Permission

- Client's Funds Lying with the Stock Broker
- Bank Account Details
- Key Management Person Details
- Can Add/Edit User?
- Risk Based Surveillance Maker
- Select All Permissions
- Member Client Data
- Demat Account Details
- Periodic Client's Funds and Securities Balance
- Edit Broker
- Risk Based Surveillance Checker

3: Click on the **Risk Based Supervision** -> **Maker** tab under the Main Menu. A form for entering the details will appear. Carefully fill the form as per the details collated by you in the boxes against each of the line items. You may also save the form as draft for later submission.

The screenshot shows the MSE Risk Based Supervision Maker interface. The left sidebar has 'Maker' highlighted. The main content area shows a form for 'Risk Based Supervision Maker' with a submission period of 'FY ended 31-Mar-18'. Below this is a table for 'Section A: Details of Branches' with the following data:

Sr.No.	Particulars	Period	Details	Description
1	Total number of Branches	Ason 31/03/2018	<input type="text"/>	* Total Number of Branches of the Member (Excluding AP and Sub broker Offices) * Branches without any operational terminals also to be included.
2	Number of Branches Inspected by Member	2017-18	<input type="text"/>	Count of Branches Inspected by Member during the period
3	Number of APs Inspected by Member	2017-18	<input type="text"/>	Count of APs Inspected by Member during the period
4	Number of Sub-broker Inspected	2017-18	<input type="text"/>	Count of Sub-Brokers Inspected by Member during the period

The screenshot shows the MSE Risk Based Supervision Maker interface with a list of sections to be filled. The submission period is 'FY ended 31-Mar-18'. The sections are:

- Section A: Details of Branches
- Section B: Details of Branches / Sub-broker offices with voice recording system
- Section C: Details of withdrawn/ termination of Sub-broker /AP
- Section D: No of Sub-broker/AP and Internet trading clients
- Section E: Number of clients categorized as high risk clients e.g. PEPs, clients from countries mentioned in the FATF statements, NRIs, etc.
- Section F: Other Details
- Section G: Loans given to group companies/ associates/ subsidiaries/ key persons – details, secured/ unsecured and amount involved.
- Section H: Number and details of non-compliances observed by SEBI and details of any actions initiated/ taken against Member
- Section I: Details of action taken by Police or any Foreign regulator
- Section J: Number of Instances of sharing of client Information
- Section K: Disciplinary actions against key persons of the Member
- Section L: Details of Associates/Group Companies

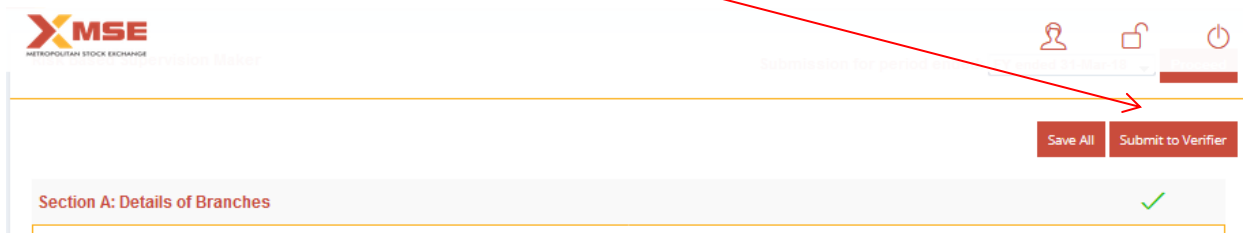
Save All Submit to Verifier

Section A: Details of Branches ✓

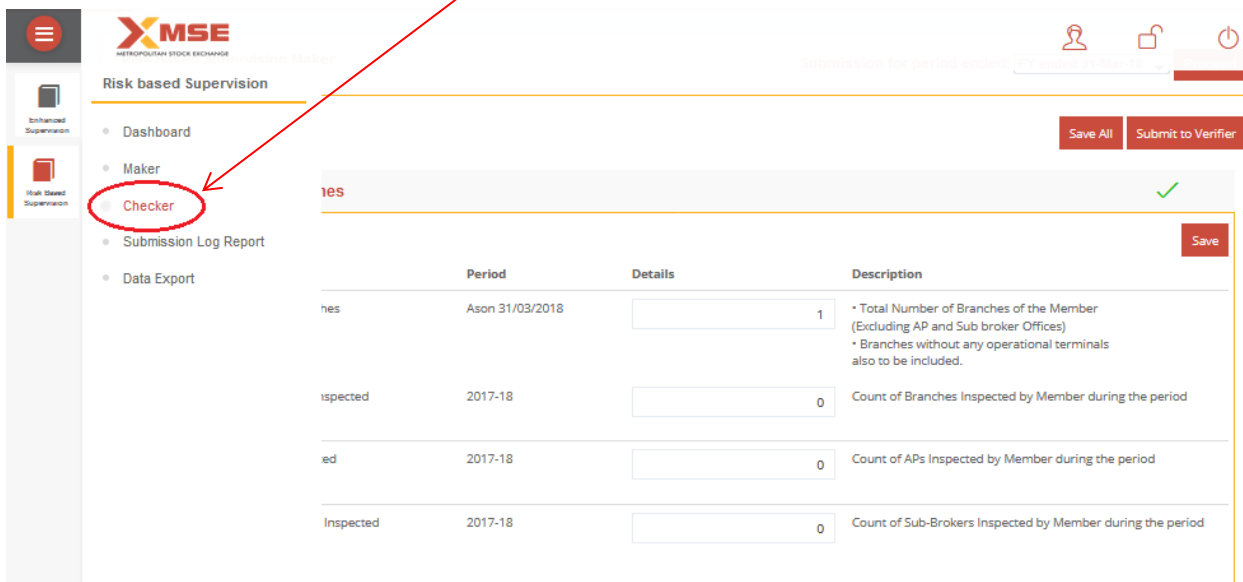
Sr.No.	Particulars	Period	Details	Description
1	Total number of Branches	Ason 31/03/2018	<input type="text" value="1"/>	* Total Number of Branches of the Member (Excluding AP and Sub broker Offices) * Branches without any operational terminals also to be included.
2	Number of Branches Inspected by Member	2017-18	<input type="text" value="0"/>	Count of Branches Inspected by Member during the period
3	Number of APs Inspected by Member	2017-18	<input type="text" value="0"/>	Count of APs Inspected by Member during the period
4	Number of Sub-broker Inspected by Member	2017-18	<input type="text" value="0"/>	Count of Sub-Brokers Inspected by Member during the period

Section B: Details of Branches / Sub-broker offices with voice recording system ✓

Once the data is ready to submit (i.e. all the necessary details are correctly filled in by the user (maker), the data should be submitted to the Checker for verification.



The checker can then in its login, view the details submitted by the Maker for verification by Click on the **Risk Based Supervision -> Checker** tab under the Main Menu.



The Checker has the rights to submit the data to the exchange by “**Approving**” the data in case all the details filled in by the maker are correct. In case, the checker wants some data to be modified by the maker, the checker can do so by clicking the “**Disapprove**” button which will in-turn resubmit the data to the maker for correction and the form will be in an editable mode to the maker.

Risk Based Supervision Checker Back to Index

For The Period: 2017-18 To Date: 31/03/2018 Status: Approved: Broker Approve Disapprove

Section A: Details of Branches

Sr.No.	Particulars	Period	Details	Description
1	Total number of Branches	2017-18	1	• Total Number of Branches of the Member (Excluding AP and Sub broker Offices) • Branches without any operational terminals also to be included.
2	Number of Branches Inspected by Member	31/03/2018	0	Count of Branches Inspected by Member during the period
3	Number of APs Inspected by Member	31/03/2018	0	Count of APs Inspected by Member during the period
4	Number of Sub-broker Inspected by Member	31/03/2018	0	Count of Sub-Brokers Inspected by Member during the period

The status of the data submitted can be viewed by clicking on the **Risk Based Supervision -> Submission Log Report** tab under the Main Menu.

MSE
METROPOLITAN STOCK EXCHANGE

Risk based Supervision

- Dashboard
- Maker
- Checker
- Submission Log Report**
- Data Export

Member Name User Name

Submission Log Report

Status

Excel

Search:

Submission Period	Last Modified	Approval
FY ended 31-Mar-18	Apr 2 2018 12:02PM	Approved: Broker

The detailed data submitted can be viewed by clicking on the **Risk Based Supervision -> Data Export** tab under the Main Menu.

XMSE
METROPOLITAN STOCK EXCHANGE

Risk based Supervision

- Dashboard
- Maker
- Checker
- Submission Log Report
- Data Export**

Member Name: _____ User Name: _____

Submission Log Report

Status: _____

Excel

Search: _____

Submission Period	Last Modified	Approval
FY ended 31-Mar-18	Apr 2 2018 12:02PM	Approved: Broker

ANNEXURE - C

INDICATIVE PENALTY FOR NON-SUBMISSION / LATE SUBMISSION OF RISK BASED SUPERVISION (RBS) DATA

The following late/non-submission penalty/ disciplinary actions would be initiated against the member in this regard.

Particulars	Action	Remarks
Submission within 5 days from the end of due date for submission	Penalty of Rs.10,000/-	
Submission after 5 days but within 15 days from the end of the due date for submission	Penalty of Rs. 10,000 + Rs. 2,000/- per day (from the 6th day till the 15th day from the end of the due date)	
Non submission after 15 days from the end of due date for submission	Member will not be allowed to register any new clients in Exchange UCC database. This will be implemented across the exchanges, even if data is submitted to one Exchange. Registration of new clients will be allowed after data is submitted to all the exchanges.	Highest risk-rating will be assigned to the parameters for which data is not submitted by the member
Non submission after 45 days from the end of due date for submission	In addition to the above disablement of trading terminals by all stock exchanges, irrespective of the stock exchange where the Member has not submitted the data. 2 weeks' notice shall be given to the Member after Non submission beyond 45 days from the end of due date subsequent to which the Member shall be disabled in all segments of the Exchange. Enablement of terminal will not be allowed till the data is submitted to all the Exchanges.	Highest risk-rating will be assigned to the parameters for which data is not submitted by the member