

**Deputy General Manager
Market Intermediary Regulation and Supervision Department
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MIRSD/ SE /Cir- 5/2010
March 31, 2010

The Managing Directors of all Recognized Stock Exchanges

Dear Sir,

Subject: Clarification on dealings between a client and a stock broker

1. This is with reference to SEBI circular No. MIRSD/SE/Cir-19/2009 dated December 3, 2009 in terms of which the stock brokers were directed to take necessary steps to implement the circular immediately and ensure its full compliance in respect of all clients - existing and new - latest by March 31, 2010.
2. Subsequent to the issuance of the aforesaid circular, SEBI has received representations from market participants expressing difficulties in implementation of the circular and requesting extension of time. Hence, in consultation with the major stock exchanges, it has been decided to extend the time line.
3. The stock brokers are now directed to ensure the full compliance of the said circular dated December 3, 2009 in respect of all clients-existing and new - latest by June 30, 2010.
4. The Stock Exchanges are directed to:
 - a. bring the provisions of this circular to the notice of the Stock Brokers and also 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 to achieve uniformity in approach.
 - c. communicate to SEBI, the status of the implementation of the provisions of this circular in their Monthly Development Reports.
5. 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,

B. N. Sahoo