



CIRCULAR

CIR/MIRSD/13/2012

December 07, 2012

To

All Recognized Stock Exchanges

Dear Sir / Madam,

Sub: Oversight of Members (Stock Brokers/Trading Members/Clearing Members of any segment of Stock Exchanges/Clearing Corporations)

1. Please refer to SEBI Circular no. MIRSD/Master Cir-04/2010 dated March 17, 2010 on the captioned subject.
2. It has been decided, in consultation with Stock Exchanges and the associations of stock brokers, to modify the provisions of Para 2 & 3, Part I of the above mentioned Circular as below:
 - a. **Para 2, Part I:** *The Stock Exchange or the Clearing Corporation, as the case may be, shall, in consultation with SEBI, formulate a policy for annual inspection of their members in various segments and follow up action thereon. The policy shall also cover various kinds of risks posed to the investors and market at large on account of the activities/business conduct of their members.*
 - b. **Para 3, Part I:** *The Stock Exchange or the Clearing Corporation, as the case may be, shall conduct inspection of their members in various segments in terms of the above policy and in case of members who hold multiple memberships of the exchanges, the Stock Exchanges shall establish an information sharing mechanism with one another on the important outcome of inspection in order to improve the effectiveness of supervision.*
3. The other provisions specified in SEBI Circular no. MIRSD/Master Cir-04/2010 dated March 17, 2010 shall remain applicable.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

4. 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 market.
5. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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