



CIRCULAR

SEBI/HO/CDMRD/DMP/CIR/P/2016/87

September 16, 2016

To,

**The Managing Directors / Chief Executive Officers
All Commodity Derivatives Exchanges**

Dear Sir / Madam,

Sub: Unique Client Code (UCC) and Mandatory requirement of Permanent Account Number (PAN)

1. As per Section 131(4) of Finance Act, 2015 all rules, directions, guidelines, instructions, circulars, or any like instruments, made by the erstwhile FMC or the Central Government applicable to recognized associations under the FCRA would continue to remain in force for a period of one year from the date on which FCRA was repealed (September 29, 2015), or till such time as notified by SEBI, whichever is earlier.
2. Erstwhile FMC, from time to time, had prescribed various norms related to UCC and Mandatory requirement of PAN. This circular is being issued to consolidate and update such norms prescribed by erstwhile FMC.
3. It shall be mandatory for the members of the commodity derivatives exchanges to use Unique Client Code (UCC) for all clients transacting on the commodity derivatives exchanges. The commodity derivatives exchanges shall not allow execution of trades without uploading of the UCC details by the members of the exchange. For this purpose, members shall collect after verifying the authenticity and maintain in their back office the copies of Permanent Account Number (PAN) issued by the Income Tax Department, to all their clients.
4. PAN would be the sole identification number and mandatory for all entities/persons who are desirous of transacting on the commodity derivatives exchanges.



However, the investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exchanges should, however, ensure a system of proper verification to verify that such members / investors are residents of the State of Sikkim.

Further, PAN may not be insisted in the case of Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market. The intermediary shall verify the veracity of the claim of the specified organizations, by collecting sufficient documentary evidence in support of their claim for such an exemption.

5. The commodity derivatives exchanges shall ensure that the members of their exchanges shall:
 - collect copies of PAN cards issued to their existing as well as new clients after verifying with the original.
 - cross-check the aforesaid details collected from their clients with the details on the website of the Income Tax Department.
 - upload details of PAN so collected to the Exchanges as part of Unique Client Code.
 - verify the documents with respect to the unique code and retain a copy of the document.
6. The Member shall also be required to furnish the above particulars of their clients to the commodity derivatives exchanges and the same would be updated on a monthly basis. Such information for a specific month should reach the exchange within 7 working days of the following month.
7. The commodity derivatives exchanges shall impose penalty on the member at the rate of 1% of the value of every trade that has been carried out by the member without uploading the UCC details of the clients. The penalty so collected by the Commodity Derivatives Exchanges shall be transferred to the Investor protection Fund (IPF). Further, if the client details are not uploaded within a month of the trade, the member is liable to be suspended.
8. The commodity exchanges shall be required to maintain a database of client details submitted by members. Historical records of all such submissions shall be maintained for a period of 7 years by the Exchanges.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

9. The provisions of this circular shall come into immediate effect in supersession of all earlier directives issued by erstwhile FMC with regard to matters related to UCC and Mandatory requirement of PAN.
10. This circular is issued in exercise of the 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.
11. The Commodity Derivatives Exchanges are advised to:
- i. to make necessary amendments to the relevant bye-laws, rules and regulations.
 - ii. bring the provisions of this circular to the notice of the stock brokers of the Exchange and also to disseminate the same on their website.
 - iii. communicate to SEBI, the status of the implementation of the provisions of this circular.
12. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

Yours faithfully,

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