



CIRCULAR

SEBI/HO/MRD/DSA/CIR/P/2016/30

January 22, 2016

All recognised Stock Exchanges/ Clearing Corporations

Dear Sir/Madam,

Sub: Amendment to SEBI Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 pursuant to amendment in Regulation 2(1)(b) of SECC Regulations, 2012.

1. Pursuant to the approval of SEBI Board in its meeting held on November 30, 2015, SEBI has notified the amendments to the definition of associate as contained in Regulation 2(1)(b) of SECC Regulations.
2. Consequent to the amended definition of 'associate' as contained in Regulation 2(1)(b) of SECC Regulations, it has been decided to review the provisions of Para 14(1) of SEBI Circular No: CIR/MRD/DSA/33/2012 dated December 13, 2012.
3. Accordingly, the Para 14.1 of the SEBI Circular No: CIR/MRD/DSA/33/2012 dated December 13, 2012 providing clarification with respect to composition of governing board under regulation 23(7), is replaced as under:

14 .1

- a) no trading member or clearing member, or their associates and agents, irrespective of the stock exchange/ clearing corporation of which they are members, shall be on the governing board of any recognised stock exchange or recognised clearing corporation.
- b) a person who is a director in an entity, that itself is a trading member or clearing member or has associate(s) as trading member(s) or clearing

member(s) in terms of regulation 2(1)(b), he/she will be deemed to be trading member or clearing member:

Provided a person will not be deemed to be Clearing Member and / or Trading Member or their associate for the purpose of Regulation 23(7), if he/she is on the board of a Public Financial Institution (PFI) or Bank which is in Public Sector or which either has no identifiable ultimate promoter or the ultimate promoter is in Public Sector or has well diversified shareholding , and such PFI or Bank or its associate is a Clearing Member and / or Trading Member. Further, independent directors of associates of PFI or Bank in Public Sector, who are Clearing Member and/or Trading Member and where the majority shareholding is that of such PFI or Bank in Public Sector, will not be deemed to be Clearing Member and / or Trading Member for the purpose of Regulation 23(7).

- c) The appointment shall be subject to fulfillment of other requirements and satisfaction of SEBI in accordance with Regulation 2(1)(b).
 - d) Recognised Stock Exchange and recognised Clearing Corporation, shall monitor and ensure the compliance of the Regulation 23(7) on continuous basis, to ensure that directors appointed, on their governing board, do not get associated with Trading Member or Clearing Member after approval and appointment.
4. In view of the above, the recognised stock exchanges are advised to:-
- (a) make necessary amendments to the their bye-laws, rules or regulations, for incorporation of the above immediately;
 - (b) bring the provisions of this circular to the notice of its trading members and also to disseminate the same through their website ; and
 - (c) communicate to SEBI, the status of implementation of this circular in the Monthly Development Reports to SEBI.
5. This circular is issued in exercise of powers conferred under Section 11(1) and 11(2)(j) 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.

6. Other contents of the SEBI Circular No: CIR/MRD/DSA/33/2012 dated December 13, 2012 will remain operative.
7. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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