

General Manager
Market Intermediaries Regulation
and Supervision Department - II
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SEBI/MIRSD/Cir. No. 02/2010
January 18, 2010

1. The Managing Directors of Stock Exchanges
2. Managing Directors and CEOs of Depositories

Dear Sir/s,

Sub: Mandatory requirement of 'In-person' verification of clients

1. Pursuant to SEBI letter F. No. 47-2006/ISD/SR/122539/2008 dated April 04, 2008 (addressed to Depositories) and SEBI letter No.MIRSD/DPS-III/130466/2008 dated July 02, 2008 (addressed to Stock Exchanges), SEBI has received requests and suggestions from various market participants on the captioned subject.
2. Accordingly, it is clarified that the *'in person' verification done for opening beneficial owner's account by a Depository Participant (DP) will hold good for opening trading account by a stock broker and vice versa, if the stock broker and DP is the same entity or if one of them is the holding or subsidiary company of the other.*
3. Stock Exchanges and Depositories are advised to :
 - (a) issue necessary instructions to bring the provisions of this Circular to the notice of their constituents 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; and
 - (c) communicate to SEBI, the status of the implementation of the provisions of this Circular by January 31, 2010 .
4. This Circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 and Section 19 of the Depositories Act, 1996, to protect the interests of investors in securities and

to promote the development of, and to regulate the securities market and shall come into effect from the date of this Circular.

Yours faithfully,

V.S. SUNDARESAN