

CIRCULAR

SEBI/HO/MIRSD/DOP/CIR/P/2018/113

July 12, 2018

To,

All Recognised Stock Exchanges

Dear Sir / Madam,

Subject: Discontinuation of acceptance of cash by Stock Brokers

1. Please refer to SEBI circular SEBI/MRD/SE/Cir- 33/2003/27/08 dated August 27, 2003, regarding Mode of Payment and Delivery.
2. Government of India has promoted various means for transfer / receipt of funds through digital mode for encouraging a cashless economy. Financial institutions/ Banks have introduced various modes of electronic payment facility including mobile banking, Unified Payment Interface (UPI) etc.
3. In view of the various modes of payment through electronic means available today, it is directed that Stock Brokers shall not accept cash from their clients either directly or by way of cash deposit to the bank account of stock broker. Accordingly, paragraph 3 of the SEBI circular dated August 27, 2003 is modified as under:

All payments shall be received / made by the stock brokers from / to the clients strictly by account payee crossed cheques / demand drafts or by way of direct credit into the bank account through electronic fund transfer, or any other mode permitted by the Reserve Bank of India. The stock brokers shall accept cheques drawn only by the clients and also issue cheques in favour of the clients only, for their transactions. Stock Brokers shall not accept cash from their clients either directly or by way of cash deposit to the bank account of stock broker.

4. All other conditions specified in the SEBI circular dated August 27, 2003 shall continue to remain in force.
5. Stock Exchanges are directed to
 - a) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above direction immediately;
 - b) bring the provisions of this circular to the notice of their members and also disseminate the same on their websites; and
 - c) communicate to SEBI, the status of implementation of the provisions of this circular in their Monthly Report.

6. This circular is being 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.

Yours faithfully,

D Rajesh Kumar
General Manager