भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/180 **November 13, 2023**

To,
Stock Brokers through recognized Stock Exchanges

Dear Sir/Madam,

Subject: Most Important Terms and Conditions (MITC)

1. SEBI has prescribed the following uniform documents for formalizing the broker-client relationship, as per clause 20 of "Master Circular on stock brokers" dated May 17, 2023:
   i. Account opening form
   ii. Rights and obligations
   iii. Risk disclosure documents
   iv. Guidance note
   v. Policies and procedures
   vi. Tariff sheet

   A copy of these documents is required to be provided by the broker to the clients free of charge.

2. Typically, these documents are voluminous and investors may lose focus on critical aspects of the relationship with the broker.

3. In order to bring into focus the critical aspects of the broker-client relationship and for ease of understanding of the clients, it has been decided that brokers shall inform a standard Most Important Terms and Conditions (MITC) which shall be acknowledged by the client.

4. The form, nature of communication, documentation and detailed standards for implementation of MITC shall be published on or before January 01, 2024, by the Brokers' Industry Standards Forum (ISF), under the aegis of stock exchanges, in consultation with SEBI.

5. In the event that the ISF is unable to publish the same, as above, in whole or in part, then SEBI, may, at its discretion, publish standards in respect of the same.

6. In view of the above, additional clause 20.1.6 may be incorporated in the master circular and 20.4 of the master circular stands amended as under.

   "20.1.6. Most Important Terms and Conditions"

   "20.4 ....in the future. The client would also be required to give acknowledgement of Most Important Terms and Conditions (MITC)"

7. For onboarding of new clients, the date of the implementation and compliance by the market participants shall be April 01, 2024.

8. For existing clients, the MITC shall be informed to clients via email or any other suitable mode of communication (which can be preserved) by June 01, 2024.

9. The stock exchanges are directed to:
   a. bring the provisions of this circular to the notice of stock brokers, and also disseminate the same on their websites;

   b. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above provisions;

   c. publish the implementation standards on their websites; and

   d. communicate to SEBI, the status of the implementation of the provisions of this circular in their monthly development report.

10. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 30 of SEBI (Stock Brokers) Regulations, 1992 and Regulation 51 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

Yours faithfully,

Aradhana Verma
General Manager
Tel.No: 022 26449633
aradhanad@sebi.gov.in

National Stock Exchange of India Limited
Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/60147	**Date: January 05, 2024**
Circular Ref. No: 03/2024	

To All Members,

Sub: Most Important Terms and Conditions (MITC)

This is with reference to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/180 dated November 13, 2023 (Exchange Circular NSE/INSP/59367 dated November 15, 2023) on "Most Important Terms & Conditions (MITC)".

The standard Most Important Terms and Conditions as finalized in accordance with point no. 4 of the aforesaid SEBI Circular is enclosed herewith as **Annexure A**.

With respect to new clients onboarded from April 01, 2024 onwards, the MITC shall required to be acknowledged i.e. duly signed by the client.

Further, in accordance with aforesaid SEBI circular dated November 13, 2023, members are also requested to note that the MITC shall be informed by members to their existing clients by June 01, 2024 via email or any other suitable mechanism which can be preserved. In case if communication gets bounced/undelivered, the same shall be communicated through alternate channels to such clients. Other suitable mechanism may include physical delivery/SMS/electronic instant messaging services after adhering with the safeguards prescribed under Exchange Circular NSE/INSP/52604 dated June 10, 2022 on Issuance of Electronic Contract Notes (ECN) through SMS/electronic instant messaging services.

Members are advised to take note of the contents of the circular and comply.

National Stock Exchange of India Limited

For and on behalf of
National Stock Exchange of India Limited

Chirag Shah
Senior Manager – Inspection

In case of any clarifications, Members may contact our below offices:

Regional Office	**E MAIL ID**	**CONTACT NO.**
Ahmedabad (ARO)	inspectionahm@nse.co.in	079- 49008632
Chennai (CRO)	inspection_cro@nse.co.in	044- 66309915 / 17
Delhi (DRO)	delhi_inspection@nse.co.in	011- 23459127 / 38 / 46
Kolkata (KRO)	inspection_kolkata@nse.co.in	033- 40400455 / 459
Mumbai (WRO)	compliance_wro@nse.co.in	022-26598200 / 022-61928200
Central Help Desk	compliance_assistance@nse.co.in	

Annexure A

Most Important Terms and Conditions (MITC)

(For non-custodial settled trading accounts)

1. Your trading account has a "Unique Client Code" (UCC), different from your demat account number. Do not allow anyone (including your own stock broker, their representatives and dealers) to trade in your trading account on their own without taking specific instruction from you for your trades. Do not share your internet/ mobile trading login credentials with anyone else.
2. You are required to place collaterals as margins with the stock broker before you trade. The collateral can either be in the form of funds transfer into specified stock broker bank accounts or margin pledge of securities from your demat account. The bank accounts are listed on the stock broker website. Please do not transfer funds into any other account. The stock broker is not permitted to accept any cash from you.
3. The stock broker's Risk Management Policy provides details about how the trading limits will be given to you, and the tariff sheet provides the charges that the stock broker will levy on you.
4. All securities purchased by you will be transferred to your demat account within one working day of the payout. In case of securities purchased but not fully paid by you, the transfer of the same may be subject to limited period pledge i.e. seven trading days after the pay-out (CUSPA pledge) created in favor of the stock broker. You can view your demat account balances directly at the website of the Depositories after creating a login.
5. The stock broker is obligated to deposit all funds received from you with any of the Clearing Corporations duly allocated in your name. The stock broker is further mandated to return excess funds as per applicable norms to you at the time of quarterly/ monthly settlement. You can view the amounts allocated to you directly at the website of the Clearing Corporation(s).
6. You will get a contract note from the stock broker within 24 hours of the trade.
7. You may give a one-time Demat Debit and Pledge Instruction (DDPI) authority to your stock broker for limited access to your demat account, including transferring securities, which are sold in your account for pay-in.
8. The stock broker is expected to know your financial status and monitor your accounts accordingly. Do share all financial information (e.g. income, networth, etc.) with the stock broker as and when requested for. Kindly also keep your email Id and mobile phone details with the stock broker always updated.
9. In case of disputes with the stock broker, you can raise a grievance on the dedicated investor grievance ID of the stock broker. You can also approach the stock exchanges and/or SEBI directly.
10. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. You will not have any protection/recourse from SEBI/stock exchanges for participation in such schemes.