

Circular No.: NSDL/POLICY/2024/0062

May 17, 2024

**Subject: SEBI Circular on 'Review of validation of KYC records by KRAs under Risk Management Framework'.**

Attention of Participants is invited to SEBI circular no. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41 dated May 14, 2024 regarding “*Review of validation of KYC records by KRAs under Risk Management Framework*” (copy enclosed).

Participants are requested to take note of the above.

**For and on behalf of  
National Securities Depository Limited**

**Arockiaraj  
Manager**

Enclosure: One

**FORTHCOMING COMPLIANCE**

Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 <sup>th</sup> of the following month	Through e-PASS	1. Para 20 of NSDL Master Circular for Participants on 'Grievance Redressal' chapter. 2. Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) (Annually)	Within three months of the end of the financial year	Through e-PASS	Circular No.: NSDL/POLICY/2024/0003 dated January 05, 2024

**National Securities Depository Limited**

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Corporate Identity Number: U74120MH2012PLC230380

**CIRCULAR**

SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41

May 14, 2024

To,

1. All intermediaries registered with SEBI under Section 12 of the Securities and Exchange Board of India Act, 1992
2. Stock Exchanges
3. Association of Mutual Funds in India (AMFI)
4. Association of Portfolio Managers in India (APMI)
5. BSE Administration & Supervision Ltd. (BASL)

Dear Sir/Madam,

**Subject: Review of validation of KYC records by KRAs under Risk Management Framework**

1. SEBI vide circular SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated Oct 12, 2023 has specified the Risk Management Framework at KRAs wherein the attributes for verification by KRAs have been mentioned. Based on the feedback received from the stakeholders in securities market and for ease of transacting by clients, the provisions of the Master Circular dated October 12, 2023 have been reviewed and it has been decided to simplify the risk management framework.

2. Based on the above, following clauses of the master circular stand modified:

2.1. Para 96 shall read as follows:

*As a part of risk management framework, the KRAs shall verify the following attributes of records of all clients within 2 days of receipt of KYC records:*

- a. Permanent Account Number (PAN)
- b. Name
- c. Address

2.2. Para 100 shall be read as under:

*The records of those clients in respect of which all attributes mentioned in para 96 / 97 above are verified by KRAs with official databases (such as Income Tax Department database on PAN, Aadhaar XML / Digilocker / M-*

*Aadhaar) and PAN-Aadhaar linkage has also been verified as referred to in Rule 114 AAA of the Income Tax Rules, 1962 shall be considered as Validated Records.*

3. The Exchanges / Depositories / concerned intermediaries shall complete the necessary technical change in their systems by May 31, 2024.
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 Regulation 17 of the SEBI{KYC (Know Your Client) Registration Agency}Regulations, 2011 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
5. This circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal --- Circulars".

Yours faithfully,

**Sapna Sinha**  
**Deputy General Manager**  
**Phone No. 022-2644 9748**  
**Email id: [sapnas@sebi.gov.in](mailto:sapnas@sebi.gov.in)**