भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/MIRSD/DOP/CIR/P/2019/136 **November 15, 2019**

To,

All Recognised Stock Exchanges
All Depositories

Dear Sir / Madam,

Subject: Mapping of Unique Client Code (UCC) with demat account of the clients

1. Vide SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2018/153 dated December 17, 2018, Early Warning Mechanism was put in place to detect the diversion of client's securities by the stock broker at an early stage so as to take appropriate preventive measures. Early Warning circular, *inter-alia,* specified that Stock Exchanges / Clearing Corporations / Depositories, shall devise a mechanism to detect diversion of clients' securities and to share information among themselves in respect of:
   1.1. Diversion of pay-out of securities to non-client/other client accounts.
   1.2. Mis-matches between gross (client-wise) securities pay-in and pay-out files of a stock brokers generated by the Clearing Corporation which shall be compared with actual transfer of securities to/from the client's depository accounts by the Depository. The cases of any mismatch found out by the Depository shall be informed to the concerned Stock Exchange / Clearing Corporation.

2. In order to facilitate ease in reconciliation, it was considered necessary to map clients' Unique Client Code (UCC) with their demat accounts. A mechanism for mapping of UCC with demat accounts of the clients was discussed with Stock Exchanges and Depositories. Pursuant to the discussion with Stock Exchanges and Depositories, it has been decided that for mapping of UCC with the demat account of the clients, following mechanism shall be implemented:
   1.1. UCC allotted by the trading member (TM) to the client shall be mapped with the demat account of the client.

   1.2. A client may trade through multiple TMs in which case each such UCC shall be mapped with one or more demat account(s).

   1.3. Stock Exchanges shall share the UCC data with the Depositories which shall include the PAN, segment, TM/CM code and UCC allotted. Such UCC data shall be shared

with the Depositories on a one-time basis by November 30, 2019, and subsequently incremental data in respect of new UCCs created, shall be shared on a daily basis.

1.4. Depositories shall map the UCC data in the demat account based on the PAN provided in the UCC database.

1.5. Clients may make a request to their depository participants to delink or add UCC details which shall be processed by the Depository through depository participants. Before any addition of UCC in the demat account, the Depositories shall validate the same with the Stock Exchanges / client.

1.6. Stock Exchanges and Depositories shall have a mechanism in place to address clients' complaints with regard to UCC mapping with their demat accounts.

1.7. Stock Exchanges and Depositories shall have a mechanism in place to ensure that inactive, non-operational UCCs are not misused and also a mechanism to ensure that inactive, non-operational UCCs are weeded out in the process of mapping clients' UCC with their demat account.

2. Stock Exchanges and Depositories shall map the existing UCCs with the demat account of the clients latest by December 31, 2019.

3. Stock Exchanges and Depositories are directed to:
   3.1. bring the provisions of this circular to the notice of their members and participants, as the case may be, and also disseminate the same on their websites;
   3.2. communicate to SEBI, the status of the implementation of the provisions of this circular in their monthly development report.

4. This circular is being 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 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
Market Intermediaries Regulation and Supervision Department