

-COPY OF-
SEBI CIR/MRD/DP/ 37 /2010
December 14, 2010

Sub: Acceptance of third party address as correspondence address

1. SEBI has received representations from Market Intermediaries seeking guidance and clarifications whether to accept and capture the address of some person (hereinafter referred to as “third party”) other than the beneficial owner(BO) as a correspondence address in the details of the demat account of the BO.

2. In this regard, it is stated that SEBI has no objection to a BO authorizing the capture of an address of a third party as a correspondence address, provided that the Depository Participant (DP) ensures that all prescribed ‘Know Your Client’ norms are fulfilled for the third party also. The DP shall obtain proof of identity and proof of address for the third party. The DP shall also ensure that customer due diligence norms as specified in Rule 9 of Prevention of Money Laundering Rules, 2005 are complied with in respect of the third party.

3. The depository participant should further ensure that the statement of transactions and holding are sent to the BO’s permanent address at least once in a year.

4. However, the above provision shall not apply in case of PMS (Portfolio Management Services) clients as informed earlier vide letter no. IMD/ MT/ 165502/ 2009 dated June 05, 2009.

5. The Depositories are advised to:

5.1. make necessary amendments, if required, to the relevant byelaws/ rules and regulations/circulars for the implementation of the above decision immediately.

5.2. bring the provisions of this circular to the notice of all the Depository Participants and same may also be disseminated on the website.

6. This circular shall come into force from the date of its issue.

7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with 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.

This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,
Harini Balaji
Deputy General Manager