



Consultation paper on Role of KYC Registration Agencies (KRAs) / Market Infrastructure Institutions (MIIs) in performing KYC (Know Your Client) of clients in securities market

SEBI has prescribed various guidelines with regard to client KYC process, Use of technology for KYC, e-KYC Process, In-Person Verification, KYC Registration Agency (KRA) etc.. At present, KYC of clients in the securities market is conducted by SEBI Registered Intermediaries (stock brokers, depository participants, RTAs) and then Registered Intermediaries (RI) upload KYC records in the KRA/CKYCR system. The role of KRAs is centralization of the KYC records, ascertaining the upload of KYC documents and sharing KYC records with SEBI registered intermediaries as and when required. The responsibility of conducting the KYC and maintenance of records rests with the RI and KRA is only a repository of KYC records.

In the existing KYC process, every RI has to invest in infrastructure, manpower, technology, and implement processes which often vary between intermediaries. Also, in the eventuality of cancellation of registration of RI, original KYC documents collected by it may not be available to subsequent RI and Investor has to undergo KYC process again.

In order to achieve multiple objectives of standardizing the KYC process, making the KYC process more robust, avoiding duplication, saving cost to RI etc., a modified process for KYC in securities market has been envisaged. It is being proposed that the KYC and account opening process may be separated by doing client KYC through KRAs (which includes Market Infrastructure Institutions like Stock Exchanges, Depositories). This would ensure an end to end secured KYC process including Aadhaar authentication, independent verification of Officially Valid Document (OVD) / Income Tax Permanent Account Number (PAN), document safekeeping, technological innovations, standardization, cyber security norms, etc. While KYC will be responsibility of RIs and KRAs, documentation for opening of account for entering into transaction shall continue to be the responsibility of concerned RI.

A consultation paper on the proposed role of KRAs / MIIs in performing KYC of clients in securities market has been issued by SEBI on January 13, 2021 and public comments on the same have been invited by February 15, 2021.

A copy of the consultation paper is placed on the SEBI website www.sebi.gov.in.under the link Reports & Statistics>Reports>Reports for public comments.

Mumbai
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