

Annexure A

Common irregularities observed in the Stock brokers/ trading members books are brought to the notice of all. They are as follows

S.N	Heads	Violation
1.	BCP / DR Drill / DR Site	Broker has not set / set a higher threshold limit for generation for alerts, against limit of 70% as specified in SEBI Circular.
		Broker has not diligently followed BCP DRS related requirement w.r.t. drill for full trading day, review of implementation of BCP-DR policy, periodic training.
		Broker does not have BCP/DR set up.
		Governing board of broker has not reviewed/approved the implementation of BCP-DR policy.
2.	Cybersecurity / VAPT related	Vulnerabilities identified in the VAPT assessment, were not addressed/closed (Low Vulnerabilities) within the prescribed timelines of 3 months.
		Entity has not installed capacity of 1.5 times the observed peak load in the quarter
		Gaps are identified in VAPT testing and security assessments.
		Cyber and VAPT observations were not reported and presented to TCM and board in comprehensive manner.
		Broker has not connected all their critical systems with LAMA.
		Stock broker did not report the technical glitch
		Delay in reporting of cyber incident / submission of preliminary incident report / RCA report by broker to exchange
VAPT observations are open for more than 8 months		
3.	UCC related	Common mobile number and email id linked to multiple UCC / AP credentials were mapped to his clients.
		Mismatch in Bank Account numbers, email id and mobile number of clients uploaded to the Exchange
		Incomplete/ Invalid Demat account details uploaded to the Exchange
		Invalid Email Id/Mobile number uploaded in the UCC
4.	Margin / MTF related	Margin Trading Funding (MTF) verification - SB has incorrectly reported Non- cash collateral to Exchange.
		Entity failed to comply with Terms and Conditions of MTF by not squaring off the securities on T+1 day and Shares under MTF facility were held by ISL without pledging of such shares
		Stock Broker has provided incorrect submission w.r.t. unconfirmed pledge securities under MTF facility
		Extension of MTF funding to clients on securities which are not part group-1 securities

		Incorrect reporting and short collection of Margin
		Broker passed on upfront margin penalty to clients
5.	Submission of data under RBS / Enhanced Supervision	Discrepancies in reporting of clear credit balance clients under Cash and cash equivalent and segregation file
		SB has incorrectly reported the EOD ledger balance and Peak ledger balance.
		Failure to send daily margin statement
		Difference in client ledger balance between unencumbered ledger balance in retention statement, financial ledger balance and the ledger balance reported to the exchange under Cash and Cash Equivalent
		In debit balance clients, the broker has reported unclear balance instead of clear balance, which has resulted into difference in the amounts reported.
		In case of value of collaterals to be reported for debit balance clients, the broker has not considered pledged securities of debit balance clients while reporting to the Exchange, which has resulted into difference in the amounts reported.
		It was observed that the broker has reported different amount in Cash & Cash equivalent submission done at Exchange compared with Segregation file submitted by broker to Clearing Corporation.
6.	Call data records	Broker has not maintained appropriate evidence in respect of the order placed by their clients with itself / AP.
7.	Authorised Persons	Broker has not conducted proper inspection of Authorized Persons
		APs are using the non-permissible words i.e. wealth/ wealth advisory/ advisory management/ investment advisory/ advisors without registration from SEBI/ other regulators.
		Market rate at which orders are placed are not obtained from the client.
		Broker has not maintained appropriate evidence in respect of the order placed by their clients.
		AP credentials were mapped to his clients.
		SB did not exercise due diligence in order to report correct count of inspected APs
		SB has not done due diligence to ensure that details of bank account of AP are not mapped to its clients
8.	Branch / Terminals related observations	Discrepancies observed in Terminals reported location
		Terminals were found to be operated by unapproved users
		Improper supervision of branch
		Mismatch in list of trading terminals/terminal users in exchange records were found