

GENERAL MANAGER

Market Regulation Department

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MRD/DoP/SE/Cir- 8 /2006

July 13, 2006

The Executive Directors/Managing Directors/Administrators of All Stock Exchanges

Dear Sir / Madam,

Sub: **Mandatory requirement of Permanent Account Number (PAN) for transactions in the cash market**

1. As you are aware, PAN has been made mandatory for transacting in the Futures and Options market as well as for operating a Beneficiary Owner (BO) Account in the Depository system.
2. In continuation of the above and to further strengthen the Know Your Client (KYC) norms in the cash market with a view to facilitate sound audit trail, it has been decided that PAN will be mandatory for all the entities/persons who are desirous of transacting in the cash market with effect from October 1, 2006.
3. The stock exchanges are advised to ensure that the members of their exchanges shall ;
 - 3.1 Collect copies of PAN cards issued to their existing as well as new clients by the Income Tax Department and maintain the same in their record after verifying with the original.
 - 3.2 Cross-check the aforesaid details collected from their clients with the details on the website of the Income Tax Department i.e. <http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp>.

3.3 Upload details of PAN so collected to the Exchanges as part of unique client Code.

4. The stock exchanges shall ensure that with effect from October 1, 2006 transactions in the cash market are executed only in respect of clients whose PAN details have been collected and uploaded to the exchange by the members.

5. The Stock Exchanges are advised to ;
 - 5.1. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.
 - 5.2. bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.
 - 5.3. communicate to SEBI, the status of the implementation of the provisions of this circular in Section II, item no. 13 of the Monthly Development Report for the month of August, 2006.

6. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

V S SUNDARESAN