



CIRCULAR

SEBI/HO/MIRSD/DOP/CIR/P/2020/80

May 12, 2020

To,

All Recognized Stock Exchanges

All Recognized Depositories

Stock Brokers through Recognized Stock Exchanges

Depository Participants through Depositories

Association of Mutual Funds in India

All Mutual funds and AMCs through AMFI

Portfolio Managers

KYC Registration Agencies (KRAs)

Qualified Registrar to an Issue and Share Transfer Agents (QRTAs)

Alternative Investment Funds (AIFs)

Collective Investment Schemes (CIS)

Custodians

Investment Advisors

Dear Sir/Madam,

Subject: Entities permitted to undertake e-KYC Aadhaar Authentication service of UIDAI in Securities Market

1. SEBI vide circular No. CIR/MIRSD/29/2016 dated January 22, 2016, had clarified that the usage of Aadhaar as issued by the UIDAI is optional and on a voluntary basis.
2. The Department of Revenue (DoR), Ministry of Finance issued a circular dated May 09, 2019 on procedure for processing of applications under section 11A of the Prevention of Money Laundering Act, 2002 ("PMLA"), for use of Aadhaar authentication services by entities other than the Banking companies. In terms of the said circular, if the Central Government is satisfied



with the recommendations of the Regulator and Unique Identification Authority of India (“UIDAI”) and reporting entity complies with such standards of privacy and security under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (“Aadhaar Act”), and it is necessary and expedient to do so, it may by notification, permit such entity to carry out authentication of the Aadhaar number of clients using e-KYC authentication facility. Subsequent to the DoR notification, entities as may be recommended by UIDAI and as permitted by SEBI, may perform Aadhaar Authentication in the Securities Market.

3. Based on the requirements prescribed by UIDAI, SEBI issued circular No. SEBI/HO/MIRSD/DOP/CIR/P/2019/123 dated November 05, 2019 detailing the e-KYC Authentication facility under section 11A of the Prevention of Money Laundering Act, 2002, by entities in the securities market for Resident Investors. The said circular also mentions that at any point, after issue of such notification, based on a report of the appropriate Regulator or UIDAI or otherwise, if it is found that the reporting entity no longer fulfils the requirements for performing authentication under clause (a) of sub-section (1) of section 11A, the Central Government may withdraw the notification after giving an opportunity to the reporting entity.
4. Government of India, DoR, vide Gazette Notification No. G.S.R. 261(E) dated April 22, 2020 has notified nine reporting entities as per the recommendation by UIDAI and SEBI to undertake Aadhaar authentication service of the UIDAI under section 11A of the Prevention of Money-laundering Act, 2002. In view of the same, the following entities shall undertake Aadhaar Authentication service of UIDAI subject to compliance of the conditions as laid down in this regard:
 - I. Bombay Stock Exchange Limited
 - II. National Securities Depository Limited
 - III. Central Depository Services (India) Limited
 - IV. CDSL Ventures Limited
 - V. NSDL Database Management Limited
 - VI. NSE Data and Analytics Limited
 - VII. CAMS Investor Services Private Limited
 - VIII. Computer Age Management Services Private Limited
5. The above listed entities shall get registered with UIDAI as KYC user agency (“KUA”) and shall allow SEBI registered intermediaries / mutual fund distributors to undertake Aadhaar Authentication in respect of their clients for the purpose of KYC. The SEBI registered intermediaries / mutual fund distributors, who want to undertake Aadhaar authentication services through



KUAs, shall enter into an agreement with KUA and get themselves registered with UIDAI as sub-KUAs. The agreement in this regard shall be as prescribed by UIDAI. Further, the KUAs and their Sub-KuAs shall follow the process as detailed in SEBI circular dated Nov 05, 2019 and as may be prescribed by UIDAI from time to time.

6. The Stock Exchanges and Depositories are directed to:
 - a. bring the provisions of this circular to the notice of the Stock Brokers, Depository Participants and also disseminate the same on their websites.
 - b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision in co-ordination with one another to achieve uniformity in approach.
 - c. communicate to SEBI, the status of the implementation of the provisions of this circular Monthly Development Report of the following month; and
 - d. monitor the compliance of this circular.
7. This circular is 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 markets.
8. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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