Circular no.: MCX/COMP/665/2026 November 26, 2026

Simplification of client on-boarding and rationalization of risk management framework at KYC Registration Agencies

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SEBI has issued Circular Ref No. HO/38/14/(25)2026-MIRSD-POD3 dated November 25, 2026, regarding 'Simplification of client on-boarding and rationalisation of risk management framework at KYC Registration Agencies'.

The aforesaid SEBI circular is enclosed herewith for ready reference.

Members are requested to take note of the above and comply with applicable regulatory requirements

For and on behalf of
Multi Commodity Exchange of India Limited

Baiju Budhwani
Head of Department
(Inspection & Enforcement)

Encl: SEBI circular no. HO/38/14/(25)2026-MIRSD-POD3 dated November 25, 2026

Kindly contact Inspection & Enforcement Team on 022-66494040 or send an email at customersupport@mcxindia.com and inspection@mcxindia.com for further clarification.

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भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

HO/38/14/(25)2026-MIRSD-POD3 **November 25, 2026**

To,

Intermediaries registered with SEBI under Section 12 of the Securities and Exchange Board of India Act, 1992;
Recognised Stock Exchanges;
Recognised Clearing Corporations; and
All Depositories

Sir/ Madam,

Subject: Simplification of client on-boarding and rationalisation of risk management framework at KYC Registration Agencies

1. SEBI vide Master Circular SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023 ('KYC Master Circular'), *inter-alia*, specifies the Know Your Client (KYC) norms to be followed by intermediaries and KYC Registration Agencies (KRAs)[1] in the securities market.

2. A working group was constituted comprising of market participants, Market Infrastructure Institutions (MIIs), KRAs and members of industry associations, with the objective of reviewing the existing risk management framework at KRAs and streamlining the client on-boarding process.

3. Based on the recommendations of the working group, the suggestions received in the public consultation process and deliberations with KRAs, in order to ease the

[1] *KYC Registration Agencies as per SEBI (Know Your Client Registration Agencies) Regulations, 2011;*

process of on-boarding for clients and intermediaries, it has been decided to make certain modifications in the KYC process, as mentioned below:

3.1. Centralisation of supplementary client information: Some of the supplementary information being submitted by a client in Part – II of the account opening form (AOF), which is common across intermediaries shall now be centralised at KRA level. This will ease out the on-boarding process when the client approaches another intermediary. Additionally, information viz. Central Know Your Customer Identifier (CKYC ID)[2] and Digital Postal Index Number (DIGIPIN)[3], if available, and the expiry/ validity date of Officially Valid Document (OVD)[4], shall also be uploaded by the intermediary in the KRA system. Accordingly, the following changes will be made in the KYC Master Circular:

3.1.1. The paragraph[5] 6 of the KYC Master Circular, shall be replaced with the following:

"In Part II of the AOF, the intermediary collects information specific to the nature of service being provided to the client. Additionally, the intermediary shall collect the following information:

a. Central Know Your Customer Identifier (CKYC ID), if available;
b. Digital Postal Index Number (DIGIPIN), if available;
c. Expiry date of Officially Valid Document (as applicable)".

3.1.2. The paragraph 84 of the KYC Master Circular, shall be replaced with the following:

[2] *The unique number or code assigned to a client by Central KYC Records Registry (CKYCRR);*
[3] *10-character alphanumeric geo-coded addressing system developed by the Department of Posts;*
[4] *OVD as defined under Rule 2(1)(d) of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005;*
[5] *paragraph 6 of the Section 1: Know Your Client (KYC) Requirements for the Securities Market*

"After performing the initial KYC of a new client, the intermediary shall, within three working days from the date of completion of the KYC process, upload the below mentioned information on KRA:

a. Part I of AOF (CIP Form in CKYCR template);

b. The following information from Part II of AOF:

i. Income range [i) 0 – 5 lakhs ii) 5 – 10 lakhs iii) 10 – 50 lakhs iv) 50 lakhs – 1 crore v) 1 – 2 crores vi) > 2 crores];

ii. Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) related information (as specified in SEBI Circular HO/38/14/(18)2026-MIRSD-POD-2/I/25560/2026 dated November 11, 2026); and

iii. Politically Exposed Persons (PEP) status;

iv. Occupation;

v. CKYC ID, if available;

vi. DIGIPIN, if available;

vii. Expiry date of OVD (as applicable)".

3.1.3. A paragraph 104A shall be incorporated in the KYC Master Circular, as given below:

"KRA shall tag the records that it independently verifies and validates including information given under paragraph 84 b."

3.2. Update of the KYC records: The intermediary shall update the KYC records of clients upon receiving updates from KRA and CKYCRR to avoid duplication of efforts and simplify the client on-boarding process. The intermediary shall provide option to the clients to confirm the update in their KYC records. Accordingly, the following change will be made in the KYC Master Circular:

3.2.1. A paragraph 89A shall be incorporated in the KYC Master Circular, as given below:

"The intermediary shall update the KYC records of its clients based on the information received from the KRA in terms of Regulation 15(f) of the SEBI KYC Registration Agency (KRA) Regulations, 2011 and from CKYCRR in terms of Rule 9 (1-H) of the PML Rules. In this regard, the intermediary may seek additional information from client, as per its due diligence. The intermediary shall provide option to the clients to confirm the update in their KYC records.

3.3. Verification of Aadhaar seeded mobile number: The verification of mobile number shall be optional for the intermediary while on-boarding a client, if the mobile number available in the KRA system is already verified and tagged as seeded with Aadhaar. Accordingly, the following change will be made in the KYC Master Circular:

3.3.1. A paragraph 104B shall be incorporated in the KYC Master Circular, as given below:

"If the client mobile number is tagged by KRA as seeded with Aadhaar and verified, verification of such mobile number shall be optional for the intermediary accessing the information from the KRA database."

3.4. Intimation of account closure/ non-association with client:

3.4.1. Intimation of account closure/ update by the intermediary (other than Mutual Funds): In order to ensure that client KYC information is being shared with intermediaries only for clients which are having account-based relationship with it, the intermediary shall be required to inform the KRA, within five working days from the date of account closure of a client. Further, the intermediary shall within three months from the date of issuance of this circular, inform KRA(s) about account closures for

existing KYC records linked to it. The KRA shall in turn update its records, within two working days from the date of receipt of updated information or modification request from intermediary. Accordingly, the following changes will be made in the KYC Master Circular:

3.4.1.1. A paragraph 89B shall be incorporated in the KYC Master Circular, as given below:

"The intermediaries (other than mutual funds) shall within five working days from the date of account closure by a client inform the KRA."

3.4.1.2. A paragraph 104C shall be incorporated in the KYC Master Circular, as given below:

"The KRA shall within two working days from the date of receipt of information from the intermediary about modification or closure of account, update/ delink the relevant KYC record".

3.4.2. Intimation of zero balance folio account by Mutual Funds: Mutual Fund or the Registrar to an Issue and Share Transfer Agent (RTA) appointed by the Mutual Fund, shall notify the KRA within five working days if in any client account there are no transactions nor holding (i.e. zero balance folio accounts) for a period of six months. This will facilitate sharing of client information only to client accounts which are still linked to the Mutual Fund. Further, Mutual Fund or the RTA appointed by it, shall within three months from the date of issuance of this circular, inform KRA about the status of existing KYC records linked to it. Upon receipt of such intimation, the KRA will stop sending KYC information updates to such Mutual Fund or its RTA. Accordingly, the following changes will be made in the KYC Master Circular:

3.4.2.1. A paragraph 89C shall be incorporated in the KYC Master Circular, as given below:

"If a client account across folios has zero balance for a period of six (6) months, then the Mutual Fund or the RTA appointed by it, shall within five working days, from the date of end of six (6) months, notify the KRA about such client."

3.4.2.2. A paragraph 104D shall be incorporated in the KYC Master Circular, as given below:

"The KRA shall within two working days from the date of receipt of information from Mutual Fund or an RTA appointed by it, that a client account across folios has zero balance for a period of six (6) months, stop sending KYC information updates to such Mutual Fund or its RTA, in terms of Regulation 15(f) of the SEBI KYC Registration Agency (KRA) Regulations, 2011."

3.4.3. Intimation of non-association by intermediaries: When an intermediary fetches a client's KYC records from the KRA but does not establish an account-based relationship with the client, it shall delink such records from the KRA system within the prescribed timeline. Further, the intermediary shall within three months from the date of issuance of this circular, inform KRA about the status of the existing KYC records linked to it. Upon receipt of such information, the KRA shall delink the record. Accordingly, the following change will be made in the KYC Master Circular:

3.4.3.1. A paragraph 89D shall be incorporated in the KYC Master Circular, as given below:

"After download of a KYC record from the KRA, if a client account is not opened within twenty-one working days, the intermediary shall, within five working days', from the date of end of twenty-one working days, send intimation to KRA. Upon receipt of such information, KRA shall within two working days, delink the relevant KYC record".

3.5. Overseas address proof optional for resident Overseas Citizen of India (OCI)[6] card holder and foreign national: The requirement of overseas address proof shall be optional for an OCI card holder and foreign national who is "resident" in India in terms of section 6 of the Income Tax Act, 2025. This is subject to such client submitting proof of address for residing in India, to the intermediary. Accordingly, the following change will be made in the KYC Master Circular:

3.5.1. A paragraph 20A shall be incorporated in the KYC Master Circular, as given below:

"For OCI card holder and foreign national who is resident[7] in India, the requirement of overseas address shall be optional, provided the client provides proof of address for residing in India and the same is verified by the intermediary."

3.6. Documents required for change of name of client: In order to ease documentation, a client shall no longer be required to submit proof of name change to an intermediary if he/ she has already got the necessary change affected in PAN and Aadhaar. In case the name change has not been updated in PAN and Aadhaar, the client shall be required to submit to the intermediary, copy of Marriage Certificate issued by the State Government, copy of Passport

[6] *OCI card holder is defined under section 2 (ee) of the Citizenship Act, 1955, as a person registered as an Overseas Citizen of India Cardholder by the Central Government under section 7A thereof;*
[7] *"Resident" as defined under Section 6 of the Income Tax Act, 2025;*

showing husband's name or copy of gazette notification indicating such change of name. However, in case of state of Karnataka and Punjab, where no official gazette is possible for change in name in case of private individuals, additional documents shall be collected by intermediary. Accordingly, the following changes will be made:

3.6.1. A paragraph 19A shall be incorporated in the KYC Master Circular, as given below:

"1. An individual client may be allowed to change name by submitting copy of PAN and Aadhaar, with the updated name, to the intermediary. Alternatively, client can submit the following:

a. *In case of change in name on account of marriage: Copy of marriage certificate issued by the State Government or copy of passport showing husband's name or copy of gazette notification indicating such change of name.*
b. *In case of change in name on account of reasons other than marriage: Copy of gazette notification indicating such change of name.*
c. *In case of change in name of father/ mother/ spouse: Copy of gazette notification indicating such change of name.*

However, in case of state of Karnataka and Punjab, where no official gazette is possible for change in name in case of private individuals, the following additional documents are specified for change in name, for reasons other than marriage:

i. *Request letter for change of name;*
ii. *Sworn affidavit executed before the Notary Public/ Magistrate of First Class/ Executive Magistrate mentioning the reason for change of name and his complete address;*
iii. *Paper publication in one local newspaper and one national newspaper; and*
iv. *KYC in changed name.*

2. The intermediary shall collect the self-attested copies of above documents and maintain the same in its records after verifying with the original documents."

3.6.2. The paragraph 1.9, titled, *"Change of Name in the Beneficial Owner (BO) Account"*, in Section - 1: Beneficial Owner (BO) accounts, of the Master Circular for Depositories dated December 03, 2024[8] (as amended from time to time), shall be replaced with the following:

"If there is change in name of an individual Beneficial Owner account, the Depository Participant shall follow the procedure specified in the Master Circular for KYC dated October 12, 2023 (as amended from time to time)."

3.7. Ease on portability of KYC records: In order to ease the process of account opening, if either current address or permanent address of a client has already been source verified, then such KYC record shall be tagged as "validated" in KRA database and shall be portable across intermediaries. Further, to enhance transparency and to facilitate account updates, KRAs shall be required to share KYC attribute-wise wise information about source verification/ validation with the intermediaries. Accordingly, the following change will be made in the KYC Master Circular:

3.7.1. The paragraph 100 of the KYC Master Circular, shall be replaced with the following:

"The records of clients in respect of which all attributes mentioned at para 96/ 97 (for address, either current address or permanent address) have been verified by KRAs with official databases (such as Income Tax Department database on PAN, Aadhaar XML/ Digi locker/ M Aadhaar)

[8] *Master Circular for Depositories ref. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/168;*

and PAN-Aadhaar linkage has been verified as referred to in Rule 114AAA of the Income Tax Rules,1962, shall be considered as Validated Records."

3.7.2. A paragraph 100A shall be incorporated in the KYC Master Circular, as follows:

"The KYC record shared by KRA with intermediary shall have each attribute wise tagging for whether it is validated or not."

3.7.3. A paragraph 101A shall be incorporated in the KYC Master Circular, as follows:

"For KYC records fetched by an intermediary from the KRA database, that are not validated, the intermediary shall seek additional information from client, as relevant."

4. All other provisions of the KYC Master Circular shall remain unchanged.

5. It is clarified that the provisions of this circular as specified at paragraphs 3.1 to 3.4, 3.6 and 3.7 shall also be applicable on individual Person Resident Outside India (PROI) clients from FATF compliant countries[9].

6. The provisions of this circular shall come into force, thirty (30) days from the date of issue of this circular i.e. December 24, 2026, unless specified otherwise.

7. Further, KRAs shall, within thirty (30) days from the date of issue of this circular, issue a Standard Operating Procedure (SOP) for implementing the provisions herein.

[9] *Circular HO/38/30/12(3)2026-MIRSD-POD2/I/25175/2026 dated November 04, 2026;*

8. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 17 of the SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

9. This circular is available on the SEBI website at www.sebi.gov.in under the category, 'Legal → Circulars'.

Yours faithfully,

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