

Sebi bars stock brokers from accepting cash

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Coimbatore: Markets regulator Sebi has said that stock brokers should not accept cash henceforth from their clients. "In view of the various modes of payment through electronic means available today, it is directed that stock brokers shall not accept cash from their clients either directly or by way of cash deposit to the bank account of stock broker," the regulator said in its latest circular.

The directive comes at a time when most brokers do not accept cash from their clients as they prefer not to take any chances with strict money laundering laws.

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ceived/made by the stock brokers from/to the clients strictly by account payee crossed cheques/demand drafts or by way of direct credit into the bank account through electronic fund transfer, or any other mode permitted by the Reserve Bank of India," the Sebi circular said.

"Stock brokers shall accept cheques drawn only by

the clients and also issue cheques in favour of the clients only, for their transactions. Stock brokers shall not accept cash from their clients either directly or by way of cash deposit to the bank account of stock broker," it said.

Market players said at present some cash transactions may be taking place in smaller towns and cities, but not in large trading centres. Currently, Sebi allows use of cash of up to Rs 50,000 per annum per person in mutual funds. However, in the fund industry too because of the tedious process of accepting cash from investors, most mutual funds decline to do business using cash.