

GRC BULLETIN

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SEBI

Circular Regarding Streamlining of the process for the
surrender of (Know Your Client) Registration Agency
(KRA) registration

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CORPORATE LAWS

Authority

Reserve Bank of India
(RBI)

Circular Date

Sep 05, 2025

Circular Number

SEBI/HO/MIRSD/PODF
ATF/P/CIR/2025/123
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SEBI ISSUES CIRCULAR REGARDING STREAMLINING OF THE PROCESS FOR THE SURRENDER OF (KNOW YOUR CLIENT) REGISTRATION AGENCY (KRA) REGISTRATION

Applicability :

- *All KYC Registration Agencies (KRAs) registered with SEBI*

This SEBI circular talks about how **KYC Registration Agencies (KRAs)** can give up (surrender) their registration in an organized and safe way.

First, what are KRAs?

KRAs are agencies that maintain KYC (Know Your Client) records for investors. Whenever an investor does KYC through a broker, mutual fund, or other intermediary, the records are stored and managed by KRAs. They are central to the securities market because they allow investors to use the same KYC across different intermediaries.

Why this circular?

Sometimes, a KRA may want to stop its operations (voluntary) or may be forced to close (involuntary – like financial distress or SEBI action). In such cases, investor records must not be lost, and services should continue smoothly. To ensure this, SEBI has issued this framework.

What does it say?

1. Two Scenarios of Closure:

- **Voluntary:** KRA decides to shut down due to business/strategy.
- **Involuntary:** Closure due to financial or regulatory issues.

2. Critical Functions:

- Registration, updates, and modification of investor KYC records.
- Maintaining interoperability (portability) among KRAs so investors don't redo KYC.

3. Transfer of Records:

- A closing KRA (Transferor KRA) must transfer all investor KYC data securely to another active SEBI-registered KRA (Transferee KRA).
- The transfer should be complete, tamper-proof, and audited.

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4. Standard Operating Procedure (SOP):

- Every KRA must have a board-approved SOP for surrender scenarios.
- This includes step-by-step data transfer, stakeholder communication, timelines, and investor support.
- A **model SOP** is given in Annexure A of the circular.

5. Oversight Committee:

- A committee must be formed to oversee the winding down, data transfer, and handling of investor grievances.

6. Compliance:

- SEBI laws, PMLA rules, and other applicable acts, such as the Insolvency and Bankruptcy Code (IBC), must be followed.
- Even during winding down, investor services must not stop.

7. Timelines:

- Board Resolution → SEBI intimation within 7 days → Stakeholder communication within 14 days → Data transfer in 60 days → Closure within 90 days.

In Short (Layman's View)

This circular ensures that if a KRA shuts down, **investors will not suffer**. Their KYC data will be **safely shifted** to another active KRA, and they won't need to redo the KYC. SEBI has created a clear, step-by-step procedure so that investor services continue smoothly, without disruption or risk of data loss.

SOURCE: [Click Here for more details](#)



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