

## **ICICI and HDFC Securities get QSB Status. Why is it important?**

Based on a February 2023 directive brought out by SEBI; the National Stock Exchange in its latest statement (in March) listed 15 stockbrokers for the **Qualified Stock Brokers (QSB)** status that is reviewed annually. HDFC Securities, ICICI Securities, Kotak Securities, Zerodha Broking Ltd, etc. to name a few.

### **What are QSBs and why are they important?**

According to SEBI, QSBs are institutions that largely have an impact on governance and service standards, further affecting investors and the securities market, given their size and scope of activities. Many different investors' demands are met by these stockbrokers. QSB holds a prominent place in the Indian securities market as a result of its volume of trading activity, and customer assets being managed. These authorized stockbrokers account for the majority of the stock market activity. The downfall of these stockbrokers could interrupt the services they offer to numerous investors, which would have a significant influence on the securities market.

### **Conditions & parameters to meet QSB status?**

A stockbroker would be qualified as a QSB based on the criteria:

- (1) the number of current clients,
- (2) total client accessible assets,
- (3) trading activity,
- (4) end-of-day margin liabilities,
- (5) compliance,
- (6) grievance redressal ratings, and
- (7) proprietary trading volumes.

Those who receive a combined score of at least five on the first four criteria are classified as QSBs. QSB's risk management framework must include controls for monitoring client behaviour through monitoring trading patterns and identifying any anomalous conduct. QSBs must alert stock

exchanges when any fraudulent activities come under their radar and should necessitate corrective actions.

