

**EXTRACTS OF THE AGENDA OF THE 100TH MEETING OF THE BOARD OF DIRECTORS OF NATIONAL SECURITIES DEPOSITORY LIMITED HELD ON SATURDAY, MAY 17, 2025, AT 02.30 P.M. AT THE BOARD ROOM, NSDL, 6TH FLOOR, NAMAN CHAMBERS, G BLOCK, PLOT NO- C-32, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI-400051.**

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**1. To approve brief on SEBI compliances for quarter –January to March 2025.**

**Brief on SEBI Compliances**

NSDL complies with the following regulatory requirement issued and communicated by SEBI. The status of current compliance is as below –

| <b>Sr. No.</b> | <b>Regulatory Requirement</b>   | <b>Detailed Description</b>   |
|----------------|---|---|
| 1              | Status of Compliance with SEBI CSCRF for reporting of Cyber Security incidents / breaches / deficiencies by MIIs. | SEBI, vide master circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 has communicated incident reporting requirement. Any cyber-attack, cybersecurity incident and/ or breach falling under CERT-In Cybersecurity directions shall be notified to SEBI and CERT-In within 6 hours of noticing/ detecting such incidents or being brought to notice about such incidents.<br>There were NIL cyber incidents during the quarter (January - March 2025).<br>Details are provided in Agenda Item No 1.  |
| 2              | Cyber Capability Index for the period January – March 2025  | SEBI, vide circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 has communicated the implementation of Cyber Capability Index. SEBI in their aforesaid letter has advised to develop a Cyber Capability Index to gauge the cyber security preparedness of the MII covering the 23 parameters based on the CSCRF issued by SEBI. NSDL after review has assessed the cyber maturity level rating as per the guidelines provided in the circular.<br>As per the assessment for the half year ended March 2025, NSDL Index Score is <b>97.6%</b> (rated as Category Exceptional Cyber Security Maturity).<br>Details are provided in Item No. 2 |

|   |  |  |
|---|--|--|
| 3 | Cybersecurity scenario-based drill exercise for testing adequacy and effectiveness of recovery plan for January – March 2025 | <p>SEBI via circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 , advised MIIs to conduct Cybersecurity scenario-based drill exercise for testing adequacy and effectiveness of recovery plan on half yearly basis.</p> <p>The cyber drill “Phishing simulation was conducted in the month of January - March 2025.</p> <p>Details are provided in Item No. 3.</p>  |
| 4 | ISMS program (ISO 27001)   | <ul style="list-style-type: none"> <li>• NSDL is certified for ISO27001:2013 Standard for period up to July 2025.</li> <li>• The process for migration and certification for ISO27001: 2022 is in progress and it will be completed by June 2025.</li> </ul>   |
| 5 | Cyber Security Assessment – VAPT   | <ul style="list-style-type: none"> <li>• The VAPT during Financial Year 2023-24 was conducted by CERT-IN empanelled vendor Esecforte. The network/ security devices, critical applications and servers/databases have been covered.. All the identified vulnerabilities closed.</li> <li>• The VAPT during Financial Year 2024-25 was conducted by CERT-IN empanelled vendor - AKSIT. The network/ security devices, critical applications and servers/databases have been covered.</li> <li>• The report was submitted, and remediation and validation of vulnerabilities completed. The revalidation done by VAPT vendor and confirmed that all identified vulnerabilities have been closed.</li> </ul> <p>Details are covered in the status of Item no.5.</p> |

|   |  |   |
|---|--|---|
| 6 | Status of annual system and network audit          | <p>SEBI vide Circular No. SEBI/HO/MRD1/MRD1_DTCS/P/CIR/2022/58 dated May 02, 2022, has directed Depositories to conduct an Annual System and Network Audit for Depository System as per the audit framework specified in the aforementioned circular. Further, Depositories are required to submit the report along with management responses to SEBI within a month of completion of audit after placing the same before the Board of Directors.</p> <p>The last system and network audit was conducted for Financial Year 2023-24 by CERT-In empaneled vendor Deloitte. Further revalidation audit was conducted.</p> <p>Details are covered in the status of Item no. 6.</p> |
| 7 | Status of Cyber Audit & Functional Efficacy of SOC | <p>SEBI, vide circular SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024, had advised MIIs to conduct a detailed review / audit of the implementation of the SEBI circular and advisories issued by SEBI at least twice in a year with respect to Cyber Security.</p> <p>Cyber audit covering all aspects of cyber security including functional efficacy of SOC was covered under the cyber audit for period April 2024 to September 2024 by Deloitte.</p> <p>We are under process to engage auditors for conducting audits for the period October 2024 to March 2025.</p> <p>Details are covered in the status of Item no. 7.</p>                                |
| 8 | Threat Hunting                                     | <p>SEBI, vide master circular SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024, has recommended to conduct quarterly threat hunting.</p> <p>Details are covered in the status of Item no. 8.</p>  |

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**To review Compliance with SEBI for reporting of Cyber Security incidents / breaches / deficiencies by MIIs.**

**Background**

SEBI, vide its letter No. SEBI/HO/ ITD-1/ITD\_CSC\_EXT/P/CIR/2024/113 dated August 20, 2024, has communicated the reporting requirement for cyber security incidents / breaches / deficiencies by MIIs.

Any incident stated under CERT-In Cybersecurity directions and meeting below criteria shall be reported within 6 hours of noticing/ detecting such incidents or being brought to notice about such incidents:

- i. Cyber incidents of severe nature (such as Denial of Service, Distributed Denial of Service, intrusion, spread of computer contaminant including Ransomware) on any part of the public information infrastructure including backbone network infrastructure
- ii. Data Breaches or Data Leaks
- iii. Large-scale or most frequent incidents such as intrusion into computer resource, websites etc.
- iv. Cyber incidents impacting safety of human beings

**Compliance status**

In view of the aforesaid, NSDL has the Cyber Crisis Management Plan (CCMP) document that includes reporting requirements viz. definitions of Cyber Security Incident, Cyber Security Deficiency, Cyber Security Breach, Information Security Practices, Cyber Security Policy, Cyber Security Protocol and Reporting.

No cyber security incidents have been observed during the quarter January to March 2025.

| <b>SEBI Circular Number</b> | <b>Compliance Requirement</b>   | <b>Count</b> | <b>Deviation</b> | <b>Compliant (Yes / No)</b> |
|-----------------------------|---|--------------|------------------|-----------------------------|
| 2                           | No of incidents   | 0            | Not Applicable   | Yes                         |
| 2                           | Non-compliant with cyber security and cyber resilience framework in cyber audit reports and reports from other agencies | 0            | Not Applicable   | Yes                         |
| 3 (a)                       | Non-compliance with cyber security guidelines resulting in  | 0            | Not Applicable   | Yes                         |

|       |  |             |                |     |
|-------|--|-------------|----------------|-----|
|       | cyber incidents/ attacks/ breaches / deficiency                                  |             |                |     |
| 3 (b) | Undue delay in reporting cyber deficiencies and breaches                         | No incident | Not Applicable | Yes |
| 3 (c) | Non-reporting / delay in reporting cyber incident / breach                       | No incident | Not Applicable | Yes |
| 11    | Reporting of cyber security deficiency / breach to SEBI / CERT-IN / SCOT / Board | No incident | Not Applicable | Yes |

Given the above, NSDL is in compliance with each aspect of SEBI letter dated August 20, 2024 pertaining to Standard Operating Procedure for Reporting of Cyber Security incidents / breaches / deficiencies by MIIs and Imposition of “Financial Disincentives” for the period January to March 2025.

**There was NIL cyber incident during the quarter.**

As recommended by SCOT, the Board is requested to take note and approve them.

**To review and approve Cyber Capability Index for the period January – March 2025**

### **Background**

SEBI, vide its circular dated SEBI/HO/ ITD-1/ITD\_CSC\_EXT/P/CIR/2024/113 dated August 20, 2024, has communicated the implementation of CSCRF is to address evolving cyber threats, to align with the industry standards, to encourage efficient audits, and to ensure compliance. The circular is applicable since 1<sup>st</sup> January 2025 . As per circular, cyber capability index needs to be evaluated on bi-annual basis and needs to be submitted to SEBI. We have conducted self-assessment based on 23 parameters mentioned in circular, and the score stands at 97.6

SEBI had provided the category for index score to determine the cyber security maturity level:

| Sr. No. | Category                                   | Index Score   | Remarks                 |
|---------|--|---------------|-------------------------|
| 1       | <b>Exceptional Cyber Security Maturity</b> | <b>90-100</b> | <b>NSDL scored 97.6</b> |
| 2       | Optimal Cyber Security Maturity            | 75-90         |                         |
| 3       | Manageable Cyber Security Maturity         | 65-75         |                         |

|   |                                      |  |  |
|---|--------------------------------------|--|--|
| 4 | Developing Cyber Security Maturity   | 55-65  |  |
| 5 | Bare Minimum Cyber Security Maturity | 47-55  |  |
| 6 | FAIL                                 | Not applicable as the MII has scored below the cut-off in at least one Domain / Sub-Domain |  |

The criteria for the different maturity levels have been prescribed by SEBI. SEBI has also advised each MII to submit the score of index and detailed breakup to be audited by CERT-In empaneled auditor and approved by SCOT and its Governing Board and further submit the same to SEBI.

As recommended by SCOT, the Board is requested to take note and approve them.

### **To take note of Cybersecurity scenario-based drill exercise for testing adequacy and effectiveness of recovery plan for January – March 2025**

Cyber security attacks against organizations in BFSI Domain are evolving rapidly in scope, complexity, and sophistication.

The landscape of cyber security threats targeting organizations is undergoing rapid evolution, marked by a surge in scope, intricacy, and sophistication. In response, NSDL has strategically deployed a multifaceted array of defensive measures, solutions, and controls, aimed at mitigating exposure to potential attacks and elevating its responsiveness. Complementing these defensive strategies are offensive simulation exercises, meticulously designed to scrutinize the efficacy of defensive layers and pinpoint vulnerabilities in user awareness.

NSDL performed “Phishing simulation Cyber drill exercise” in January – March 2025 quarter to gauge users' ability to recognize and respond effectively to phishing emails.

The attack was carried out in 2 stages as mentioned below:

- STAGE 1: Phishing Email to lure victims.
- STAGE 2: Capturing responses from victims.

The summary of the phishing tests have been shown below:

| <b>Month</b> | <b>Total recipients</b> | <b>Phishing email reported</b> | <b>Link clicked</b> | <b>Data entered</b> |
|--------------|-------------------------|--------------------------------|---------------------|---------------------|
| January 2025 | 654                     | 19                             | 22 (3.36%)          | 3 (0.45%)           |

|               |     |    |           |    |
|---------------|-----|----|-----------|----|
| February 2025 | 653 | 26 | 3 (0.45%) | NA |
| March 2025    | 653 | 39 | 2 (5.66%) | NA |

**Learnings and actions taken:**

- In month of January 2025, phishing test was conducted for all 654 email users covering employees and vendors. Total 22 users (3.36%) fell victim to our phishing simulation attempts.
- In month of February 2025, phishing test was conducted for all 653 email users covering employees and vendors. Total 3 users (0.45%) fell victim to our phishing simulation attempts.
- In month of March 2025, phishing test was conducted for all 653 email users covering employees and vendors. Total 2 users (0.30%) fell victim to our phishing simulation attempts.
- A security awareness session on phishing attack and social engineering was organized for these users. And employees were advised to follow security practices to avoid such phishing attempts.
- There were no repeated victims.

As recommended by SCOT, the Board is requested to take note and approve them.

**To take note of progress on ISMS program (ISO 27001: 2013 and ISO 27001:2022)  
Background**

NSDL is certified for ISO 27001:2013 information security standard up to July 2025. Internationally recognized ISO/IEC 27001 is a robust framework that helps organization protect information such as financial data, intellectual property or sensitive customer information. It helps identify risks and puts in place security measures that are right for business, so that risks to information is managed / reduced.

**ISMS (ISO 27001: 2022) Progress Update**

The status of ISMS activities for 2024-25 and activities for ISO27001:2022 certification are as follows:

| <b>Table 1 – ISMS Activities</b>  |                             |                 |
|---|-----------------------------|-----------------|
| <b>Activity</b>   | <b>Target Date</b>          | <b>Status</b>   |
| Physical Audit for the new office location (BKC)  | 20 <sup>th</sup> December   | Completed       |
| Review and update of ISMS mandatory documents (IS Policies) as per ISO27001:2022 requirement.     | 28 <sup>th</sup> April 2025 | To be completed |
| Review and update other ISMS Mandatory Documents (IS Procedure, ISMS Scope Document, ISMS manual, | 28 <sup>th</sup> April 2025 | To be completed |

|   |                             |                 |
|---|-----------------------------|-----------------|
| Statement of Applicability) as Per ISO27001:2022 requirement.         |                             |                 |
| Review and Update Risk Assessment & Risk Treatment                    | 28th April 2025             | To be completed |
| Review and update of Measurement of effectiveness of controls         | 28th April 2025             | To be completed |
| Internal ISMS Audit as per ISO 27001:2022                             | 30 <sup>th</sup> April 2025 | To be completed |
| ISRC Review Meeting & implement the new control as per ISO 27001:2022 | 16th May 2025               | To be completed |
| External ISMS Certification Audit (ISO 27001:2022)                    | 09 <sup>th</sup> June 2025  | To be completed |

As recommended by SCOT, the Board is requested to take note and approve them.

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### **To take Note of the progress of VAPT program**

SEBI vide circular no. SEBI/HO/ ITD-1/ITD\_CSC\_EXT/P/CIR/2024/113 dated August 20, 2024, has informed MII to conduct VAPT, one VAPT activity shall be completed (including report submission, closure, and revalidation) in each half of the financial year (April to September and October to March). The closure of vulnerabilities shall be regularly tracked by IT Committee. Additionally, any open vulnerabilities after 3 months of VAPT activity shall be approved by IT Committee for REs and shall be closed before the start of the next VAPT exercise. It is also expected to maintain the risk register which shall be reviewed by the IT Committee. The report of revalidation of VAPT exercise, and open observations must be placed before the respective IT Committee for their confirmation and appropriate directions.

### **Progress**

In view of the aforesaid, NSDL has engaged a CERT-IN empanelled service provider to conduct VAPT of Depository infrastructure covering network / security devices, load balancers, servers and applications for FY 2023-2024. The exercise has been initiated as per the scope mandated by SEBI covering the below mentioned:

- VA of Infrastructure-Internal & External
- VA of Applications-Internal & External
- External Penetration Testing-Infrastructure & Application
- Internal Penetration Testing-Infrastructure & Application
- Network Segmentation
- VA & PT of Mobile applications
- OS & DB Assessment
- VAPT of Cloud implementation and deployments

The VAPT (cycle 9) was conducted during Financial Year 2023-24 by the CERT-IN empanelled vendor Esecforte. The network/ security devices, critical applications and

servers/databases have been covered. All the identified vulnerabilities remediated and closed.

| Risk Level                         | High     | Medium   | Low      |
|------------------------------------|----------|----------|----------|
| No of vulnerabilities detected     | 735      | 993      | 245      |
| No. of closed vulnerabilities      | 735      | 993      | 245      |
| <b>No. of open vulnerabilities</b> | <b>0</b> | <b>0</b> | <b>0</b> |

The VAPT (cycle 10) was conducted during financial year 2024-25 by the CERT-IN empaneled vendor - AKSIT. The network/ security devices, critical applications and servers/databases have been covered. The final report was submitted in March 2025 along with validation report. The status is given hereunder

| Risk Level                         | High     | Medium   | Low      |
|------------------------------------|----------|----------|----------|
| No of vulnerabilities detected     | 14       | 38       | 64       |
| No. of closed vulnerabilities      | 14       | 38       | 64       |
| <b>No. of open vulnerabilities</b> | <b>0</b> | <b>0</b> | <b>0</b> |

All the open vulnerabilities are closed and validation completed. The revalidation was done by VAPT vendor.

As recommended by SCOT, the Board is requested to take note and approve them.

**To approve the status of the annual system and network audit for the period April 2023-March 2024.**

## **Background**

SEBI vide Circular No. SEBI/HO/MRD1/MRD1\_DTCS/P/CIR/2022/58 dated May 02, 2022, has directed Depositories to conduct an Annual System and Network Audit for Depository System as per the audit framework specified in the aforementioned circular. Further, Depositories are required to submit the report along with management responses to SEBI within a month of completion of audit after placing the same before the Board of Directors.

In view of the aforesaid, NSDL had engaged Deloitte to conduct the audit for the period April 01, 2023 to March 31, 2024 as per the scope advised by SEBI.

Deloitte initiated this audit in April 2024 and submitted the final audit report in June 2024. There were no non-conformities reported, however there are 3 observations

(Medium Risk -2 and Low Risk -1) have been reported. The report was reviewed and after internal discussion on the observations finalized the management responses to the observations. The audit report along with management responses was placed before the Board for their review and approval and submitted to SEBI on 29.06.2024.

| <b>Table1 -Summary Status – System Audit</b> |                   |                     |                   |
|--|-------------------|---------------------|-------------------|
| Risk Level                                   | Total Observation | Observations closed | Open Observations |
| Medium                                       | 2                 | 1                   | 0                 |
| Low  | 1                 | 1                   | 0                 |
| <b>Total</b>                                 | <b>3</b>          | <b>2</b>            | <b>0</b>          |

| <b>Table2 - Detailed Status – System Audit</b> |   |          |          |  |
|--|---|----------|----------|--|
| Sr No.   | Findings  | Severity | Status   | Detailed Status  |
| 1.   | Multi-Factor Authentication is not implemented for the 3 applications (out of 13). Password parameters for scoped in applications and noted that for E-voting application, password age (validity period of a password) is set to never expire. | Medium   | Complied | Implementation of a stringent password and the additional authentication [OTP based] for eServices (eVoting, Speede) has been completed.   |
| 2.   | Disk encryption has not been implemented on systems at data warehouse (Hadoop) system   | Medium   | Complied | Encryption is implemented for data in use and data at rest for all systems except for DWH(Hadoop) System. Encryption has been implemented at DR site on DWH system, however, at Primary site it is under implementation. |

|    |  |     |          |   |
|----|--|-----|----------|---|
| 3. | Delay in deactivation and deletion of user access (in Active Directory) post last working date of an employee. | Low | Complied | This was a situation where the employee's departure was unplanned. Her email ID deletion was postponed, since she delayed data backup activity and submission of the company assets. The activity was completed on 23rd Jan 2024. Though asset was in her custody, the expiration of the login password prevented her from accessing it<br>We have defined SOP for user access management |
|----|--|-----|----------|---|

The report was reviewed and after internal discussion on the observations finalized the management responses to the observations. The audit report along with management responses was placed before the Board for their review and approval for onward submission to SEBI. The report was submitted to SEBI on 29<sup>th</sup> June 2024.

As recommended by SCOT, the Board is requested to take note and approve them.

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**To approve the status of Bi-annual Cyber Audit follow-on audit report for the period April 2024 to September 2024.**

**Background**

SEBI vide, its letter dated February 21, 2018, had advised MIIs to conduct a detailed review / audit of the implementation of the SEBI circular and advisories issued by SEBI from time to time with respect to Cyber Security. All applicable SEBI circulars/notification applicable for Cyber Security during the audit period have been referred, which are listed hereunder.

SEBI in the aforementioned letter has informed that the audit report and the compliance status have to be placed before the Board before submitting to SEBI. In view of the aforesaid, NSDL had engaged Deloitte to conduct the audit for the period October 01, 2023 to March 31, 2024 as per the scope advised by SEBI.

NSDL had engaged Deloitte to conduct the audit for the period (April 2024 - September 2024 as per the scope advised by SEBI. Deloitte has conducted the audit during the period October to December 2024 and submitted the final audit report in December 2024. There

were no non-conformities reported, however there were 7 observations reported summarised status are as under

| Risk Level | Total Observation | Open Observations |
|------------|-------------------|-------------------|
| High       | 0                 | 0                 |
| Medium     | 5                 | 4                 |
| Low        | 2                 | 1                 |
| Total      | 7                 | 6                 |

The report was reviewed, and the management responses were updated for observations.

Detailed revalidation audit report is placed before the Board

As recommended by SCOT, the Board is requested to take note and approve them.

### **To Take note of Threat Hunting**

SEBI via circular SEBI, vide master circular SEBI/HO/ ITD-1/ITD\_CSC\_EXT/P/CIR/2024/113 dated August 20, 2024, advised MIIs to conduct Threat Hunting on Quarterly basis. The threat hunting team conducted proactive investigations from January 2025 to March 2025 across various data sources, aiming to detect and respond to potential threats. The primary objective was to identify indicators of compromise (IOCs) and suspicious behaviour that may have evaded existing security controls.

Threat hunting activities conducted from January 25 to March 25 concluded with no evidence of malicious activity or indicators of compromise. All observed patterns and behaviors across the analyzed logs aligned with established baselines and expected operational behavior.

| Threat Hunting Cases        | Jan-25 | Feb-25 | Mar-25 |
|-----------------------------|--------|--------|--------|
| Indicator Based Hunt        | 11     | 13     | 15     |
| Statistical/Volumetric hunt | 3      | 1      | 0      |
| Behaviour based hunt        | 3      | 4      | 4      |

| IOC Types | Jan-25 | Feb-25 | Mar-25 |
|-----------|--------|--------|--------|
| Domain    | 1558   | 670    | 1727   |

|                     |      |      |      |
|---------------------|------|------|------|
| File hash (SHA 256) | 1108 | 1489 | 2540 |
| MD5                 | 37   | 28   | 26   |
| URL                 | 831  | 494  | 989  |
| IPv4                | 570  | 346  | 854  |
| Email ID            | 8    | 6    | 0    |

All observed patterns and behaviours across the analysed logs aligned with established baselines and expected operational behaviour.

## 2. To review the status of investor grievances received by NSDL.

NSDL receives grievances from investors:

- a. directly (electronic form/ physical form/NSDL online portal)
- b. through SEBI (SCORES)

SEBI has launched SCORES Ver 2.0 from April 1, 2024. The salient features of SCORES 2.0 are as follows:

1. Introduction of auto - routing of grievances to concerned Entities (DPs) to eliminate time lapses inflow of grievances.
2. Monitoring of timely redressal of grievances by Designated Bodies (such as NSDL).
3. Two levels of review, first level review taken by client if dissatisfied with reply provided by market participant, complaint will be assigned to NSDL and in case of second level review, if any by investor, complaint would flow to SEBI.
4. Advice to opt for ODR if investor is not satisfied with response.

The grievances received at NSDL are mainly classified as:

- a. against Depository Participants (DPs)
- b. against Issuers/Registrar & Transfer Agents (RTAs)
- c. against Depository (includes CAS grievances)

The following are the types of Grievances that have been categorized as per types prescribed in SEBI Circular ref no. SEBI/MRD/OIAE/Dep/Cir-4/2010 dated January 29, 2010:

1. Account Opening
2. Demat/ Remat
3. Transaction Statement
4. Improper Service
5. Charges

6. Delivery Instruction Related (DIS)
7. Closure
8. Manipulation/ Unauthorized Action
9. Company/ RTA
10. Others

Further, NSDL also receives:

- a. Grievances which pertain to broking, banking, PAN, and other entity etc., which are categorized as “grievance outside the NSDL purview”.
- b. Queries on processes, general information etc., which are classified as “non-grievance”.

**Month wise** details of grievances received directly by NSDL and from SEBI (other than CAS) as mentioned in point no.2 above are placed before the Board and quarter wise count of grievances received directly by NSDL & from SEBI (other than CAS) is as below

**Table-A (Quarter-wise count of grievances received directly by NSDL and SEBI (other than CAS))**

| <b>Investor Grievances</b>                          | <b>Q4-<br/>FY2023-<br/>24 (Jan<br/>to Mar)</b> | <b>Q1-<br/>FY2024-<br/>25 (Apr<br/>to Jun)</b> | <b>Q2-<br/>FY2024-<br/>25 (July<br/>to Sept)</b> | <b>Q3-<br/>FY2024-<br/>25 (Oct<br/>to Dec)</b> | <b>Q4-<br/>FY2024-<br/>25 (Jan<br/>to Mar)</b> |
|---|--|--|--|--|--|
| Pending at Beginning of quarter <b>(A)</b>          | 173  | 155  | 118  | 240  | 173  |
| Grievances received during quarter                  |  |  |  |  |  |
| · Against DPs                                       | 1317   | 827  | 1066   | 881  | 1024   |
| · Against Depository (NSDL)                         | 271  | 452  | 817  | 634  | 888  |
| · Against Issuers / RTAs                            | 43   | 17   | 28   | 31   | 28   |
| · Incomplete Details                                | 39   | 37   | 30   | 26   | 8  |
| · Erroneous Transfer                                | 5  | 2  | 1  | 2  | 2  |
| Total Grievances received during quarter <b>(B)</b> | 1675   | 1335   | 1942   | 1574   | 1950   |
| <b>Total Grievances (A+ B)</b>                      | <b>1848</b>                                    | <b>1490</b>                                    | <b>2060</b>                                      | <b>1814</b>                                    | <b>2123</b>                                    |
| Total Grievances Resolved                           | 1693   | 1372   | 1820   | 1641   | 1861   |
| Pending at end of quarter*                          | 155  | 118  | 240  | 173  | 262  |
| Outside NSDL purview**                              | 243  | 65   | 151  | 32   | 32   |

\*Total pending investor grievances on the last date of respective quarters have subsequently been resolved.

\*\* Grievances related to broking/ trading, other entity (such as PAN, Demat account held with CDSL, Banking etc are categorized as “outside the NSDL purview”.

**Details of Grievances against Depository (NSDL) for quarter Q4 FY 2024-25**

|                    |                                      |                          |                       |                                |
|--------------------|--------------------------------------|--------------------------|-----------------------|--------------------------------|
|                    | Pending at Beginning of Q4-FY2024-25 | Received in Q4-FY2024-25 | Resolved Q4-FY2024-25 | Pending at end of Q4-FY2024-25 |
| Against Depository | 94                                   | 888                      | 871                   | 111                            |

**Particular of Grievances received against Depository (NSDL) received in Q4 FY2024-25**

|  | Jan-25     | Feb-25     | Mar-25     | Total      |
|--|------------|------------|------------|------------|
| Ideas/Speed/e services                         | 11         | 7          | 8          | 26         |
| Off Market/ Pledge OTP related query           | 26         | 14         | 4          | 44         |
| SGB related                                    | 264        | 251        | 191        | 706        |
| Block Mechanism                                | 1          | 0          | 0          | 1          |
| UCC Related                                    | 2          | 0          | 0          | 2          |
| Account Aggregator                             | 0          | 0          | 0          | 0          |
| Forwarded by SEBI (under Entity login- SCORES) | 37         | 41         | 31         | 109        |
| <b>Sub Total :</b>                             | <b>341</b> | <b>313</b> | <b>234</b> | <b>888</b> |

Note: - Month wise details of grievances are placed before the Board.

**1. The below trend is observed in grievances between the last two quarters-**

|  |                          |                                   |                                   |                    |
|--|--------------------------|-----------------------------------|-----------------------------------|--------------------|
| Against Depository Participants (DPs)  | <b>Type of complaint</b> | <b>Q3- FY2024-25 (Oct to Dec)</b> | <b>Q4- FY2024-25 (Jan to Mar)</b> | <b>% in change</b> |
|  | Against DPs              | 881                               | 1024                              | Increase by 16.23% |
| For counts, refer Table-A above under heading Investor Grievances Against DPs. |                          |                                   |                                   |                    |
| 16.23% increased observed in Q4- FY2024-25 as compared to Q3-FY2024-25.        |                          |                                   |                                   |                    |
| These increases were observed mainly in the following categories               |                          |                                   |                                   |                    |
| Sr.no  | Type of complaint        | Q3- FY2024-25 (Oct to Dec)        | Q4- FY2024-25 (Jan to Mar)        | % in change        |
| 1  | Improper Services        | 369                               | 496                               | Increase by 34.42% |

|   |   |                                   |                                   |                    |                    |
|---|---|-----------------------------------|-----------------------------------|--------------------|--------------------|
|   | 2   | Account Closure                   | 91                                | 128                | Increase by 40.66% |
|   | <ul style="list-style-type: none"> <li>In Q4 of FY 2024-25, 34.42% increase has been noticed in the category of Improper Services which includes mainly grievances related to Deactivation/ Freezing/Suspension of demat account.</li> <li>In Q4 of FY 2024-25, 40.66% increase has been noticed in category of Account Closure. As Q4 is a last quarter of Financial Year it has resulted in increase in closure of demat account to avoid paying the Annual Maintenance Charges for demat account/s.</li> </ul> |                                   |                                   |                    |                    |
| Against Depository (NSDL)   | <b>Type of complaint</b>  | <b>Q3- FY2024-25 (Oct to Dec)</b> | <b>Q4- FY2024-25 (Jan to Mar)</b> | <b>% in change</b> |                    |
|   | Depository  | 634                               | 888                               | Increase by 40.66% |                    |
| For counts, refer Table-A above under heading Investor Grievances Against Depository.                                 |   |                                   |                                   |                    |                    |
| 40.66% increased observed in Q4- FY2024-25 as compared to Q3-FY2024-25.   |   |                                   |                                   |                    |                    |
| These increases were observed mainly in the following categories  |   |                                   |                                   |                    |                    |
| Sr.no   | Type of complaint   | Q3- FY2024-25 (Oct to Dec)        | Q4- FY2024-25 (Jan to Mar)        | % in change        |                    |
| 1   | SGB related   | 434                               | 706                               | Increase by 62.67% |                    |
|   | <ul style="list-style-type: none"> <li>In Q4 of FY 2024-25, 62.67% increase has been noticed in the category of Non-receipt of SGB interest, this increase has been attributed mainly due to non-updation of correct bank details, credits received by investors in linked demat bank account, whereas investors verified the interest credit details of the subscribed SGB Bank account.</li> </ul>  |                                   |                                   |                    |                    |
| Against Issuers/Registrar & Transfer Agents (RTAs)  | <b>Type of complaint</b>  | <b>Q3- FY2024-25 (Oct to Dec)</b> | <b>Q4- FY2024-25 (Jan to Mar)</b> | <b>% in change</b> |                    |
|   | Issuers/RTAs  | 31                                | 28                                | Decrease by 9.68%  |                    |
| For counts, refer Table-A above under heading Investor Grievances Against Issuers/Registrar & Transfer Agents (RTAs). |   |                                   |                                   |                    |                    |
| 9.68% decreased observed in Q4- FY2024-25 as compared to Q3-FY2024-25.  |   |                                   |                                   |                    |                    |
| These decreases were observed mainly in the following categories  |   |                                   |                                   |                    |                    |
| Type of complaint   | <b>Q3- FY2024-25 (Oct to Dec)</b>   | <b>Q4- FY2024-25 (Jan to Mar)</b> | % in change                       |                    |                    |

|  |  |    |   |                    |
|--|--|----|---|--------------------|
|  | Company / RTA<br>(Non receipt of corporate benefits) | 11 | 4 | Decrease by 63.64% |
|--|--|----|---|--------------------|

2. The below trend is observed in grievances between the current quarter/s as compared to the previous Year same quarter. i.e. Q4- FY2023-24 (Jan to Mar) Vs Q4- FY2024-25 (Jan to Mar).

| Type of complaint         | Q4- FY2023-24 (Jan to Mar) | Q4- FY2024-25 (Jan to Mar) | % change            | Comment   |
|---------------------------|----------------------------|----------------------------|---------------------|---|
| Against DPs               | 1317                       | 1024                       | Decrease by 22.25%  | Decrease in complaints mainly related to account closure type of complaints.  |
| Against Depository (NSDL) | 271                        | 888                        | Increase by 227.68% | Increase in complaints mainly related to SGB and SEBI complaints lodged by the client under Entity login (SCORES 2.0 launched on April 1, 2024 – hence no data for the period January to March 2024). |
| Against Issuers / RTAs    | 43                         | 28                         | Decrease by 34.88%  | Decrease in complaints mainly related to Company / RTA (Non receipt of corporate benefits).   |

For counts, refer Table-A above,

3. Summary of Turn Around Time (TAT) i.e details of ageing analysis are placed below.

| In days/<br>Quarters              | Upto 7 days |                | 8- 15 days |                | 16-21 days |                | 22-30 days |                | 31 days above |                | Total redressal of grievances |
|-----------------------------------|-------------|----------------|------------|----------------|------------|----------------|------------|----------------|---------------|----------------|-------------------------------|
|                                   | No. of IGs  | % of Total IGs | No. of IGs | % of Total IGs | No. of IGs | % of Total IGs | No. of IGs | % of Total IGs | No. of IGs    | % of Total IGs |                               |
| Q4- FY2023-24 (January to March)  | 816         | 48.20          | 634        | 37.45          | 223        | 13.17          | 16         | 0.95           | 4             | 0.24           | <b>1693</b>                   |
| Q1- FY2024-25 (April to June)     | 525         | 38.27          | 612        | 44.61          | 223        | 16.25          | 10         | 0.73           | 2             | 0.15           | <b>1372</b>                   |
| Q2- FY2024-25 (July to September) | 663         | 36.43          | 704        | 38.68          | 453        | 24.89          | 0          | 0              | 0             | 0              | <b>1820</b>                   |

|                                     |     |       |     |       |     |       |   |      |   |   |             |
|-------------------------------------|-----|-------|-----|-------|-----|-------|---|------|---|---|-------------|
| Q3- FY2024-25 (October to December) | 506 | 30.83 | 516 | 31.22 | 619 | 37.72 | 0 | 0    | 0 | 0 | <b>1641</b> |
| Q4- FY2024-25 (January to March)    | 744 | 39.98 | 426 | 22.89 | 690 | 37.08 | 1 | 0.05 | 0 | 0 | <b>1861</b> |

**Note:**

- During the month of January 2024, one grievance was redressed on 24th day, after received appropriate response from the DP, same is reported to SEBI in Monthly Development Report (MDR)
- Apart from the above, one investor has reopened two tickets at CRM application on December 18, 2024, and December 21, 2024, respectively which are related to CAS and KYC. IG team has redressed the concern on January 13, 2025 (i.e. on 26<sup>th</sup> day and 23<sup>rd</sup> day) successfully.
- In Q4 FY2024-25, TAT upto 7 days is improved from 30.83% to 39.98%
- With a view to improve the operational efficiency and adherence of the TAT of 21 days, Department has implemented daily monitoring and a focused approach of rigorous follow up with DPs and RTAs to ensure timely redressal of submission of response, including monitoring and redressal of grievances.

**4. CAS grievances:**

The Quarter-wise counts of CAS grievances are placed before the Board.

Statistics of CAS grievances corresponding to CAS dispatched in Q4 (FY2024-25) is as under:

| Month    | No. of Grievances | CAS Dispatched | % of Grievances |
|----------|-------------------|----------------|-----------------|
| Jan 2025 | 2041              | 7715590        | 0.0264          |
| Feb 2025 | 1511              | 7184441        | 0.0210          |
| Mar 2025 | 1662              | 22695523       | 0.0073          |

Further, Segregation of eCAS & pCAS grievances for the month of Jan 2025 to Mar 2025 as follow-

| Month-Year | Mode of Dispatch |          | Grand Total |
|------------|------------------|----------|-------------|
|            | Email            | Physical |             |
| Jan-25     | 2037             | 4        | 2041        |

|                    |             |           |             |
|--------------------|-------------|-----------|-------------|
| Feb-25             | 1502        | 9         | 1511        |
| Mar-25             | 1656        | 6         | 1662        |
| <b>Grand Total</b> | <b>5195</b> | <b>19</b> | <b>5214</b> |

Summary of Turn Around Time (TAT) for CAS related grievances for the month of Jan 2025 to Mar 2025 as follow-

| CAS grievance received               | 0-7 days | 8-15 days | 16-21 days | Grand Total |
|--------------------------------------|----------|-----------|------------|-------------|
| Q4- FY2024- 25<br>(January to March) | 5151     | 32        | 31         | <b>5214</b> |

### 5. Online Dispute Resolution (ODR)

Report on the functioning of the Online Dispute Resolution (ODR) mechanism for complaints against Depository Participants. Please find the report with the following metrics:

| Data pertains to Depository Participant from Jan-2025 to Mar-2025 |                             |       |             |
|---|-----------------------------|-------|-------------|
| Status  | Sub -Status                 | Count | Total Count |
| (A) Received during Jan-2025 to Mar-2025                          |                             |       | <b>28</b>   |
| (B) Resolved  | i) Preconciliation          | 3     | 3           |
| (C) Others  | i) Arbitration Requested    | 1     |             |
|   | ii) Dispute returned        | 15    | 16          |
| (D) Pending as on March 31, 2025                                  | i) Conciliation in progress | 1     |             |
|   | ii) Awaiting MII Review     | 8     | 9           |

### 6. Unauthorized Transfer of grievances (UT):

Summary of grievances related to allegations of UT of securities for the Q4 (from January 2025 to March 2025) is as given below:

| UT grievance Particulars        | Q3 FY2024-25<br>(Oct to Dec) | Q4 FY2024-25<br>(January to March) |
|---------------------------------|------------------------------|------------------------------------|
| Pending at beginning of quarter | 4                            | 1                                  |

| <b>UT grievance Particulars</b>          | <b>Q3 FY2024-25<br/>(Oct to Dec)</b> | <b>Q4 FY2024-25<br/>(January to March)</b> |
|--|--------------------------------------|--|
| Total complaints received during quarter | 21                                   | 13#  |
| Complaints resolved during quarter       | 24                                   | 13   |
| Pending at end of quarter                | 1                                    | 1*   |

\* As of May 7, 2025 the aforesaid matter is resolved.

# It is observed that 13 instances were mainly related to securities debited based on instruction/s executed by Power of attorney holder. Further, in most instances, it was observed that investors have wrongly selected the category as UT while lodging the grievances, whereas it was related to transmission, transfer of shares etc.

**3. To approve the amendment in Business Rules relating to the dispatch of Consolidated Account Statement (CAS) for all securities assets.**

SEBI vide circular no. SEBI/HO/MRD-PoD2/CIR/P/2024/93 dated July 1, 2024 (copy attached) has amended the provisions for dispatch of Consolidated Account Statement (CAS) of all types of securities assets. It has also revised the mode of dispatch of account statement with email as a default mode leveraging digital technology as a green initiative measure.

For the implementation of the above SEBI Circular, NSDL is required to make corresponding amendments to its Business Rules regarding the dispatch of Consolidated Account Statement (CAS) for all types of securities assets.

Accordingly, it is proposed to amend the NSDL Business Rules as below:

- Amendments to Business Rules Section 14.3.1, 14.3.2, 14.3.3, 14.3.4, 14.3.5 & 14.3.6
- Changes related to Rights and Obligations of the Beneficial Owner and Depository Participant General Clause), in Business Rule and as per SEBI Master Circular no. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/166 dated October 6, 2023, of Master Circular for Depository Point nos. 14 & 15).

The Board is requested to approve the same.

#### **4. To consider a Compliance Certificate for the quarter ended March 31, 2025.**

The Compliance Certificate for the quarter ended March 31, 2025 on compliance with the SEBI (Depositories & Participants) Regulations, 2018, other applicable SEBI Regulations, SEBI Circulars, the Companies Act, 2013, and other laws applicable to the Company has been prepared and is enclosed as Exhibit A for consideration of the Committee. A list of compliances which are work in progress (WIP) are placed before the Board.

The Company Secretary has confirmed the compliance with applicable provisions of Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the quarter ended March 31, 2025. As per Regulation 81(3) of the SEBI (Depositories and Participants) Regulations, 2018 (notified w.e.f. 28-08-2023), the compliance officer of a depository is required to submit a report of any non-compliance of the SEBI Act, 1992, the Depositories Act, 1996, rules, regulations, circulars or directions issued thereunder and for the redressal of investors' grievances, to the SEBI on a quarterly basis in the manner as may be specified by the SEBI. SEBI has issued circular dated November 22, 2024 and specified that the Compliance Officer shall submit the quarterly report to SEBI within 45 days from the end of the quarter as per the format. The provision of this Circular is effective from 1st April, 2025. Accordingly, the Compliance Report of NSDL for the Quarter ended March 31, 2025 is enclosed as Exhibit B. The said report covers the status of compliance with the SEBI D&P Regulations applicable to a depository and certain important SEBI Circulars. The Compliance report has been submitted to SEBI on May 12, 2025.

The Board is requested to note the same.

#### **5.**

**To review the status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated June 19, 2024 and letter dated October 4, 2024 relating to SEBI Inspection for FY 2023-24.**

**To review status of open observations relating to SEBI Warning, Deficiency, Advisory Letter dated April 03, 2023 for Inspection period October 1, 2021 to September 30, 2022**

#### **Item No. 1**

1. SEBI during the onsite inspection held during December 2024- February 2025 for inspection period August 01, 2023 to July 31, 2024, had sought the Action Taken report for warning/deficiency/advisory letters dated June 19, 2024 and October 04, 2024 for inspection period October 01, 2022 to July 31, 2023 as on November 30, 2024.

2. Upon submission of the ATR, SEBI discussed the ATR with the respective teams to verify the corrective steps taken and based on the discussions, SEBI has suggested changes to the Action Taken Report and asked all the concerned teams to resubmit the same.
3. Since the said ATR was under discussion with SEBI, it was informed in the previous Board meeting dated January 31, 2025 that updated ATR for both the aforesaid letters will be presented in the next Quarterly Board meeting.
4. The summary of the number of warning/Deficiency/Advisories received pursuant to the said letters dated June 19, 2024 and October 04, 2024 are listed hereunder.

| Sr. No | Letter dated     | Warning   | Deficiency | Advisory  |
|--------|------------------|-----------|------------|-----------|
| 1      | June 19, 2024    | 14        | 37         | 77        |
| 2      | October 04, 2024 | 1         | 2          | 7         |
|        | <b>Total.</b>    | <b>15</b> | <b>39</b>  | <b>84</b> |

5. Thereafter, SEBI vide letter dated March 04, 2025 issued the Inspection report for period August 01 2023- July 31 2024, wherein based on the revised ATR for inspection period October 01, 2022 to July 31, 2023 submitted to SEBI, certain warning, deficiency and advisories have been kept open by SEBI as Under process, Not Complied and Not Implemented. The details of the same are reproduced below.

| Sr. No | Letters dated June 19, 2024 and October 04, 2024 | Warning  | Deficiency | Advisory   |
|--------|--|----------|------------|------------|
| 1      | Under Process                                    | 1        | 6          | 17         |
| 2      | Not Complied                                     | 2        | 5          | 6          |
| 3      | Not Implemented                                  | 0        | 1          | 4          |
|        | <b>Sub Total</b>                                 | <b>3</b> | <b>12</b>  | <b>27*</b> |

\*One advisory regarding to revise SOP for RTA inspection has been classified under **“Under process”** and **“Not complied”** by SEBI. Hence the said point has been classified accordingly under both the heads in the above table.

6. Accordingly, NSDL vide letter dated April 01, 2025 has responded to all the previous open Observations w.r.t inspection period October 01, 2022 to July 31, 2023. The details of the open Warning, Deficiency and Advisory and the implementation status as on April 30, 2025 basis the response placed before the board. A tabular summary of the implementation status of the open warning,

deficiency and advisories for inspection period October 01, 2022 to July 31, 2023 is provided hereunder;

| Sr. No | Letters dated June 19, 2024 and October 04, 2024 | Warning  | Deficiency | Advisory   |
|--------|--|----------|------------|------------|
| 1      | Implemented                                      | 3        | 8          | 17         |
| 2      | Being Implemented                                | 0        | 4          | 9          |
|        | <b>Total</b>                                     | <b>3</b> | <b>12</b>  | <b>26*</b> |

\*One advisory regarding to revise SOP for RTA inspection has been classified partially under “**Under process**” and “**Not complied**” by SEBI. The areas pertaining to “Under Process” has been “**Implemented**” and the area pertaining to “Not Complied” is “**Being Implemented**”. However, since the said advisory partially implemented, the overall implementation status of the advisory has been classified under “Being Implemented”

### **Item No. 2**

To review status of open observations relating to SEBI Warning, Deficiency, Advisory Letter dated April 03, 2023 for Inspection period October 1, 2021 to September 30, 2022 SEBI vide letter dated March 04, 2025 issued the Inspection report for period August 01 2023- July 31 2024, wherein based on the revised ATR submitted to SEBI, 1 deficiency and 1 advisory has been kept open by SEBI for Inspection period October 1, 2021 to September 30, 2022. The details of the observations and the response placed before the Board.

The Board is requested to note the same.

### **6. To review status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated February 06, 2025.**

As per the quarterly data tables submitted to SEBI for Q2 of FY 2024-2025, SEBI observed that one of the Director/ Committee Member (Prof. Raiat Moona) had transacted in the securities and submitted the disclosure beyond the timeline of 15 days of the transaction/dealing, as prescribed under the SEBI (Depositories and Participants) Regulations 2018. In this regard, SEBI sought comments from NSDL for the same, and NSDL in its response had submitted as follows

*“As per earlier Code of Conduct, the disclosures were required to be submitted in 30 days for every quarter. The code of conduct has been amended as per SEBI (D&P) Regulations, 2018 and comes into effect from January 1, 2025 which specifies the requirement to submit the disclosures within 15 days from date of dealing in securities.”*

In this regard, SEBI vide letter dated February 06, 2025 issued warning w.r.t automated compliance verification on Organizational structure and Governance of NSDL for Q2 F.Y 2024-2025. The details of the warning and NSDL response dated March 12, 2025 are placed before the Board.

### **Details of Warning**

*“Disclosure of dealing in securities by Director/ Committee Member (Prof. Raiat Moona)  
From the comments submitted by NSDL in this regard, it is observed that NSDL has failed to timely amend its Code of Conduct, which led to violation of Regulation II B 5 (c ) of part B of the Third Schedule of SEBI D&P Regulations, 2018. Same also led to delay in disclosure of dealing in securities by the above Director/Committee Member of NSDL.”*

### **NSDL Response:**

We wish to bring to your kind notice that the Code of conduct to regulate, monitor and report trading in securities of other listed entities by designated persons as an intermediary (‘Code of Conduct’) has been drafted as per SEBI (Depositories & Participants) Regulations, 2018. Accordingly, the amendment was carried out on November 12, 2024.

The changes are referred in Clause 7.2 of the Code of Conduct – “A Director shall disclose to the Governing Board (through the Compliance Officer) all their trading in securities of Other Listed Entities, directly or indirectly (i.e. by any of the immediate relative of the Designated Person or by any firm/ corporate entity in which the Designated Person or his immediate relative hold 20% or more beneficial interest or controlling interest) in Form III within 15 days of the transaction/ dealing in securities.

In case, the Director has not traded in securities of Other Listed Entities, directly or indirectly, during a particular period, then he/she shall not be required to submit the said disclosure for such period.”

We will ensure timeliness so that such issues do not occur in future

The Board is requested to note the same.

## **7. To review the status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated March 28, 2025.**

To review the corrective steps taken with respect to the administrative warning issued by SEBI vide letter dated March 28, 2025 regarding the inspection of Centralized Database for Corporate bonds / debentures hosted by the Depositories for the period January 01, 2024 – December 31, 2024

SEBI vide its letter dated March 12, 2025 issued the inspection report w.r.t. Inspection of Centralized database of corporate bonds / debentures hosted by the Depositories for the period January 01, 2024 – December 31, 2024.

In this regard, NSDL vide email dated March 25, 2025 responded to the observation in the aforesaid inspection report. The details of the observations and comments of NSDL are placed before the Board.

Subsequently, SEBI vide its letter dated March 28, 2025 issued the following administrative warnings w.r.t Inspection of Centralized database of corporate bonds / debentures hosted by the Depositories for the period January 01, 2024 – December 31, 2024.

- 1) Failure to synchronize Centralized Database for corporate bonds/debentures hosted by NSDL and directed to rectify and complete the synchronization of the entire database in consultation with CDSL by June 30, 2025 (Observation 1)
- 2) Failure to display investor categories on its Centralized Database for corporate bonds/debentures (Observation 2)
- 3) Failure to synchronize the NCRPS and SDI database with CDSL and directed to comply the synchronization in consultation with CDSL by May 31, 2025.(Observation 3)

In this regard NSDL, submitted its action taken report vide email dated April 30, 2025 inter-alia stating the corrective steps taken. The details of NSDL response to the aforesaid administrative warning is mentioned hereunder.

- 1) Failure to synchronize Centralized Database for corporate bonds/debentures hosted by NSDL and directed to rectify and complete the synchronization of the entire database in consultation with CDSL by June 30, 2025.

**NSDL Response** - We submit that both the depositories are in the process of synchronizing the database where mismatch is observed and expect to rectify all such issues by the specified timeline.

- 2) Failure to display investor categories on its Centralized Database for corporate bonds/debentures.

**NSDL Response** - Both the Depositories are in discussion with SEBI on getting the clarification on the observation and defining the next steps.

- 3) Failure to synchronize the NCRPS and SDI database with CDSL and directed to comply the synchronization in consultation with CDSL by May 31, 2025.

**NSDL Response:** Both Depositories have reached an agreement on the fields and file format for synchronizing the NCRPS and SDI databases and have exchanged API feed documentation for both data sets. Following IT team confirmation of these documents, development will commence to prepare the data and facilitate data sharing between the depositories. The goal is to create a consolidated file containing data from both NSDL and CDSL, which will be published daily on the "IndiaBondInfo" portal under the Data & Reports section. The development and testing phases are anticipated to take time and are expected to be completed by June 30, 2025. We kindly request SEBI to grant us one month extension till June 30, 2025.

Further, regarding the Observation 2 as mentioned above, both the Depositories had a meeting with SEBI on this, and SEBI has advised both the Depositories to work on defining the format for publishing of ISIN wise holding data based on the investor categories present in the Depository system. Once the format is defined, SEBI will review it and if required may issue a circular for giving direction to depositories for publishing of the data on the centralized database.

- 1) SEBI vide its letter dated March 28, 2025 has advised NSDL to place the findings of inspection, corrective steps taken by NSDL to rectify all the deficiencies and the aforesaid SEBI letter before the Governing Board of NSDL and to forward their comments to SEBI, as to whether they are satisfied with the corrective steps taken by NSDL and forward the comments of the Governing Board of NSDL within two weeks of the Board meeting.

The Board is requested to review and provide comments for onward submission to SEBI.

## **8. To Take Note Of SEBI Inspection Report for The Period August 01, 2023 To July 31, 2024.**

SEBI had carried out an onsite inspection of NSDL (For Non-IT and IT ) during December 2024 – February 2025 for the inspection period from August 01, 2023 to July 31, 2024. During the inspection, SEBI officials have verified processes followed by Regulatory and non-regulatory departments in operations as well systems areas. In addition, SEBI officials have verified compliance with the provisions of the SEBI (Depositories and Participants) Regulations, 2018 including any amendments thereon, various circulars issued by SEBI during the period of inspection and compliance with Bye Laws and Business Rules of NSDL.

Subsequently, SEBI vide its letter dated March 04, 2025 issued its Inspection Report for IT and Non-IT areas and advised NSDL to provide its comments/ replies on the factual findings of the Inspection Report in the requisite format within 15 days from the date of the SEBI letter. Upon request, SEBI granted an additional 13 days for submission of comments/ replies.

The Management has reviewed the observations/ findings, prepared its replies/ comments and submitted the response to SEBI in two tranches vide emails dated March 19, 2025 and April 01, 2025. Consolidated response placed before the Board.

Further an exit meeting was held with SEBI WTM to discuss the observations of SEBI and replies submitted by NSDL on April 16, 2025.

Further, the responses submitted for the IT inspection report will also be presented before the Standing Committee on Technology for noting.

Regulatory Oversight Committee in its meeting held on even date noted the SEBI inspection report for the period August 01, 2023 to July 31, 2024 and recommended the same recommended to the Board to take note of the same report and responses submitted to SEBI by NSDL.

The Board is requested to note the same.

## **9. Levying fees for the platform for Security and Covenant Monitoring for Corporate Bonds.**

Under the guidance of SEBI, NSDL launched its Security & Covenant Monitoring (SCM) DLT platform on April 1, 2022, as mandated by SEBI circulars dated August 13, 2021, and March 29, 2022. The platform is being used by Issuers of Listed Bonds/Debenture and Debenture Trustee as per the prescribed guidelines. This significant initiative was further underscored by its official launch on May 7, 2022, by the Chairperson of SEBI in the presence of the Honourable Union Finance Minister, marking a key milestone in NSDL's Silver Jubilee.

Over the past three years, NSDL has diligently developed and enhanced the SCM platform, actively seeking SEBI's guidance and fostering collaboration with Issuers and Debenture Trustees to introduce new modules and functionalities. This collaborative approach underscores our commitment to creating a robust and effective platform for all stakeholders.

NSDL has released the following functionality over a period on the SCM platform:

| <b>Period</b>         | <b>Specifications</b>   |
|-----------------------|---|
| <b>April 2022</b>     | Phase 1 launched, covering modules for recording of a) Security Creation b) Asset Cover c) Charge Creation d) Charge registration                                       |
| <b>January 2023</b>   | Modules covering a) Modification of Assets valuation b) Modification of Asset Encumbrances c) Recording of Cash flow, added to the platform.                            |
| <b>September 2023</b> | Phase 2 launched with modules for a) Reissuance, b) Recording of Covenants  |
| <b>December 2023</b>  | Periodic Covenant Monitoring released   |
| <b>March 2024</b>     | Interoperability with CDSL for asset dedupe check released.   |
| <b>July 2024</b>      | Module covering a) PDD-Phase1 - i) Asset ISIN Mapping Dashboard ii) Update Asset Valuation iii) Update Asset Encumbrances b) Sebi Reporting functionality               |
| <b>November 2024</b>  | Module covering a) PDD-Phase2: i) Map Asset to Debenture ii) Asset Due Diligence (Search Report, Title Search Report, Valuation Report) iii) Accept Asset Cover Request |
| <b>December 2024</b>  | Modules covering a) Cash flow Schedule b) PDD-Phase3: Dashboard c) Submission of Charge by Issuer   |
| <b>March 2025</b>     | Modules covering a) Amendment of Cash Flow Schedule b) Date of Payment introduction in cashflow   |
| <b>May 2025</b>       | Credit Rating recording, verification and updation developed.   |

#### **Key Benefits of the SCM platform for the corporate bond ecosystem:**

- Workflow based platform providing complete digitisation of the process.
- Maintain a unified view and single source of record for all the involved parties
- Facilitate in streamlining the periodic asset valuation and approval processes
- The **non-disputable records** on the DLT Blockchain platform will be **cryptographically secure** and offer the benefits of data auditability and tamperproof ledger, thus strengthening the **investor's confidence** in the market.
- System generated unique asset ID assigned to an asset of the issuer for effective asset creation as well as tracking
- **Avoid Duplicity of Asset** by providing an alert to stakeholders through appropriate validation/ duplicate checks in the internal system and sharing key asset attributes with another depository due to **interoperability** between depositories
- Periodic alerts to Debenture trustees & Issuers on the upcoming compliances

#### **Platform Adoption:**

- **550 +** Listed Corporate Bond Issuers Onboarded
- **4000+** Asset-backed Debentures representing 94% of the market
- **3600+** Debentures updated with Covenants and Trust Deeds
- **4800+** Debentures updated with Payment Information

**2.1** In view of the aforesaid, it is hereby proposed to levy below fees on Issuers towards usage of the platform effective from May 15, 2025 on a prospective basis:

| <b>Particulars</b>         | <b>Amount (Rs.)</b> |
|----------------------------|---------------------|
| One Time Entry Fees        | 1,00,000/-          |
| Annual Infrastructure Cost | 25,000/-            |

**2.2** Annual Usage fees applicable to Issuers will be as per the slabs below:

| <b>Slab Range based on the total Outstanding Issue Size as on the end of the financial year</b> | <b>Annual Fees Per entity (Rs.)</b> |
|---|-------------------------------------|
| Upto 250 Crs  | 25,000                              |
| Above 250 - 500 Crs   | 50,000                              |
| Above 500- 1000 Crs   | 1,00,000                            |
| Above 1000 Crs- 5000 Crs  | 3,00,000                            |
| Above 5000 Crs  | 10,00,000                           |

Further, taxes as applicable, will be payable on the aforesaid fee.

**Justification:**

Since its launch in April 2022, the platform has been offered without charges to respective stakeholders. NSDL has invested ₹19.16 Crores (till FY 2024-25) in its development and ongoing enhancements on the project.

As our platform matures and the volume of transactions and data managed increases, the implementation of a fee structure has become necessary to ensure the recovery of the cost, continued operation, maintenance, security, and future development of the platform. Considering the long-term viability of the platform, costs involve towards operations, ongoing maintenance, security control, and increasing volume, a fee structure for Issuers and Debenture Trustees is now necessary. This step will support the continued effectiveness and potential of the DLT platform for all stakeholders.

As discussed with SEBI, SEBI approval is not required for the implementation of this fee proposal. However, we have informed SEBI about the implementation of this fee proposal in writing for their information.

Expected Revenue as per aforesaid proposed charges will be as follows:

**Issuers:**

- One time entry fees: Rs. 5.63 Crs.
- Annual Infra Charges: Rs. 1.40 Crs.
- Annual Usage Fees based on slabs: Rs. 14.15 Crs.

The Board is requested to approve the same.

#### **10. To revise settlement fees levied on pool account transfers.**

As per the SEBI guidelines, Direct payout facility has been implemented for all clients except clients having arrangements with custodians registered with SEBI for clearing and settlement of trades from February 25, 2025.

1. **Prior** to the direct payout process implementation, the payout of securities as a part of Settlement Process was handled as follows:
  - a. Clearing Corporation (CC) used to credit the securities in respect of pay-out from its CC settlement account to Clearing Member (CM) Pool account.
  - b. After receiving the securities in the CM Pool account, CM used to transfer the securities to the clients' Demat accounts using SPEED-e or through its Depository Participant within the prescribed timeframe.
  - c. Client was dependent on CM/Trading Member (TM) to receive the payout of securities.
  
2. After the direct payout process implementation, the payout of securities is credited directly to client's demat account through the below process:
  - a. CC will upload the direct payout instruction into NSDL depository system with details of CM, TM, UCC etc to credit the securities into client's demat account.
  - b. NSDL through hop-skip (hop-in and hop-out) mechanism credit the securities to client's demat account.
  - c. The hop-skip mechanism will involve transfers from CC Pool to CM Pool, then CM Pool to TM Pool, if any, and finally, from CM/TM Pool to Client's demat account without any manual intervention.
  - d. Client is not dependent on CM/TM to receive the payout of securities.
  
3. The Clearing Corporation under NSDL Business Rule 13.2.3 and 13.2.4 has been enabled to open a special account known as CC Account with itself comprising of Pool account and Delivery account. The CC account has all the characteristics of CM account. However, the movement of securities from the Pool account of the Clearing Corporation to the Pool accounts of the Clearing Members is permitted.

For the purpose of the new method of payout processing NSDL has utilised the above stated CC Pool account from February 25, 2025.

4. It may be mentioned that NSDL also has Business Rule 21.2.2.1(iv) about Settlement fee for Pool-to-Pool transfers which states:

A settlement fee at the rate of ₹5.00 per debit instruction for transfer of securities from the CM, TM or Portfolio Manager account of a Clearing Member, Trading Member or Portfolio Manager to the CM, TM or Portfolio Manager account of another Clearing Member, Trading Member or Portfolio Manager shall be charged to the Participant of the delivering Clearing Member, Trading Member, or Portfolio Manager.

Accordingly, under Rule 21.2.2.1(iv) and Rule 13.2.4, fees were levied to CCs for hop-skip mechanism in respect of CC Pool to CM Pool transfers for the month of February.

CCs have represented to NSDL that the transactions executed out of the CC pool account was to complete the direct payout mechanism implemented as per SEBI guidelines and suggested that those transactions have indeed replaced the transactions that would have been executed by the CMs/TMs to complete the settlement process. Further, the direct payout implemented by SEBI has benefitted the CMs/TMs as distribution of payout has become seamless activity and reduced the manual activities and reconciliation process for CMs.

Based on the representation by the CCs that CCs have not incurred this cost earlier and they have only enabled an efficient settlement process, it is proposed to waive the charges levied to CCs in the month of February 2025 for settlement fees in respect of CC Pool to CM Pool transfers in respect of direct payout process. NCL was charged ₹2,43,88,222.30 (incl. GST) for settlement fees in respect of pool-to-pool transfers, and ICCL was charged ₹12,09,187.30 (incl. GST) for settlement fees in respect of pool-to-pool transfers in February 2025 month.

It is also proposed not to levy charges to CCs from March 2025 onwards for settlement fees in respect of CC Pool to CM Pool transfers in respect of direct payout process. Accordingly, NSDL Business Rule 21.2.2.1(iv) is proposed to be amended as below in the table.

Further, As per NSDL Business Rule 21.2.2.1(ii), currently, Settlement fee is levied to CM for payout process as per below rule that was last amended on April 1, 2008:

A settlement fee at the rate of Re. 1.00 per instruction in respect of securities received from the Clearing Corporation into the Pool account of each Clearing Member, Trading Member or Portfolio Managers maintained with the Participant subject to a minimum of ₹ 1500 and a maximum of ₹ 5,000 per quarter per CM, TM or Portfolio Manager Account shall be charged to the Participant.

It is proposed to revise (marked in yellow colour) aforesaid NSDL Business Rule in respect of Settlement Fees for CM considering the aforesaid factors as below:

| Existing Business Rule   | Proposed Business Rule   |
|--|--|
| <p><u>21.2.2.1 (ii) A settlement fee at the rate of Re. 1.00 per instruction in respect of securities received from the Clearing Corporation into the Pool account of each Clearing Member, Trading Member or Portfolio Managers maintained with the Participant subject to a minimum of ₹ 1500 and a maximum of ₹ 5,000 per quarter per CM, TM or Portfolio Manager Account shall be charged to the Participant.</u></p>                        | <p><u>21.2.2.1. Settlement Fee:</u><br/> <u>(ii). A settlement fee at the rate of Re. 1.00 per instruction for securities received from the Clearing Corporation and credited into the Pool account of each Clearing Member, Trading Member or Portfolio Manager, maintained with the Participant shall be charged to the Participant.</u></p> <p><u>Provided that the settlement fee shall be subject to a minimum of ₹ 2500 and a maximum of ₹ 10,000 per quarter per CM, TM or Portfolio Manager Account if the securities received from the Clearing Corporation are credited to the client account maintained with the Participant.</u></p> |
| <p><u>21.2.2.1 (iii) A settlement fee at the rate of ₹5.00 per debit instruction for transfer of securities by way of inter-settlement transfers in the CM Account(s) shall be charged to the Participant.</u></p>   | <p><u>To be deleted.</u></p>   |
| <p><u>21.2.2.1(iv) A settlement fee at the rate of ₹5.00 per debit instruction for transfer of securities from the CM, TM or Portfolio Manager account of a Clearing Member, Trading Member or Portfolio Manager to the CM, TM or Portfolio Manager account of another Clearing Member, Trading Member or Portfolio Manager shall be charged to the Participant of the delivering Clearing Member, Trading Member, or Portfolio Manager.</u></p> | <p><u>21.2.2.1(iv) A settlement fee at the rate of ₹5.00 per debit instruction, for transfer of securities from the CM, TM or Portfolio Manager account of a Clearing Member, Trading Member or Portfolio Manager to the CM, TM or Portfolio Manager account of another Clearing Member, Trading Member or Portfolio Manager shall be charged to the Participant of the delivering Clearing Member, Trading Member, or Portfolio Manager.</u></p>  |

## 1. Rationale:

There has been increase in cost of service due to economic factors (viz., inflation) and market factors (viz., process changes due to direct payout facility, simultaneous processing of T+1 and T+0 settlement etc.). Additionally, to support the point-load on the system in respect of direct payout process, the infrastructure has been augmented and

the cost incurred for infrastructure and software development is about ₹15 crores. *This cost also includes additional infrastructure augmentation on DR site and additional costs of cyber security controls on account of increased point load of Direct Payout instructions.*

Due to the aforesaid development, NSDL depository system can now handle more than **40 lacs** direct payout instructions viz., Intra and Inter Depository within span of one hour as against **15 lacs** instructions in one hour previously. These changes have been made to meet the regulatory requirements of handling such a high volume of transactions.

The direct payout facility has helped CMs and TMs to reduce the TAT for distributing the pay-out of securities. This has also reduced the manual activities at CMs/TMs office, thereby positively impacting the cost.

## **2. Impact:**

It may be mentioned that since February 25, 2025, on an average, around **14 lacs** viz., 7 lacs Intra and Inter Depository transfer instructions are executed on a daily basis in respect of Direct Payout process. It may be expected that the volume of such transfer instructions will grow depending on the market activity.

The Board is requested to approve the same.

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