Policy on
Processing Investor Claims and
Utilisation of Funds of NSDL IPF Trust

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1. Purpose and Background of the Policy

In terms of Regulation 72 of the SEBI (Depositories and Participants) Regulations, 2018 (earlier 53C of SEBI (Depositories and Participants) Regulations, 1996), a depository is required to establish and maintain an investor protection fund. As per clause 72(3) of the said Regulation, the contribution and utilisation of the investor protection fund shall be in accordance with the norms specified by SEBI.

SEBI has vide its Circulars SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023 issued comprehensive guidelines relating to constitution and management of IPF, contribution to IPF, utilization of IPF and investments of funds of IPF. The said circular superseded the earlier circulars in relation to IPF.

Vide this policy, the beneficial owners will be made aware of the process that needs to be followed for filing claims so that the process is effortless and awareness is created. This policy will lay down the procedure for claims pursuant to negligence of DP/NSDL under Section 16 of the Depositories Act, 1996.

2.Constitution and Management of the IPF

a. The IPF shall be administered through separate trust created for the purpose.
b. The IPF Trust shall consist of five trustees as under:
    I. Three Public Interest Directors (PIDs);
    II. One representative from the investor associations recognized by SEBI; and
    III. Chief Regulatory Officer or Compliance Officer.
c. The maximum tenure of a trustee (excluding the Chief Regulatory Officer or Compliance Officer, whose trusteeship would be co-terminus with their service) shall be five years or as specified by SEBI.
d. Further, supervision of utilization of IPF and interest or income from IPF will rest with the IPF Trust.

3.Scope and Definitions

This policy is applicable to all beneficial owners of NSDL i.e. investors who hold demat accounts with depository participants registered with NSDL. This Policy should be read in conjunction with other policies, (if applicable) and the various directives / circulars issued by SEBI in the same subject matter.

“NSDL IPF” means NSDL Investor Protection Fund.

“BO” means a beneficial owner who holds a demat account with depository participant admitted with NSDL

“NSDL” means National Securities Depository Limited

“DP” means depository participant admitted with NSDL

“This Policy” or “Policies” means this Policy on processing investor claims and Utilisation of funds of NSDL IPF Trust.

4.Process of Filing of Claims

A. Claim pursuant to negligence of DP

SR. NO.	ACTION	PROCESS TO BE FOLLOWED	MAXIMUM TIMELINE
1	Submission of claim by the demat account holder with DP, with whom the demat account is held	The demat account holder shall submit the request for claim in writing for loss suffered due to fraud or deficiency in providing depository related services by the DP explaining the incident and provide the reason for claim. The following supporting documents should be submitted by demat account holder to DP: 1. Incident Note describing the incident 2. Statement of Claim 3. Details of estimated loss 4. FIR copy, (needed in case of crimes such as fraud, infidelity of employees etc.) 5. Contact details of the person at DP in context of the insurance claims.	T+30 days *(T – means date of discovery of incident resulting in loss).*
2	Verification of documents received from demat account holder by DP.	The DP will review and analyze the claim to understand the loss and assess its admissibility.	T+30 days (T means receiving documents from demat account holder)
3	Submission of claim and supporting documents received from demat account holder to NSDL	If the DP, after verification of claim and supporting documents received from the demat account holder founds the claim as legitimate, the DP may submit the claim with its recommendation with NSDL for further processing.	T+90 days (T means receiving documents from demat account holder)
4	Scrutiny of claim and supporting documents received by NSDL from DP	NSDL will scrutinize the claim and supporting documents. On receipt of full set of claim documents from DP, NSDL verifies the required documents as per NSDL Circular and carries out preliminary analysis of the incident report to understand the loss and assess its	T+120 days (T means from receipt of claim from DP)

SR. NO.	ACTION	PROCESS TO BE FOLLOWED	MAXIMUM TIMELINE
		admissibility if possible.	
5	Deficiency in document / additional documents	In case, any clarification or additional documents are required, NSDL will accordingly inform the DP to provide the same.	T+120 days (T means from receipt of documents from DP)
6	Processing of claims under beneficial owner insurance policy	After assessment by NSDL, if the claim of demat account holder is found legitimate, NSDL will lodge the claim with the insurance company for processing and settlement of claim under the Business Risk insurance policy. In case, the insurance company requires any clarification or further documents, it will inform DP directly. Upon receipt of the required documents, the insurance company if satisfied, will settle the claim by releasing payment to NSDL/DP.	Submission of claim with the insurance company (T + 150 days) from the receipt of full set of documents from the DP. Settlement of claim depends on the surveyor's report who is appointed by the insurance company and also the internal procedures/ approvals at the insurance company's end. NSDL follows-up regularly with the insurance broker for early settlement of claims.
7	Intimation of process / rejection of claim	In the event the insurance company refuses to settle the claim ("**Unsettled Claim**"), such Unsettled Claim can be settled under the NSDL IPF Trust provided that such claim is legitimate. The settlement of claim under the NSDL IPF trust will be as per the Policy on processing investor claims and Utilisation of funds of NSDL IPF Trust and shall be forwarded to IPF team of NSDL for the requisite action. Such claims will be placed before the Member Committee or any other prescribed committee of NSDL for recommendation to the NSDL IPF Trust.	T+90 days after the intimation of rejection of the claim by the insurance company to NSDL.

SR. NO.	ACTION	PROCESS TO BE FOLLOWED	MAXIMUM TIMELINE
8	Approval from Member Committee or any other prescribed committee	NSDL IPF team shall obtain approval from Member Committee or any other prescribed committee for recommendation to the NSDL IPF Trust.	T+60 Days from intimation from Risk Team
9	Approval from IPF Trustee	NSDL IPF team shall obtain approval of NSDL IPF Trust to settle the claim as per the Policy on processing investor claims and Utilisation of funds *of* NSDL IPF Trust	T+60 Days from receipt of approval from Member Committee.
10	Settlement of Claim from NSDL IPF	NSDL IPF team to process the settlement of the legitimate claim to DP / Investor(s) as per the Policy on processing investor claims and Utilisation of funds of NSDL IPF Trust A maximum cap of claim upto Rs. 10,00,000 (Rupees ten lakhs) per investor per claim will be admitted under the IPF Trust in case the same is not settled by the beneficial owner indemnity insurance. *Primary holder of the account shall be considered as investor	T+60 days from receipt of approval of NSDL IPF Trust (based on recommendation from Member Committee or any other prescribed committee.)

B. **Claim pursuant to negligence of Depository**

In case the legitimate claim received is due to negligence of the Depository, the depository shall indemnify such beneficial owner. Such claims shall not be reimbursed from the IPF of the Depository.

5. Reimbursement of claim amount from IPF

The legitimate claims may be re-imbursed in the following manner:

(i) All the legitimate claims of the beneficial owners shall be eligible to be compensated from the beneficial owner indemnity insurance.

(ii) Legitimate claims due to negligence of depository participant or depository:

a. In case the legitimate claim received is due to negligence of the depository participant (including errors and omission by its employees) and the same is not settled by the beneficial owner indemnity insurance, then such claim shall not be re-imbursed from the IPF. Such claims may be re-imbursed by the Depository and the Depository shall recover the claim amount from the relevant depository participant.

b. In case the legitimate claim received is due to negligence of the depository and the same is not settled by the beneficial owner indemnity insurance, then such claim shall not be re-imbursed from the IPF. Such claims may be compensated by the Depository.

(iii) Other legitimate claims:

a. In case the legitimate claim amount is less than the deductible specified in the beneficial owner indemnity insurance policy, then the same may be compensated from the IPF, subject to the maximum cap as may be determined by the Depository. However, if the said claim is due to issue at the Depository, then such claim may be compensated by the Depository and the same shall not be re-imbursed from the IPF.

b. In case the legitimate claim amount is more than the deductible specified in the beneficial owner indemnity insurance policy, then the deductibles specified in the insurance policy may be compensated from the IPF, subject to the maximum cap as may be determined by the Depository. However, if the said claim is due to issue at the Depository, then such claim may be compensated by the Depository and the same shall not be re-imbursed from the IPF.

(iv) A maximum cap of claim upto Rs. 10,00,000 (Rupees ten lakhs) per investor per claim will be admitted under the IPF Trust in case the same is not settled by the beneficial owner indemnity insurance. *Primary holder of the account shall be considered as an investor.

6. Contribution to NSDL IPF and utilization of funds of NSDL IPF

Contribution to NSDL IPF and utilization of funds of NSDL IPF shall be as per SEBI circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023 and any other guidelines/Circulars issued by SEBI from time to time.

7. Document Retention

All documents related to this Policy shall be retained by the Company for a minimum period of 8 years.

8. Review and revision

The Policy shall be reviewed annually. Any new regulation / circular issued by SEBI shall be deemed to have been included in the Policy immediately upon their issuance, without waiting for formal approval of the IPFT. The provisions in the Policy are in addition to, and not in derogation of, other applicable laws.

9. Implementation of the Policy

A copy of the policy shall be uploaded on the website of the Company and necessary action with respect to any amendments will be taken.