NSDL
Technology, Trust & Reach

Participant Services Circular

Index of 'Master Circular for Participants'

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CHAPTER 1 - ACCOUNT OPENING

1. ACCOUNT OPENING

1.1. General Guidelines

1.1.1. Important Points

1.1.1.1. KYC and Client Due Diligence (CDD) policies as part of KYC are the foundation of an effective Anti-Money Laundering process. The KYC process requires every SEBI registered intermediary to obtain and verify the Proof of Identity (PoI) and Proof of Address (PoA) from the client at the time of commencement of an account-based relationship.

1.1.1.2. The registered intermediaries shall not open or keep any anonymous account or account in fictitious names or account on behalf of other persons whose identity has not been disclosed or cannot be verified. The intermediaries shall also continue to abide by circulars issued by SEBI from time to time for prevention of money laundering.

1.1.1.3. PAN is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole-time directors and persons authorized to deal in securities on behalf of company/firm/others.

1.1.1.4. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the list mentioned below at point no. 1.1.16.

1.1.1.5. If any proof of identity or address is in a foreign language, then translation into English is required.

1.1.1.6. Name & address of the applicant mentioned on the KYC Application Form, should match with the documentary proof submitted.

1.1.1.7. If correspondence & permanent address are different, then proofs for both have to be submitted. However, if a client has provided Aadhaar / Aadhaar number for identification and wants to provide a current address, which is different from the address indicated in the Aadhaar, the client may give a self-declaration to that effect to the respective intermediary.[1]

1.1.1.8. Sole proprietor must make the application in his individual name & capacity.

1.1.1.9. In terms of the PML Rules, cases where the client submits his proof of possession of Aadhaar number as an officially valid document, he may submit it in such form as is issued by the UIDAI.

1.1.1.10. In case the officially valid document presented by a foreign national does not contain

[1] SEBI FAQ dated May 14, 2024 on 'KYC norms for the Securities Market'

the details of address, the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

1.1.1.11. For non-residents and foreign nationals, (*allowed to trade subject to RBI and FEMA guidelines*), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.

1.1.1.12. For foreign entities, CIN is optional; and in the absence of DIN for the directors, their passport copy should be given.

1.1.1.13. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (*Continuous Discharge Certificate*) is to be submitted.

1.1.1.14. For opening an account with Participant for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.

1.1.1.15. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.

1.1.1.16. Politically Exposed Persons (PEP)[2] are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP as contained in the paragraph 20 of the master circular [3]shall also be applied to the accounts of the family members or close relatives / associates of PEPs.

1.1.2. **List of documents admissible as Proof of Identity (PoI)[4]** (Documents having an expiry date should be valid on the date of submission.)

1.1.2.1. Officially valid document (OVD) defined as per Rule 2 (d) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (PML Rules):

i. the passport;
ii. the driving licence;
iii. proof of possession of Aadhaar number;
iv. the Voter's Identity Card issued by Election Commission of India;
v. job card issued by NREGA duly signed by an officer of the State Government;
vi. the letter issued by the National Population Register containing details of name address; or
vii. any other document as notified by the Central Government in consultation with the Regulator.

1.1.2.2. Further, in terms of proviso to the above Rule, where simplified measures are applied for verifying the identity of the clients, the following documents shall also be deemed to be officially valid document:

[2] Clause (db) of sub-rule (1) of rule 2 of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005
[3] SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024
[4] SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023

i. Identity card/ document with applicant's photo, issued by the Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions;

ii. Letter issued by a gazetted officer, with a duly attested photograph of the person.

1.1.2.3. The registered intermediaries shall not store/ save the Aadhaar number of clients in their system. Further, in terms of PML Rule 9(16), every registered intermediary shall, where the client submits his Aadhaar number, ensure that such client redacts or blacks out his Aadhaar number by appropriate means where the authentication of Aadhaar number is not required under sub rule (15) of PML Rule 9.

1.1.3. ***List of documents admissible as Proof of Address (PoA)*** [5] *(Documents having an expiry date should be valid on the date of submission.)*

1.1.3.1. Officially valid document (OVD) defined as per Rule 2 (d) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (PML Rules):

i. the passport;
ii. the driving licence;
iii. proof of possession of Aadhaar number;
iv. the Voter's Identity Card issued by Election Commission of India;
v. job card issued by NREGA duly signed by an officer of the State Government;
vi. the letter issued by the National Population Register containing details of name address; or
vii. any other document as notified by the Central Government in consultation with the Regulator.

1.1.4. **Deemed Proof of Address: -**

Further, in terms of Rule 9(18) of PML rules, 2005, in case the officially valid document furnished by the client does not contain updated address, the following documents (or their equivalent e-documents thereof) shall be as deemed to be officially valid document for the limited purpose of proof of address, provided that the client shall submit updated officially valid document (or their equivalent e-documents thereof) with current address within a period of three months of submitting the following **documents:**

1.1.4.1. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
1.1.4.2. property or municipal tax receipt;
1.1.4.3. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
1.1.4.4. letter of allotment of accommodation from employer issued by state or central government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation.

1.1.5. *The* proof *of address in the name of the spouse may be accepted.*

1.1.6. *Acceptance of third party address as correspondence address in depository account* [6]

[5] SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023
[6] SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023

(a) Client can also provide third party address as correspondence address in depository account provided Participant ensures that all prescribed 'Know Your Client' norms are fulfilled for the third party also. The Participant shall obtain proof of identity and proof of address for the third party. The Participant shall also ensure that customer due diligence norms as specified in Rule 9 of Prevention of Money Laundering Rules, 2005 are complied with in respect of the third party.

(b) Participant should further ensure that the statement of transactions and holding are sent to the Client's permanent address at least once in a year.

(c) However, the above provision shall not apply in case of PMS (Portfolio Management Services) clients as informed earlier vide letter no. IMD/ MT/165502/ 2009 dated June 05, 2009.

1.1.7. *Identification* ***of Beneficial Ownership:***

As per Prevention of Money Laundering Act, 2002 and Rules framed there under Participants are advised to identify the beneficial owner and take all reasonable steps to verify the identity of the clients.

In this regard, Participants are requested to be guided by Para 7 (vi) of AML Chapter of this Master Circular and ensure compliance.

1.1.8. *Name* ***Screening:***

Participants are directed to ensure that accounts are not opened in the name of anyone whose name appears in sanction list. In this regard, Participants are requested to be guided by following procedures (Para 20 to 23) of AML Chapter of this Master Circular and ensure compliance.

1. Procedure for freezing of funds, financial assets or economic resources or related services

2. Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 – Directions to stock exchanges and registered intermediaries

3. List of Designated Individuals/ Entities

4. Jurisdictions that do not or insufficiently apply the FATF Recommendations

5. Reporting To Financial Intelligence Unit-India

1.1.9. **SARAL Account Opening Form for Resident Individuals** [7]

It had been gathered that a majority of new investors in the securities market begin with participation in the cash segment without obtaining various other facilities such as internet trading, margin trading, derivative trading and use of power of attorney. With a view to encourage participation by such investors, SEBI introduced a Simplified Account Opening Form termed as SARAL Account Opening Form for opening of a trading account and demat account.

All Participants are required to adhere to the following procedure for opening and monitoring of

[7] SEBI Circular MIRSD/1/2015 dated March 04, 2015 (SEBI Circular on SARAL).

SARAL account:

1.1.9.1. Applicability:

(a) This Circular is applicable only to those Participants who are also stock-brokers.
(b) SARAL Form is only for resident individuals.

(c) SARAL Form is only for opening a demat account (as a sole holder) along with a trading account for trading in cash segment with the same entity.

1.1.9.2. Opening of SARAL demat account

(a) Demat account can be opened based on SARAL Form, provided trading account is also opened with the same Participant (who is also a stock broker).

(b) The extant procedure for opening a demat account and uploading documents to the KYC Registration Agency must be followed.

(c) In view of the point no. 3 of SEBI Circular on SARAL related to compliance with PML Act, PML Rules, SEBI Circulars on AML, Participants are requested to obtain additional information for opening SARAL demat account as provided in FORM 38 of the Business Rules.

(d) Appropriate field must be incorporated in the SARAL Form where the residence/correspondence address as applicable, must be specified. If the Client has provided a correspondence address, the type of correspondence address i.e., "office address", "residence of family member", "residence of friend" and "other type of address – Please specify" must be specified. Participants shall maintain internal records and same shall be verified by the internal auditor.

(e) Such demat accounts must be tagged separately in the DPM system as SARAL account and Power of Attorney must not be permitted for such accounts. The necessary changes in the DPM system will be made and notified separately.

(f) In case the proof of address furnished by the Client is not the address where the Client is currently residing, the Participant may take a declaration of the residence/correspondence address on which all correspondence will be made by the Participant with the Client. Participants are requested to follow the below mentioned procedure in such case:

(i) Participants should inform the Client at the time of receiving such application for opening SARAL demat account that demat account will be suspended for debit until residence/ correspondence address where Client is not providing proof of address is verified through the positive confirmation.

(ii) Information of submission of declaration instead of proof of address of correspondence/residence address must be recorded separately in the DPM system. The necessary changes in the DPM system will be made and notified separately, meanwhile, Participants may maintain internal records.

(iii) Proof of Permanent address is mandatory where Participant has

obtained declaration for residence/ correspondence address.

(iv) As per the SEBI circular, the residence/ correspondence address must be verified by the Participant through "positive confirmation" and the same has to be recorded in DPM system. The necessary changes in the DPM system will be made and notified separately, meanwhile, Participants may maintain internal records. Positive confirmation would mean:

- Client's acknowledgment of receipt of the communication sent through registered post or courier after account opening such as welcome kit/ Client master report/ any other similar communication which is sent to residence/ correspondence address. The proof of delivery and client's acknowledgement of receipt of the communication sent must be tracked and stored. It must contain details such as name of the service provider through whom it is delivered, reference number given by the service provider, status of delivery which indicates delivered and the date of delivery.

- Participants may also, if they find it feasible, visit the client's residence address to verify the correspondence/residence address provided by the client on the SARAL form. The details of the visit such as name of the person, his designation, organization, date and remarks (if any) must be recorded on the SARAL form or a separate document kept along with the SARAL form.

(g) After opening the SARAL account, Participant must suspend the account for debit for the reason "Positive Confirmation Awaited".

(h) Participant has to obtain positive confirmation within 15 days from the activation of SARAL account.

(i) Upon receipt of positive confirmation suspension shall be removed from the account and same must be informed to the Client on its permanent address and/or email address.

(j) In case address is not verified with positive confirmation within 15 days from date of account opening, SARAL account must be either closed in case of Nil holding after providing further notice of 30 days to clients or suspended for debit and credit if there is holding in the account with the reason 'KYC not complied'. The same must be informed to the Client on its permanent address and/or email address.

(k) Participants must maintain internal records of positive confirmation and same shall be made available to internal/concurrent auditor for verification.

1.1.9.3. Change of address:

(a) In the event of change in the residence/correspondence address due to relocation or any other reason, the investor may intimate the new address for

correspondence to the Participant within two weeks of such a change.

(b) The prevalent procedure for change of address and upload of documents to the KYC Registration Agency must be followed. In case Client does not have the proof of address of new residence/correspondence address, the Participant may take a declaration of the residence/correspondence address on which all correspondence will be made by the Participant with the Client. The format of declaration to be obtained from the Client is given at **Annexure A**. Proof of Permanent address is mandatory in such a case.

(c) The change of address may be verified by the intermediary through "positive confirmation", as described at Paragraph 1.1.9 (2) (f) (iv) of SARAL Account Opening Form for Resident Individuals.

(d) In case the Participant is unable to verify the residence/correspondence address through positive confirmation within 15 days, the Participant must suspend the account for debit and credit with the reason ''KYC non-compliant.' Participants shall communicate at the permanent address and/or email address advising the client to provide the correct residence/correspondence address.

1.1.9.4. Monitoring

(a) In case the value of the securities held in the SARAL account exceeds the amount of INR 2,00,000 at any point of time, Participants shall obtain residence /correspondence address proof from the client irrespective of the fact whether positive confirmation has been obtained or not.

(b) In case proof of address is not obtained within 15 days from the date of intimation to client, SARAL account must be suspended for debit with the reason 'KYC not complied'. The same must be informed to the Client on its permanent address and/or email address.

1.1.9.5. Conversion from SARAL account to regular account.

(a) In case the client intends to convert from SARAL account to a regular account, the proof of such residence/correspondence address must be obtained, and the SARAL tag may be removed from the DPM system. Till the time the tag is not implemented in the DPM system, the Participant may maintain internal records for the same.

1.1.9.6. Concurrent Audit:

(a) For account opening, the aforesaid controls including positive confirmation shall form part of the scope of concurrent audit on 100% basis i.e., for all accounts opened.

(b) For change of address in SARAL accounts, it shall form a part of the concurrent audit on 100% basis. The audit report formats including the same will be notified separately.

1.1.10. **PAN:**

I. In order to strengthen the KYC norms and identify every participant in the securities

market with their respective PAN thereby ensuring sound audit trail of all the transactions, PAN shall be the unique identification number for all participants transacting in the securities market, irrespective of the amount of transaction.

II. The registered intermediaries shall verify the PAN of their clients online at the Income Tax website without insisting on the original or copy of PAN card. [8]

III. In case the name(s) do not match or the PAN is not present in the Income Tax database, Participants should seek necessary clarification from the account holder(s) and activate such accounts in the DPM System only after the discrepancy is resolved.

IV. With respect to PAN, Clients may have reported the following problems:

(a) In case there is change in the name subsequent to issuance of PAN of the client, registered intermediaries can collect the PAN card proof as submitted by the client provided it is supported by a marriage certificate issued by the State Government or gazette notification, indicating such a change of name.

However, this would be subject to the Participants verifying the veracity of the claim of such Clients by collecting sufficient documentary evidence in support of the identity of the investors [*Refer point no. 1.1.2 above for list of documents which can be accepted as a valid proof of identity*]. The Participant should call for any additional documents and / or clarification to ascertain and satisfy itself about the identity of the entity.

V. The e-PAN issued by Central Board of Direct Taxes (CBDT) can also be produced by client for KYC compliance. e-PAN is a digitally signed PAN card issued in electronic format by the Income-tax department.

VI. **Acceptance of e-PAN card for KYC purpose** [9]

SEBI issued a clarification regarding acceptance of e-PAN card for KYC purpose stating that e-PAN issued by CBDT can also be produced by FPI for KYC compliance.

VII. **Requirement for copy of PAN Card to open accounts of FPIs:**

SEBI revised the requirement for copy of PAN Card to open accounts of FPIs. The intermediaries can verify the PAN of FPIs online from website authorised by Income Tax department at the time of account-opening for FPIs. However, FPIs need to provide the copy of PAN card within 60 days of account-opening or before remitting funds out of India, whichever is earlier to their intermediaries. [10]

VIII. **Linking of PAN with Aadhaar** [11]

Since PAN is sole identification number for all transactions in the Securities Market, all SEBI registered entities including NSDL and the Participants must ensure they only accept valid[12] PANs by the client while opening new accounts.

[8] SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023
[9] Circular No.: NSDL/POLICY/DDP/2017/0005 dated July 7, 2017
[10] Circular No.: NSDL/POLICY/2016/0095 dated December 1, 2016
[11] NSDL Circular No. NSDL/POLICY/2021/0036 dated April 07, 2021, as may be amended to from time to time.
[12] Circular No.: NSDL/POLICY/2024/0071 dated May 30, 2024 and SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41 dated May 14, 2024 and SEBI FAQ dated May 14, 2024

(a) Central Board of Direct Taxes (CBDT) has issued a Press Release dated March 28, 2023 extending the timeline for linking of PAN and Aadhaar to 30th June, 2023.

(b) The eligible demat account holders who had failed to link their PAN with Aadhaar by June 30, 2023 and / or status of such linkage is not recorded in the DPM, such demat accounts were suspended (for Debit and Credit) under freeze reason code 39 – "Account holder related PAN inoperative" [13]. On June 01, 2024, NSDL has removed the suspension in respect of demat accounts which were frozen on July 08, 2023 (for Debit and Credit) under freeze reason code 39 - "Account holder related PAN inoperative" due to non-compliance of PAN linking with Aadhaar and are in suspended status as of May 31, 2024.[14]

(c) Participants can open new demat account for all valid PANs which may not have been linked with Aadhaar w.e.f. June 01, 2024. However, Participants are requested to ensure that clients whose KYC attributes cannot be verified by KRAs should not be allowed to transact further in the securities market until the attributes are verified in accordance with point no.8 of SEBI circular SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated August 11, 2023.

1.1.11. **Exemptions/clarifications to PAN** ***(****Sufficient documentary evidence in support of such claims to be collected****)***

(a) In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market.

(b) Investors residing in the state of Sikkim. DPs shall verify the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address. With respect to newly onboarded Sikkim based demat accounts; Participants will have to get all the demat accounts audited by their Auditor. In case of any adverse observations by the Auditors, Participants shall freeze the Demat account/s (suspended for debit) of such clients under freeze reason code (08) 'KYC non-compliant' and inform the client to rectify the discrepancy. Such demat account will be activated by Participant only after KYC compliance by client and get it audited from Auditor. In case the discrepancies/ error is on the part of Participant, then it will have to be rectified by the Participant at the earliest. [15]

(c) UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.

(d) In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 2(72) of the Companies Act, 2013 Custodians shall verify the PAN card details with the original PAN card and provide

[13] NSDL Circular No. NSDL/POLICY/2023/0079 dated June 30, 2023.
[14] Circular No.: NSDL/POLICY/2024/0071 dated May 30, 2024
[15] Circular No.: NSDL/POLICY/2022/114 dated August 11, 2022.

duly certified copies of such verified PAN details to the intermediary.

(e) Participants may verify the PAN of their Clients online at the Income Tax website without insisting on the original PAN card, provided that the Client has presented a document for Proof of Identity other than the PAN card.

(f) In case there is change in the name subsequent to issuance of PAN of the client, registered intermediaries can collect the PAN card proof as submitted by the client provided it is supported by a marriage certificate issued by the State Government or gazette notification, indicating such a change of name.

1.1.12. **Voluntary adaptation of Aadhaar based e-KYC process:**

Pursuant to Orders dated August 11, 2015 and October 15, 2015 passed by the Hon'ble Supreme Court, in Writ Petition (Civil) No. 494 of 2012 in the matter of Justice K.S. Puttaswamy (Retd.) & Another vs Union of India & Others, SEBI issued clarification [16] on certain operational aspects of voluntary adaptation of Aadhaar based e-KYC process and FAQs on e-KYC process issued by SEBI on April 5, 2016. [17]

1.1.13. **Availing e-KYC services:**

1.1.13.1. SEBI has already permitted use of e-KYC service launched by UIDAI.

1.1.13.2. The Aadhaar e-KYC service provides an instant, electronic, non-repudiable proof of identity and proof of address along with date of birth and gender (digitally signed and encrypted).

1.1.13.3. In addition, it also provides the resident's mobile number and email address (if available) to the service provider, which helps to further streamline the process of service delivery. e-KYC may be performed at the service centre of Participant using biometric authentication, as well as remotely using an OTP on a website or mobile connection.

1.1.13.4. Considering the benefits and convenience of e-KYC, Participants may consider using the e-KYC services. SEBI has also vide its letter dated March 26, 2015 advised to popularise e-KYC amongst Participants through KYC Service Agency (KSA), registered and authorized by UIDAI to provide authentication and e-KYC services. [18]

1.1.14. **FATCA Declaration[19]**

1.1.14.1. All Participants are required to obtain valid self-certifications/ FATCA and CRS declaration forms with documentary evidence as part of the account opening documentation in relation to FATCA/ CRS as specified in Rule 114H of Income Tax Rules. Indicative self-certifications for individuals and entities are provided as Appendix D and E in the Guidance Note on FATCA and CRS.

1.1.14.2. SEBI has issued a Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/12 dated February 20, 2024, regarding 'Centralization of certifications under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) at KYC Registration Agencies (KRAs)'. The intermediaries, who are Reporting Financial Institution (RFI), shall require to upload the FATCA and CRS certifications obtained from the clients onto the system of KRAs with effect

[16] Circular No. CIR/MIRSD/29/2016 dated January 22, 2016
[17] Circular No.: NSDL/POLICY/2016/0046 dated April 18, 2016
[18] Circular No.: NSDL/POLICY/2015/0039 dated April 13, 2015.
[19] Circular No.: NSDL/ POLICY/DDP/0004 dated March 27, 2018

from July 01, 2024. [20]

1.1.14.3. The existing certifications obtained from clients prior to July 01, 2024 shall be uploaded by the intermediaries onto the systems of KRAs within a period of 90 days of implementation of SEBI circular dated February 20, 2024.

1.1.15. **Simplification of demat account opening process:**

1.1.15.1. SEBI has issued following clarifications for better understanding and adoption of uniform approach in implementing the NSDL Circular no. NSDL/POLICY/2013/0141 dated December 18, 2013. [21]

1.1.15.2. Separate acknowledgment for having received the 'Rights and Obligations of the Beneficial Owner and Depository Participant' should be obtained for each account if single Client is holding multiple accounts. As each account is treated as a different client, acknowledgement is to be obtained for each account separately.

1.1.15.3. Submission / acknowledgement of 'Rights and Obligations of the Beneficial Owner and Depository Participant' document if in case demat account is operated by Custodians. If Power of Attorney holder has signed the account opening form (as authorized by the power of attorney), then the acknowledgment can be given by the POA holder. This will typically be applicable for non-individual accounts. In case of entities which were exempted from signing Depository Participant - Beneficial Owner agreement, acknowledgement for having received the 'Rights and Obligations of the Beneficial Owner and Depository Participant' document, is not required.

List of client sub-types for demat account opening

The list of updated client Types and sub-types available in Client Maintenance Module of the DPM system is enclosed as Annexure LL for reference.

1.1.16. **List of persons authorized to attest the documents:**

(a) Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (*Name, Designation & Seal should be affixed on the copy*).

(b) In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

1.1.17. **Bank details:**

I. Any one or more of the documents given below can be accepted as proof of bank details:

(a) Specimen copy of cheque/cancelled cheque
(b) Copy of Bank Statement
(c) Copy of Bank Passbook
(d) Letter from Bank

II. The aforesaid documents specified at 1.1.17. (I) above must contain the following

[20] Circular No.: NSDL/POLICY/2024/0023 dated February 22, 2024
[21] Circular No.: NSDL/POLICY/2014/0031 dated March 21, 2014.

information to be acceptable as proof for bank details:

(a) Bank Name
(b) Branch Address
(c) IFSC/MICR code
(d) Name of account holder
(e) Account Number

III. Participant need not seek from their Clients the proof of the bank details for capturing the bank details in the depository account, if they have direct access to the bank records for verification of the bank details provided by their Clients.

IV. Bank account details can be verified by Penny Drop mechanism or any other mechanism using API of the Bank. (Explanation: based on bank details in the copy of the cancelled cheque provided by the investor, the money is deposited into the bank account of the investors to fetch the bank account details and name.) The name and bank details as obtained shall be verified with the information provided by investor.

V. The aforesaid documents are the minimum requirement for opening of a beneficiary account. Participants are advised to exercise due diligence while establishing identity of the person to ensure the safety and integrity of the depository system.

VI. Participants can apply stricter criteria and accordingly, decide to accept selected documents out of the list of documents prescribed above [Refer point nos. 1.1.2, 1.1.3 and 1.1.4], as POI and Proof of Address.[22]

VII. 100% verification needs to be carried out in respect of account opening by the Concurrent Auditor of the Participant. The Concurrent Auditor should conduct the audit in respect of all accounts opened during the day, by the next working day. In case the audit could not be completed within the next working day due to large volume, the auditor should ensure that the audit is completed within a week's time. Participants would be required to appoint a firm of qualified Chartered Accountant(s) or Company Secretary(ies) or a Cost and Management Accountant, holding a certificate of practice for conducting the concurrent audit. Participants in case they so desire, may entrust the Concurrent Audit to their Internal Auditors. [23]

1.1.18. **Mapping Of Unique Client Code (UCC) with Demat Account of The Clients[24]**

SEBI has *vide* its Master Circular requires depositories to have a mechanism in place to detect the diversion of client's securities by the stock broker at an early stage so as to take appropriate preventive measures. Hence, for the purpose of reconciliation it was considered necessary to map clients' UCC with their demat accounts.[25]

For this purpose, NSDL has mapped the UCC details provided by Stock Exchanges viz. NSE, BSE and MSEI to NSDL with demat accounts based on PAN captured in the demat accounts. If there are multiple UCCs in respect of single PAN, then all such UCCs are mapped in the demat account(s) on the basis of PAN. In case of a joint holding demat account(s), UCCs are mapped

[22] Circular No.: NSDL/PI/2004/2117 dated November 25, 2004
[23] Circular No.: NSDL/POLICY/2006/0021 dated June 24, 2006; Circular No.: NSDL/POLICY/2007/0017 dated March 22, 2007 and Circular No.: NSDL/POLICY/2009/0020 dated March 16, 2009
[24] Circular No. NSDL/POLICY/2020/0070 dated May 15, 2020
[25] Circular No.: NSDL/POLICY/2019/0078 dated November 18, 2019

each holder-wise on the basis of PAN in demat account(s).

In this context, the following facilities are made available:

1. Participants can download full and incremental data[26] in respect of UCC mapping in demat accounts maintained with them from the link viz., **DOWNLOAD UCC LINKED DATA** made available on NSDL e-PASS portal.

2. In the incremental download file format, 'Incremental Flag' has been provided with values viz., A- Addition and D- Deletion for identification of addition/deletion of UCC mapping in demat accounts. In case of any changes in fields of UCC mapping records (as received from Stock Exchange), two separate rows (one for deletion of earlier record and second for addition of revised record) shall be provided in incremental download file.

3. The clients will have an option to delink the UCC which is linked to their demat account. In addition, for cases where UCC details are not provided by the stock exchanges, the clients will have an option to link the UCC to their demat account, if the client so desires.

4. On the basis of the client request to delink or to link the UCC in demat accounts maintained with them, a facility has been provided to Participants to upload the data on link viz., **UPLOAD UCC DELINKING/LINKING DATA** on NSDL e-PASS portal. For delinking/ linking of UCC in demat accounts, Participants are required to obtain request from client in the prescribed format as enclosed at **Annexure B**. The response file will be also provided to Participants in respect of UCC Delinking / Linking Data uploaded by them on NSDL e-PASS portal.

5. The format in respect of downloading (**Full and Incremental files**) of UCC mapping details in demat accounts and UCC delinking /linking in demat accounts along with Error and Response details, are enclosed at **Annexure C**.

6. In addition to above, NSDL will also send SMS and Email to clients regarding UCC mapped in their demat accounts. In the SMS and email, an option will be provided to client to link / delink UCC in their demat accounts directly through NSDL portal using OTP based authentication.

7. In case of linking of UCC in demat accounts, such linking request(s) will get processed after receipt of confirmation from the respective stock exchange(s). The delinking of UCC in demat accounts will get processed at the EOD of the request received date at NSDL.

1.1.19. **Mandatory Updation of Certain Attributes of KYC of Clients [27] & Suspension of Demat Account in case of Non-Compliance**

1. Participants are advised to take note of the details of 6-KYC attributes that shall be made mandatory for all clients. These are as mentioned below:

   i) Name
   ii) Address
   iii) PAN

[26] Circular No.: NSDL/POLICY/2020/0132 dated October 01, 2020.
[27] Circular No.: NSDL/POLICY/2021/0036 dated April 07, 2021.

iv) Valid mobile number
v) Valid email-ID
vi) Income range

2. Checks for PAN

(a) The requirement of mandatory submission of PAN by clients for transactions in the securities market shall continue to apply, with permitted exemptions.

(b) Participants shall verify the PAN online using the Income Tax Database.

(c) In case PAN is not seeded with Aadhaar it will not be considered as a valid PAN.

3. Checks for mobile number and email ID

(a) Participants shall ensure that separate mobile number and email address is captured for all Beneficial Owner (**BO**) account holders. However, after submitting a written declaration, BO can update mobile number and email address of its family members. Family for this purpose has been defined as self, spouse, dependent parents and dependent children.

(b) In cases, wherein same mobile number / email ID is captured in more than 1 demat account and family flag is also not updated, for such demat accounts, Participants shall give a 30 days' notice to concerned clients to provide a request to update the family flag or to provide the updated mobile number/email address for updating in the demat account, stating that in case of non-receipt of a response from the clients, such accounts will be suspended for debit.[28]

(c) Participants shall ensure that the mobile numbers/ email addresses of Depository Participants /their KMPs/ other employees etc. are not captured.

(d) In case Participant has the mobile number and email ID of the client in its back office, or trading account or in the bank account provided by the client and account is KYC complied in such trading account / bank account, the Participant may update the details in the demat account and intimate the client about the updation by sending the Client Master Report along with an intimation to complete the validation process.

(e) Following cannot be considered as valid mobile number:

- In respect of mobile numbers for India, Mobile no. is of 10 digit but starts with any number between 1 to 5 i.e. (1,2,3,4 & 5)
- '0000000000' / '1234567890' is captured.
- Single number is appearing in all 10 digit such as '1111111111', '2222222222', 3333333333, 4444444444, 5555555555, 6666666666, 7777777777, 8888888888, 9999999999.

[28] Circular No.: NSDL/POLICY/2024/0115 dated August 21, 2024

(f) Following cannot be considered as valid email ID:

- 'Noemail' is mentioned in email ID.
- '@' is not mentioned in email ID.
- If words - 'notprovided' and 'xyz' are mentioned in email id field.
- Invalid email domain is mentioned. E.g., number digits are mentioned prior to domain name viz. 202Ggmail.com, 1234gmail.com, 1rediffmail.com, 55yahoo.com, etc.
- There is '.' (dot) at the end of Email ID
- There is no '.' (dot) after '@' and before text
- More than one '@' are there in email ID.

4. Income Range

(a) As per Form 9 (Account opening form for Individuals) and Form 11 (Account Opening Form for Non Individuals), income range per annum is required to be obtained from clients.

(b) The income range as required under Form 9 and Form 11 are as given below:

- Income Range-Individuals
  - Below Rs. 1 lac
  - Rs. 1 lac to Rs. 5 lacs
  - Rs. 5 lac to Rs. 10 lac
  - Rs. 10 lacs to Rs. 25 lacs
  - More than Rs. 25 lacs
- Income Range-Non-Individuals
  - Below Rs. 20 lacs
  - Rs. 20 lacs to Rs. 50 lacs
  - Rs. 50 lacs to Rs. 1 crore
  - More than Rs. 1 crore

5. Implementation

(a) All 6-KYC attributes shall be mandatory for all accounts.

(b) Participants shall be required to inform the clients through both physical and electronic modes and also through its website, if any, for updating the details and completing the validation process.

6. Keeping in mind the constraints / challenges with regard to applicability of the attributes to be made mandatory, in particular relating to valid mobile number, valid email ID and income range, the framework for institutional clients and non-institutional clients operating through custodians, is enclosed herewith as **Annexure D**. [29]

Provided that either landline number or mobile number can be obtained and income range shall be optional for Bank - Depository Receipt (Banking entity which doesn't falls under definition defined u/s 5(1)(c) of Banking Regulation Act, 1949 and such entity accounts held in relation to the Depository Receipts issued by Indian companies abroad). [30]

Provided further that email ID / mobile number / landline number and income range shall be optional for President of India, Central Government, State Government, and the officials appointed by the courts e.g., Official liquidator, Court receiver etc. (under the category of Government). [31]

7. An institutional client / investor shall mean the categories of investors mentioned below as referred to in Section 1.1.12 of Chapter 4 of SEBI - MRD's Master Circular dated October 25, 2019:

(a) Foreign Institutional Investors registered with SEBI.

(b) Mutual Funds registered with SEBI.

(c) Public Financial Institutions as defined under section 2(72) of the Companies Act, 2013.

(d) Banks i.e., a banking company as defined under Section 5(1)(c) of the Banking Regulations Act, 1949.

(e) Insurance companies registered with IRDA.

(f) Pension Fund regulated by Pension Fund Regulatory and Development Authority (PFRDA). [32]

8. In case of clients' demat account held with Custodians, the new flag i.e., 'Custodian Client flag' has been incorporated in Client Maintenance Module of DPM system. Custodians shall enable 'Custodian Client flag' in respect of demat accounts held with Custodian and the requisite guidelines for capturing Client / Custodian details in such accounts are enclosed at **Annexure E**. [33] SEBI has also advised depositories to instruct their Participants to ensure adequate due diligence while on-boarding of clients and conducting of KYC.

9. In addition, Participants are requested to display the advisory provided under **Annexure**

[29] Circular No.: NSDL/POLICY/2021/0081 dated July 30, 2021.
[30] Circular No.: NSDL/POLICY/2021/0127 dated December 27, 2021
[31] Circular No.: NSDL/POLICY/2022/069 dated May 16, 2022
[32] Circular No.: NSDL/POLICY/2021/0081 dated July 30, 2021.
[33] Circular No.: NSDL/POLICY/2021/0081 dated July 30, 2021.

F on their respective websites to create awareness about the updation of Mandatory 6 KYC attributes viz. Name, address, PAN, Valid mobile number, Valid email ID and Income Range. [34]

10. Participants are requested to note that in case where client failed to update the 6 KYC attributes viz. Name, Address, PAN, valid Mobile No., valid Email ID and Income range in their demat accounts by June 30, 2022, such demat accounts were suspended (suspended for Debit) by NSDL [35] until deficient KYC attributes are updated by Participants in NSDL system based on the client request.

11. Participants are requested to ensure that all 6 KYC attributes should be available in the demat account before removing the suspension of demat account.

12. Participants are advised to follow the below mentioned procedure [36]in the demat accounts which were suspended for 6 KYC non-compliance.

    i) For demat accounts where valid email ID and Mobile Number are not available and if the same are being updated simultaneously based on the request of the Client, the Participants shall send physical copy of intimation / confirmation to such clients through registered post on the registered address of the Client and maintain records of such correspondence / proof of dispatch.

1.1.20. Framework For Deactivation of Demat Accounts in Cases of Inadequate KYCs [37]

1. To ensure efficient delivery of any Show Cause Notice (**SCN**) / Order served upon the demat account holders by SEBI, Participants are required to maintain updated client information including their addresses and are also required to update the same with NSDL. However, in some cases, the address of demat account holder(s) is not updated. As a result, during the course of any enforcement proceedings, when SEBI issues any notices etc., on such addresses, at times, the same remains unserved.

2. For this purpose, NSDL has issued the below mentioned guidelines.

   The framework for delivery of SCN / Order issued by SEBI and Freezing of demat account(s) in case of the SCN/ Order remains unserved is as follows:

   (a) Upon receipt of instruction from SEBI to deliver any SCN / Order issued by SEBI, NSDL shall forward the same to the respective Participants via email for physical delivery to the Noticee / Addressee.

   (b) The Participant shall physically deliver the said SCN / Order to the Noticee / Addressee at the address(es) available with the Participant.

   (c) The Participant shall also simultaneously email the scanned copy of the SCN / Order to the demat account holder(s).

[34] Circular No.: NSDL/POLICY/2022/009 dated January 15, 2022.
[35] Circular No.: NSDL/POLICY/2022/085 dated June 21, 2022.
[36] Circular No.: NSDL/POLICY/2023/0144 dated October 11, 2023.
[37] Circular No.: NSDL/POLICY/2022/126 dated September 09, 2022; SEBI Circular SEBI/HO/EFD1/EFD1_DRA4/P/CIR/2022/104 dated July 29, 2022 on Framework for automated deactivation of trading and demat accounts in cases of inadequate KYCs; Circular No.: NSDL/POLICY/2023/0056 dated May 04, 2023 and Circular No.: NSDL/POLICY/2022/110 dated August 04, 2022.

(d) In case of joint demat account(s), the Participant shall contact the Noticee / Addressee through the joint account holders for delivery of SCN / Order simultaneously by following the same process.

(e) The Participant is required to obtain signed acknowledgement of receipt of said SCN/Order from the Noticee / Addressee or its authorised representative and forward the scanned copy of the signed acknowledgement to NSDL at email id: SCNcompliance_dep@nsdl.com with subject *"Delivery of show cause notice / order of SEBI and updation of KYC details in the Depository system"* within 2 working days from receipt of acknowledgement. Further, the Participant shall also send the original signed acknowledgement by courier / speed post to Surveillance Department at registered/corporate office address of NSDL within 2 working days from receipt of acknowledgement.

(f) Duly signed physical acknowledgment of receipt of SCN/ Orders shall be obtained by the Participant from the Noticees in the enclosed format (**Annexure G**) as prescribed by SEBI. [38]

(g) In case of failure to obtain physical acknowledgment of delivery of SCN/Order from the demat account holder(s) by the Participants and submission of the same, freezing (For Debit and Credit, except for corporate actions) of such demat account shall be done by NSDL under freeze reason **SEBI SCN / Order Not Delivered / Acknowledged**.

(h) In addition to above, PAN level restriction shall also be done by NSDL for such demat account holder(s) so that no new demat account can be opened under the said PAN by any Participants. Wherein no demat account is held with any Participant of NSDL and if other Market Infrastructure Institutions (MIIs) informs about non-delivery of the notice to concerned Noticee, then in such cases, PAN level restriction shall be done by NSDL so that no new demat account can be opened under the said PAN by any Participants.

(i) The information regarding the list of restricted PANs/ demat accounts deactivated on account of non-delivery of SCN / Orders in cases of inadequate KYCs is made available on the NSDL website at following link: https://nsdl.co.in/nsdlnews/pan_deactivated.php. Participants are advised to refer the list on a regular basis.

(j) In the event the address of the Noticee/ Addressee is not matching with the address captured in the demat account, then the Participant shall update the latest KYC details of the said demat account holder(s) as per the extant norms in Depository system and also with respective KRA based on the documents obtained from the Noticee / Addressee.

(k) Upon updating the KYC details in the Depository system and respective KRA, the Participant shall submit a confirmation along with requisite supporting KYC documents received from Noticee / Addressee via email at email id: SCNcompliance_dep@nsdl.com with subject "*Delivery of show cause notice / order and updation of KYC details in the Depository system*".

[38] Circular No.: NSDL/POLICY/2022/170 dated December 01, 2022.

(l) If the same Noticee / Addressee (as per PAN) is having demat account with other Participant(s), then the respective Participant(s) shall update the address in the KYC records as per extant norms based on intimation from NSDL.

3. **Process to be followed where Participant is not able to complete physical delivery of SCN/Order to the Noticee / Addressee or obtain acknowledgement:**

(a) The Participant shall inform NSDL about the non-delivery of SCN/Order to the Noticee / Addressee or failure to obtain acknowledgement within the date specified by NSDL in its communication.

(b) NSDL shall thereafter freeze such demat account in accordance with the applicable procedure.

4. **Steps for Reactivation of the demat account of Noticee / Addressee:**

If the Noticee / Addressee subsequently approaches the Participant for reactivation of demat account, the below mentioned procedure shall be followed by the concerned Participant:

(a) Obtain following documents from the Noticee / Addressee: (i) Copy of updated proof of address; and (ii) Signed acknowledgement of receipt of SCN/ Order issued by SEBI.

(b) Update KYC records based on the updated proof of address in the Depository system and respective KRA as per extant norms.

(c) Forward scanned copy of the signed acknowledgement along with requisite supporting KYC documents received from client to NSDL and confirmation on updation of KYC records of the Noticee/ Addressee in the Depository system and respective KRA at email id: SCNcompliance_dep@nsdl.com with subject *"Delivery of show cause notice / order of SEBI and updation of KYC details in the Depository system"* within 2 working days from receipt of acknowledgement. Further, the Participant shall also send the original signed acknowledgement by courier/ speed post to Surveillance Department at registered/corporate office address of NSDL within 2 working days from receipt of acknowledgement.

(d) On receipt of above, NSDL, shall verify the signed acknowledgement and if found satisfactory, shall initiate steps for reactivation of all the demat account(s) (including joint account(s) and accounts held with other Participant(s)) held within the NSDL by unfreezing the demat account(s) for Debit & Credit'.

5. Further, SEBI, through its communication to MIIs, has revised the duration of completion of the process of delivery of SCN/ Order from 30 working days to 15 working days from the date of receipt of Notices/Orders from SEBI. In case the SCN/ Order is not delivered within 15 days, such clients demat account(s) will be suspended for Debit and Credit (except for corporate actions) based on the Permanent Account Number (PAN) within 5 working days from the last unsuccessful delivery report. [39]

[39] Circular No.: NSDL/POLICY/2023/0056 dated May 04, 2023.

1.2. Account Opening

1.2.1. Uniform KYC Format

I. SEBI registered intermediaries shall perform KYC in securities market through physical mode/ digital (online or app based) mode. To bring about uniformity in securities market, all SEBI registered intermediaries shall use the same KYC form and supporting documents.

II. The account opening form (AOF) for client shall be divided into two parts. Part I of the AOF shall be the KYC form which shall capture the basic details about the client. For this purpose, all registered intermediaries shall use the KYC templates provided by Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) for individuals and for legal entities for capturing the KYC information. The CKYCR templates - Individual and Legal Entity provided by CERSAI is available at https://www.ckycindia.in/ckyc/?r=download.

1.2.2. Account Opening for Individual:

I. The applicant should fill up the KYC Application Form finalised by CERSAI and Account Opening Form as per the format given in Form 9 of the Business Rules of NSDL and submit the same to the Participant. Participants shall provide a copy of the Rights and Obligations Document as given in the Annexure K of the NSDL Business Rules to the beneficial owner and shall obtain an acknowledgement of the same. Participants may incorporate the acknowledgement as a part of the Account Opening Form or use a separate form of acknowledgement.

II. The applicant should submit any one of the documents as mentioned in point nos. 1.1.2, 1.1.3 and 1.1.4 above, as a valid proof of identity and proof of address.

III. In-person Verification (IPV):

(a) It is mandatory for all Participants to carry out IPV of their Clients. At the time of opening depository accounts, the Participant should establish the identity of the applicant(s) (*including guardian in case of minor account*) by verifying the photograph(s) affixed in the KYC Application Form (*Part – I*) as well as proof of identity document(s) as mentioned in point no. 1.1.2 above, **with the person** concerned. Further, in case of joint accounts, **'in-person'** verification needs to be carried out for all the holders of the account.

(b) Upon the applicant(s) submitting the KYC Application Form and the account opening form, proof of identity & address documents and PAN details, the Participant should follow the procedure as given below:

(i) Verify the identity of the applicant(s) as clarified in point no. 1.2.2 (III) (a) above.

(ii) Verification of signature of the client on KYC/ AOF from proof of identity document submitted by client.

(iii) After due verification, the Participants shall ensure that the following details are recorded on the KYC Application Form at the time of IPV:

1. name of the person doing IPV,
2. his designation,
3. organization
4. his signature and
5. date

(iv) **Manner of recording IPV details on KYC Application Form**: Participants may either affix a stamp or print the IPV details or write the same on the KYC Application Form.

(v) **Place where IPV details are to be recorded on the KYC Application Form:** Participants may record the same at any appropriate place on the KYC Application Form as may be deemed fit by the Participant without making illegible the other details mentioned in the KYC Application Form. For non-individuals such as Partnership firm, unregistered trust, etc. where the KYC Application Form for non- individuals is filled up and the depository account would be opened in the name of the individual (*such as partner, trustee, etc.*), the IPV details may, if Participants find it appropriate, be recorded at the Annexure to KYC Application Form where the details of the karta, trustee, etc. are mentioned.

(vi) Attachment of separate sheet to the KYC Application Form or affixing stickers on the KYC Application Form for recording of IPV details will not be permitted.

(c) The IPV carried out by one SEBI registered intermediary can be relied upon by another intermediary.

(d) In case of Stock brokers, their sub-brokers or Authorised Persons (*appointed by the stock brokers after getting approval from the concerned Stock Exchanges in terms of Section 32.2 of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023)* can perform the IPV.

(e) In the case of NRIs/foreign nationals, considering the infeasibility of carrying out 'in-person' verification, in such a situation photocopies of the KYC documents should be attested by any of the entities viz; Notary Public, any Court, Magistrate, Judge, Local Banker, Indian Embassy/ Consulate General of the country where NRI/FN is residing [*outside India*] to the effect that it has been verified with the originals.

IV. Participant must use separate KYC Application Form to collect information for each holder for joint accounts (*i.e., for first holder, second holder and third holder*) as well as for guardian in case the sole holder is a minor.

V. IPV shall not be required in the cases where:

(a) the KYC of the client has been completed using the Aadhaar authentication/ verification of UIDAI.

(b) the KYC form has been submitted online, documents have been provided through Digilocker or any other source which could be verified online.

1.2.3. **Minor Account:**

(a) SEBI has intimated to NSDL clarifying the position on operation of the depository accounts held in the name of minors as follows:

"Under the Hindu Minority and Guardianship Act, 1956, permission of court is required in the case of transfer by a natural guardian of immovable property of a minor. However, shares are not immovable property. Section 2 (7) of Sale of Goods Act, 1930 includes shares within the definition of "goods". Neither the Indian Contract Act nor the Sale of Goods Act provide for transfer by sale or otherwise by guardian/natural guardian of goods/movable property in the name of minor to the effect that permission of court is required in the matter of such transfer. In the case of accounts of minor in banks also, the guardian is entitled to open, operate and even close the account also. The depository account can, therefore, be operated by a natural guardian without any order from the court though the same is neither expressly permitted nor prohibited". [40]

(b) Account opened in the name of minor should not have joint holdings.

(c) Two KYC Application Forms must be filled i.e., one for the guardian and another for the minor (to be signed by guardian).

1.2.4. **Non Resident Indian/ Foreign National (NRI/FN):**

I. While opening an account for an NRI Client, the Participant should obtain copy of the RBI approval letter, if any, for acquiring securities, alongwith the account opening form and other necessary documents.

II. Participants are required to ensure that all transactions in the account are in compliance with FEMA regulations. Accordingly, Participants are advised to obtain from the NRI/FN, necessary documents evidencing general/specific approvals as may be required under FEMA regulations.

III. RBI Clarification with respect to NRI/FN: [41]RBI vide its letters dated July 18, 2000 and July 17, 2013 has issued the following clarifications with regard to Depository Account:

(a) RBI approval is not required for opening depository account.

(b) RBI has not put any condition that for opening of depository account, the non-resident shareholder must have a bank account. The depository account may be opened as per the norms of NSDL and the concerned bank.

(c) RBI has granted General Permission for sale of shares on stock exchanges by non-residents. In terms of Regulation 9(2)(i) of Notification FEMA.20/2000-RB dated May 3, 2000 as amended from time to time, transfer of shares by way of sale or gift from Non-Resident to Non-Resident does not require any specific approval of RBI.

(d) For sale of shares by negotiated deals, RBI permission (specific or general as may be applicable) needs to be obtained in accordance with FEMA guidelines.

[40] Circular No.: NSDL/PI/2000/323 dated March 17, 2000
[41] Circular No.: NSDL/PI/2000/1891 dated October 6, 2000

(e) FN can sell the shares held under ESOP on stock exchange without RBI permission.

IV. While processing dematerialisation, receipt, delivery or pledge instructions from NRI Client, the Participant shall obtain a copy of the relevant RBI approval letter (*e.g., RBI approval letter for sale in case of delivery instructions*). The Participant need not obtain copy of the RBI approval letter for every instruction, if the same approval applies to each such instruction.

1.2.5. **Illiterate person:**

NSDL has prescribed the procedure for affixing thumb impression (*in Form 9 of the NSDL Business Rules*) while filling an account opening form by an illiterate person. In this context, Participants are advised to follow the below mentioned procedure:

1.2.5.1. Illiterate person(s), at the time of opening an account with a Participant must affix the thumb impression (*left hand thumb in case of a male and right hand thumb in case of a female*) on the rights and obligation as well as on the KYC Application Form and Account Opening Form.

1.2.5.2. All accounts opened by illiterate person(s) (*hereinafter referred as Clients*) must be either introduced by an existing account holder or must be attested by applicant's bank.

1.2.5.3. The Client(s) must come in person to open the account and submit instruction forms and affix his/her thumb impression in the presence of the official of the Participant. The Participant should identify the Client(s) by verifying the photograph submitted by the Client(s) and read out/explain the contents of the KYC Application Form and Account Opening Form, Rights and Obligation and delivery instruction form to the Client(s). The official of the Participant should then put his signature and remarks "Details explained to the Client(s)", on the account opening form, copy of the Rights and Obligation and delivery instruction form.

1.2.5.4. In case such Client(s) is/are temporarily or permanently disabled due to which he/she cannot come in person to submit the instruction form as mentioned in point (c) above, the thumb impression of the Client(s) on the instruction forms must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate or a similar authority holding a Public Office and authorised to use the Seal of his office or a manager of the account holder's bank. The Client should also produce a medical certificate about his/her disability.

1.2.5.5. The instruction forms issued to such Client(s) should be pre-stamped as "Thumb Impression" on the Account Opening Form

1.2.5.6. At the time of opening of account, the aforesaid rules should be explained to the Client(s) in the presence of a witness, who will have to sign the agreement and the account opening form, as a witness.

1.2.5.7. Participants should note that the aforesaid guidelines are in addition to the existing guidelines with regard to opening of an account and executing instructions.

1.2.6. **Visually Challenged Investor:** [42]

1.2.6.1. Any visually challenged person can open and operate the demat account including online facility like any other investor, subject to compliance with requirements as applicable to any investor. The additional steps required to be taken by the Participants in case of visually challenged persons have been set out below:

a. If so requested by the Client, the Participant should read out and explain to the Client, the contents of the account opening form and rights and obligations document. In case the Client is an illiterate, Participant should follow the procedure laid down in point no. 1.2.5.

b. A remark should be put in the DPM system (under the authorised signatory details in 'signatories' screen) that the Client is "Visually Challenged". If the Client is illiterate, then Participant should put in the remark as "Visually Challenged and Thumb Impression" on DPM System.

c. It is also added that the DIS issued to such Clients should be pre-stamped as "Visually Challenged" or "Visually Challenged and Thumb Impression" as the case may be. Further, these Client(s) should visit the office of the Participant to deliver the DIS, only if they are illiterate.

1.2.6.2. Participants are requested to provide the facilities without any discrimination and offer all possible assistance to any visually challenged person to avail the facility of demat account.

1.2.7. **Investors with Mental / Physical / Permanent Disablement:** [43]

1.2.7.1. All Participants are required to follow the procedure provided below to obtain instructions for operating the depository account of Clients who are unable to sign for reasons such as **paralysis, parkinsonism, hemiplegia, old age, etc.**

1.2.7.2. Ascertain that the Client himself/ herself has given the request and that the Client retains the capacity to contract. For this purpose, the Participant can take the following steps:

a. Advise the Client to provide a written request stating that the Client is unable to sign specifying the reason therein. The Client need to affix his/ her thumb impression on the written request. A Magistrate, a Notary Public or a Special Executive Magistrate must attest Thumb impression of the Client.

b. Advise the Client to provide a medical certificate issued by an appropriately qualified doctor which clearly states that the Client is unable to sign, the reason for the same and period since the Client is unable to sign.

c. Arrange for a meeting with the Client by a responsible Participant staff to ascertain the following and obtain the thumb impression of account holder who is unable to sign on written request provided by Client in the presence of the responsible Participant staff:

1.2.7.2.c.1. whether the Client himself/ herself has provided the request (the

[42] Circular No.: NSDL/POLICY/2015/0050 dated May 14, 2015.
[43] Circular No.: NSDL/POLICY/2012/0087 dated September 4, 2012.

photograph on the KYC Application Form/ Account Opening Form must be matched with the Client).

1.2.7.2.c.2. whether the Client retains the capacity to contract i.e., if the Client cannot put his/her signature, then is he/she in a position to put his/her thumb impression on his/her own without the assistance of any other person and understand the consequence of putting his/ her thumb impression on a document to facilitate a transaction or authorize some other person to carry out the transaction on his/ her behalf.

d. Make an independent verification by another responsible Participant staff that the Client himself/ herself has provided the request (by making a call at the telephone number recorded at the depository account or by visiting the Client at the address recorded in the depository account or such other means as deemed suitable by the Participant).

e. The responsible Participant staff who has ascertained the aforesaid [point 12.7.2.3 above], must put his name, signature and suitable remarks to the effect that "Thumb impression affixed in my presence" on the written request of the Client.

f. The responsible Participant staff who has made an independent verification as mentioned at point 12.7.2.4 above must put his name, signature and suitable remarks to the effect that "Verified independently that the Client himself/herself has made the request" on the written request of the Client.

g. Make such other checks/verifications as may be deemed appropriate by the Participant.

1.2.7.3. After it is ascertained that the Client himself/herself has given the request and that the Client retains the capacity to contract, the following steps must be taken:

a. Internal note (Illustrative format enclosed as Annexure H) to be approved by the Managing Director or Compliance Officer or any other officer designated in writing for this purpose by the Participant.

b. Participant may facilitate operation of the depository account on receipt of the instruction forms/ any request with the thumb impression in the presence of the official of the Participant. The official of the Participant must identify the Client by verifying the photograph submitted by the Client. The official of the Participant should then put his/her signature and remarks "Thumb impression affixed in my presence" on the instruction form/ request.

c. If the Client desires, Participant may facilitate operation of the depository account by the Power of Attorney (POA) Holder after ensuring compliance with the procedure mentioned at Point 4 of this Master Circular on Account Opening.

1.2.7.4. If Client does not retain the capacity to contract (i.e., he/she is not able to understand the implication of his/her actions) for various reasons such as Client is on ventilator, in Coma, unconscious, etc., any of the nearest relative of the Client would have to obtain court order to act as a Legal Guardian and thereafter obtain an authority from the court/court order to operate the depository account and transfer securities for the benefit of the account holder.

1.2.8. **Facility for a Basic Services Demat Account**[44]

All Participants are required to make available a "Basic Services Demat Account" (BSDA) with limited services as prescribed by SEBI. [45] [46]

1.2.8.1. The individual has or proposes to have only one demat account where he/she is the sole or first holder.

1.2.8.2. The individual shall have only one BSDA in his/her name across all depositories.

1.2.8.3. Value of securities held in the demat account shall not exceed ₹ 10 Lakhs for debt and other than debt securities combined at any point of time. [47] As per SEBI circular dated December 24, 2025, Zero Coupon Zero Principal (ZCZP) bonds and Delisted securities are excluded along with the suspended securities for reckoning the threshold for BSDA.[48]

1.2.8.4. Participant shall open only BSDA for Beneficial Owners (BOs) if such depository accounts are eligible for BSDA as per eligibility criteria specified therein, unless the individual / client specifically communicates his consent through authenticated and verifiable channels to opt-out the facility of BSDA.

1.2.8.5. A new mandatory field, 'Consent Mode' is introduced in local DPM system for Participants to capture the mode in which consent for BSDA opt-out is received from investor. Participants shall select any one of the following options while capturing the consent mode.[49]

- Email (from registered email address)
- Physical form
- Online / Mobile App (i.e., investor-facing digital channels)

1.2.8.6. For this purpose, an illustrative format of the request to be given by the individual/Client to the Participant is enclosed as an Annexure I. If a Participant wishes to incorporate such an option in Account Opening Form (AOF), it may do so.

1.2.8.7. At the time of opening BSDA/converting existing account into BSDA, the Participant must provide to the Client the AMC[50]charges which will be applicable for the regular account in case the BSDA is subsequently converted into a regular account.

1.2.8.8. The Participant shall ensure compliance with the instructions issued by SEBI in this regard from time to time.

1.2.8.9. In order to determine the eligibility for BSDA and the charge structure applicable, SEBI had informed that the value of holding shall be determined by the Participants on the

[44] Circular No.: NSDL/POLICY/2012/0101 dated September 26, 2012.
[45] Circular MRD/DoP2DSA2/CIR/P/2019/51 dated April 10, 2019; Circular CIR/MRD/DP/27/2012 dated November 02, 2012.
[46] SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024
[47] SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024
[48] Circular No.: NSDL/POLICY/2026/0039 dated March 20, 2026; Circular No.: NSDL/POLICY/2025/0172 dated December 26, 2025
[49] Circular No.: NSDL/POLICY/2026/0036 dated March 18, 2026
[50] SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024, SEBI Circular no. HO/38/11/11(3)2025-MIRSD-POD/I/1101/2025 dated December 24, 2025

basis of the daily closing price or NAV of the securities or units of mutual funds, as the case may be. Where such price is not available the last traded price may be taken into account and

a. for unlisted securities other than units of mutual funds, face value may be taken in to account. [51] [52]

b. Further, for illiquid securities, last closing price is taken into consideration.

c. The value of suspended securities, delisted securities and Zero Coupon Zero Principal (ZCZP) bonds are not to be considered in the valuation for the purpose of determining eligibility of demat account as BSDA.

The status of listed companies as delisted or suspended or illiquid is identified basis on the details provided by the Stock Exchange/s. The data for delisted, suspended, and illiquid securities (shared by NSE, BSE and MSEI) is available on e-PASS under the "Delisted/Suspended/Illiquid ISIN List" tab for Participants.[53]

1.2.8.10. In this regard, currently based on search carried out in the NSDL depository system on the basis of First holder PANs and information received from CDSL as at the end of each month, NSDL communicates a list of depository accounts to the Participants marked as BSDA in NSDL DPM system holding another depository accounts as a First Holder in NSDL and/or CDSL system. The list of such identified BSDA depository accounts (text file) are hosted on NSDL e-PASS portal (post DP login) before 10th day of subsequent month under the link viz., 'Accounts Not Eligible for BSDA[54] ' with report namely "List of BSDA Accounts holding another Demat Account [Across Depositories]". As per the eligibility criteria prescribed in the aforesaid SEBI circular, the list of such identified depository account(s) holders are ineligible for opting for BSDA facility. [55]

1.2.8.11. Additionally, Participants were informed to ascertain the eligibility for BSDA facility as below: [56]

Sr. No.	Name of report	Report / Information available on	Frequency
1	'BSDA evaluation' report: The report consists of depository account wise value of holdings. (including revised valuation criteria prescribed by SEBI).	Local DPM system made available under 'Downloads' section.	As and when required based on previous day price/NAV details.
2	Screen based search facility in respect of	e-DPM system	As and when required

[51] Circular No.: NSDL/POLICY/2014/0079 dated July 3, 2014.
[52] SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024
[53] Circular No.: NSDL/POLICY/2026/0039 dated March 20, 2026
[54] Circular No.: NSDL/POLICY/2025/0122 dated September 16, 2025
[55] Circular No.: NSDL/POLICY/2018/0002 dated January 4, 2018.
[56] Circular No.: NSDL/POLICY/2026/0039 dated March 20, 2026

	'BSDA Client Search'. There is no change in this facility.		
3	'List of Demat Accounts for BSDA'. The report consists of depository account details of all individual /clients along with its value of holding as at the end of each month. (including e revised valuation criteria prescribed by SEBI)	e-PASS Portal	Quarterly
4	'Accounts Not Eligible for BSDA': List of depository accounts marked as BSDA in NSDL DPM system holding another depository accounts as a First Holder in NSDL and/or CDSL depository system. (including revised valuation criteria prescribed by SEBI)	e-PASS Portal	Quarterly
35	'Accounts Eligible for BSDA[57] . List of depository account marked as non BSDA in NSDL DPM system and eligible for conversion to BSDA	e-PASS Portal	Quarterly

1.2.8.12. Participants shall check the reports/information mentioned in point 1.2.8.11 in the table above to ascertain BSDA eligibility for new accounts.

1.2.8.13. At the time of account opening, the default option for BSDA flag shall be enabled.

1.2.8.14. In case any such depository account(s) with Participants of NSDL is found with similar PAN matching criteria (i.e., PAN details captured against the sole/first holder), NSDL will modify the BSDA flag at its end by disabling it in the source depository account(s) that was marked for 'BSDA'. Thus, new and modified depository account(s) verify/released with BSDA flag enabled will get activated/modified as the case may be, with BSDA flag enabled or disabled.

1.2.8.15. In case, if an individual has more than one depository account as a sole/first holder across

[57] Circular No.: NSDL/POLICY/2025/0122 dated September 16, 2025

depositories, the Participant are requested to check the list mentioned in point 1.2.8.10 of the above provided, on a monthly basis and disable the BSDA flag in the specified depository accounts.

1.2.8.16. Participants shall be required to reassess the BSDA eligibility every quarter and shall convert all such eligible demat accounts into BSDA unless client consent is obtained to avail the facility of regular demat account.[58]

1.2.8.17. NSDL will provide the BSDA eligibility list at end of every quarter as under.[59]

a) NSDL shall consider the data as of the EOD of the 20th calendar day of the quarter ending month (or the next working day, in case of holidays).

b) After verifying the data across Depositories, NSDL shall place the data on the NSDL intranet site, i.e., e-PASS/i-Assist (within the respective DP user login) before the last working day of the quarter.

c) Participant may review the said data for converting all eligible demat accounts as specified in the SEBI circular dated December 24, 2025.

1.2.8.18. Participants shall maintain verifiable records for audit purposes regarding emails received from clients to avail the facility of regular demat account.

1.2.8.19. After the conversion of a regular account into BSDA or vice versa, the Participant should send a communication (letter/email/Client Master Report generated from the DPM System or its back office or any other mode the Participant may deem fit) to the Client informing them of the changes made to their account, along with the charges that will apply if the BSDA is subsequently converted into a regular account.

1.2.8.20. The maximum Annual Maintenance Charges which can be charged by Participants is as given below: [60] [61]

Value of Holdings in the Demat Account (Debt as well as other than debt securities combined)	**Maximum Annual Maintenance Charges**
Up to ₹ 4 lakhs	No AMC
More than ₹ 4 lakhs but up to ₹ 10 lakhs	Maximum INR 100
More than ₹ 10 lakhs	Not a BSDA. Regular AMC may be levied.

1.2.8.21. Other than AMC as specified above, BSDA shall be treated at par with non-BSDA for the purpose of levying charges for various other services and DPs shall not levy higher charges to BSDA. [62]

1.2.8.22. Incentive Scheme for opening and maintaining BSDA Accounts:[63]

[58] Circular No.: NSDL/POLICY/2026/0039 dated March 20, 2026
[59] Circular No.: NSDL/POLICY/2026/0039 dated March 20, 2026
[60] Circular No.: NSDL/POLICY/2019/0026 dated May 3, 2019
[61] SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024
[62] SEBI Circular no. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024
[63] Circular No.: NSDL/POLICY/2016/0047 dated April 18, 2016

a. In respect of new BSDA opened during the financial year in a place other than the top 15 cities as given at Annexure, Rs. 100 for every new BSDA will be paid if such BSDA has received atleast one credit of securities during the financial year.
b. In respect of all BSDA maintained by the Participant, Rs. 2 per folio per ISIN in respect of the ISIN positions held in BSDA.

1.2.9. **Account Opening for Non-Individual:**

(a) The applicant should fill up the KYC Application Form finalised by CERSAI and Account Opening Form as per the format given in Form 11 of the Business Rules of NSDL and submit the same to the Participant. Participants shall provide a copy of the Rights and Obligations Document as given in the Annexure K of Business Rules of NSDL to the beneficial owner and shall obtain an acknowledgement of the same. Participants may incorporate the acknowledgement as a part of the Account Opening Form or use a separate form of acknowledgement.

(b) Any one of the documents as mentioned in CKYCR template for legal entities can be submitted as a valid proof of identity and proof of address.

(c) Participants shall ensure that in case of foreign entities, all transactions in the account are in compliance with FEMA Regulations. Accordingly, Participants are advised to obtain from such foreign entities necessary documents evidencing general/specific approvals as may be required under FEMA Regulations.

(d) Obtain a declaration from the foreign entity that it has complied and will continue to comply with FEMA Regulations.

1.2.9.1. Additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:

I. **Corporate:**

(a) Copy of the balance sheets for the last 2 financial years (*to be submitted every year*).

(b) Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, duly certified by the company secretary/Whole time director/MD (*to be submitted every year*).

(c) Photograph, POI, POA, PAN and DIN numbers (if applicable) of Related Persons[64]

(d) Copies of the Memorandum and Articles of Association and certificate of incorporation.

(e) Copy of the Board Resolution for investment in securities market.

[64] 'Related Persons' include director, promoter, karta, trustee, partner, court appointment official, proprietor, beneficiary, authorised signatory, beneficial owner and power of attorney holder.

(f) Authorised signatories list, specimen signatures and photographs.

II. **Partnership firm:**

(a) Copy of the balance sheets for the last 2 financial years (*to be submitted every year*).

(b) Certificate of registration (*for registered partnership firms only*).

(c) Copy of partnership deed.

(d) Authorised signatories list with specimen signatures and photograph.

(e) Photograph, POI, POA, PAN of Partners.

(f) The account should be opened only in the names of Partners, operated by the partners and the securities that belong to the Partnership Firm can be held in this account.

(g) Obtain an undertaking in the prescribed format from the Partners to the effect that the Partners would comply with the provisions of the Companies Act, 2013 and other applicable statutes in respect of securities of the Partnership firm held in the account opened in the names of the Partners.[65]

(h) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV as per the procedure laid out in point no. 1.2.2 (III) above.

III. **Depository account for Limited Liability Partnership (LLP):**

(a) Copy of the balance sheets for the last 2 financial years (*to be submitted every year*).

(b) Certificate of registration.

(c) Copy of partnership deed.

(d) Authorised signatories list with specimen signatures and photograph.

(e) Photograph, POI, POA, PAN of Partners.

(f) Resolution/ Authority Letter for investment in securities market.

(g) Participant may open the depository account in the name of LLP Client under the Type 'Body Corporate' and sub-type 'Limited Liability Partnership'.

[65] Circular No.: NSDL/POLICY/2006/0008 dated March 4, 2006.

IV. **Trust:**

Opening demat account in the name of Trust: [66]

(a) A beneficial owner account may be opened in the name of the trust, which is a separate legal entity such as a registered society under the provisions of The Indian Societies Registration Act, 1860 or under the provisions of a state Act such as Bombay Public Trusts Act, 1950 or the relevant State Public Trust Act.

(b) In such cases, Participants may obtain the certified true copy of the registration certificate as issued by a Statutory Authority under any of the aforesaid Acts. In case, any Client informs about the non-applicability of the relevant Public Trusts Act or the Indian Societies Registration Act, in its specific case, then the applicant may be facilitated to hold the beneficial owner account, as proposed, on submission of a certificate obtained by the client as per Section 12AA of Income Tax Act, 1961.

(c) Participant may open the beneficial owner account of applicant under the category 'trust' and in the name of trust. Further, Participants are requested to obtain certified copy of the following documents and same shall be verified with original:

(i) Resolution passed by the Board of Trustees giving the names of trustees authorised by the Board of Trustees to open and operate the depository account.

(ii) Certificate of Registration granted under section 12AA of Income Tax Act, 1961.

(iii) Latest Income Tax Returns filed by Trust.

(d) The procedure and documents required for the opening of depository accounts in case of registered trusts/ public trusts, un- registered / private trusts and trusts established by organisations for providing terminal benefits to its employees is as follows:

(i) Copy of the balance sheets for the last 2 financial years (to be submitted every year).
(ii) Certificate of registration (for registered trust only).
(iii) Copy of Trust deed.
(iv) List of trustees certified by managing trustees/CA.
(v) Photograph, POI, POA, PAN of Trustees.

(e) For registered trust where a registration certificate is issued by a Statutory Authority under the provisions of The Indian Societies Registration Act, 1860 or under the provisions of a state Act such as Bombay Public Trusts Act, 1950 or the relevant State Public Trust Act, in addition to the above, Participants are requested as follows:

(i) Open the depository account under the category and in the name of trust.

[66] Circular No.: NSDL/POLICY/2015/0061 dated July 15, 2015.

(ii) Obtain certified copy of the resolution passed by the Board of Trustees giving the names of trustees authorised by the Board of Trustees to open and operate the depository account.

(f) For Unregistered Trust, in addition to the above, Participants are advised as follows:

The Department of Company Affairs had vide its circular dated June 12, 1957 clarified that the shares in a company which are the property of trust can be held in the names of trustees being Individuals, Corporations, Companies or Societies registered under the Societies Registration Act, 1860 without the addition of the statement that they are trustees. It is also further clarified in the said circular that the shares can be held in the name of a trust if the trust is a separate legal entity such as registered society. Hence, unless the trust is a separate legal entity, the depository accounts have to be opened in the names of trustees irrespective of whether they are Individuals, Corporations or Companies.

As per the circular issued by the Department of Company Affairs, the relationship of trust between a trustee and the beneficiary is not required to be taken note of in the account by the Participants while opening the depository account. Trusts established for holding of securities for the benefit of family members, holding of securities for the benefits of employees etc would fall in this category.

In these cases, Participants are advised to treat the applicant as a private trust and advised as follows:

(i) If the trustee(s) are individuals, then open the depository account in the individual name under the category 'Individual'.

(ii) In case the trustee(s) of the unregistered trust are corporations, companies or entities registered under the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, then open the accounts in their respective names. Participants should obtain certified copies of the resolution passed by such entities giving the names of the authorised official(s) i.e. trustee(s) who shall open and operate the depository account, Only those securities that belong to the trust can be held in such a depository account. Securities belonging to the trustee(s) in their individual capacities will have to be held in separate depository account(s) of such person(s).

(iii) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV as per the procedure laid out in point no. 1.2.2 (III) above.

(g) Opening of accounts for Terminal Benefit Funds operated as Trusts:

In case of terminal benefit funds such as Provident Fund / Gratuity Fund / Superannuation Fund that are operated as Trusts and where a Recognition Certificate is issued by the Income Tax Authorities and / or the Regional

Provident Fund Commissioner, as the case may be, Participants are advised as follows:

(h) Open the depository account under the category and in the name of trust.

(ii) Obtain copy of Recognition Certificate issued by the Income Tax Authorities and / or the Regional Provident Fund Commissioner, as the case may be,

(iii) Obtain certified copy of the resolution passed by the Board of Trustees giving the names of trustee(s) authorised by the Board of Trustees to open and operate the depository account,

(iv) Only those securities that belong to the trust can be held in such an account. Securities belonging to the trustee(s) in their individual capacities will have to be held in separate depository account(s) of such person(s).

(i) For a trust which is an incorporated body, if client informs about the non-applicability of the relevant Public Trusts Act or the Indian Societies Registration Act, in its specific case, then the applicant may be facilitated to hold the beneficial owner account, as proposed, on submission of a certificate obtained by the client as per Section 12AA of Income Tax Act, 1961. In addition to the above, Participants are advised as follows:

(i) Open the depository account under the category and in the name of trust.

(ii) Obtain copy of Registration Certificate issued by the Income Tax Authorities as per Section 12AA of Income Tax Act, 1961.

(iii) Obtain certified copy of the resolution passed by the Board of Trustees giving the names of trustee(s) authorised by the Board of Trustees to open and operate the depository account.

(iv) Obtain certified copy of the latest income tax returns filled by the trust. [67]

V. **Procedure to open a Non-Profit Organisation demat account (Body Corporate or Trust)[68]**

1. In case of Non-profit organizations (NPO) Participants may open a demat account in the name "<Entity or Organization Name>" under the type "Body Corporate" or "Trust", as applicable, with the sub-type "Charitable Institution (NPO)".

   Non-profit organizations (NPO) as defined under PML Rule 2(1)(cf) –

   Any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as:

   a. trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or

[67] Circular No.: NSDL/POLICY/2015/0061 dated July 15, 2015.
[68] Circular No.: NSDL/POLICY/2025/0116 dated September 02, 2025

b. a company under Section 8 of the Companies Act, 2013 (18 of 2013)

2. Participants are advised to be guided by the CKYCR templates (Legal Entity) provided by CERSAI. Further, obtain Form 11- Account Opening form (for non-individuals) as prescribed under NSDL Business Rules and collect other applicable supporting documents / information in accordance with point no. 1.2.9.1 (IV) of Account opening chapter on Master Circular for Participants (DPs).

3. In accordance with sub clause (x) of clause 16, of SEBI circular SEBI/HO/MIRSD / MIRSDSECFATF/P/CIR/2024/78 dated June 6, 2024, Participants shall collect and maintain registration Id of DARPAN Portal of NITI Aayog of the NPO in their record at the time of account opening, to ensure the compliance with of PML Rule 9(9A).

VI. HUF

(a) PAN of HUF.

(b) Deed of declaration of HUF/ List of coparceners.

(c) Bank pass-book/bank statement in the name of HUF along with bank details as per point no. 1.1.15 above.

(d) Photograph, POI, POA, PAN of Karta.

(e) Open the beneficiary account in the name of the HUF. The HUF account should not have joint holdings. As the depository account is of a HUF , carry out the 'in-person' verification of Karta and record the details of IPV as per the procedure laid out in point no. 1.2.2 (III) above.

Opening of HUF demat accounts and procedure to be adopted in the event of death of Karta of a HUF:

(f) SEBI has provided guidelines [69] for opening of HUF (Hindu Undivided Family) demat accounts and procedure to be adopted in the event of death of Karta of a HUF. The demat account shall be opened in the name of the HUF entity as the name of the entity that opens on the PAN Card. The PAN details of the HUF entity and the Karta shall be submitted to NSDL. [70]

(g) For account opening of an HUF, KYC Application Form and Account Opening Form (for non-individuals) as laid out in FORM 11 of Business Rules of NSDL must be used.

(h) Participants are advised to capture the list of family members as mentioned at point no. (K) of part II of FORM 11 includes the name of Karta of HUF along with other details of Karta in DPM system with respect to HUF account [71]

(i) In the event of death of Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta of the HUF

[69] SEBI letter no.: SEBI/HO/MRD/DP/OW/P/2016/25739/1 dated September 14, 2016.
[70] Circular No.: NSDL/POLICY/2016/0082 dated October 4, 2016.
[71] Circular No.: NSDL/POLICY/2018/0018 dated March 28, 2018.

who in such a case shall be eldest coparcener in the HUF or a coparcener who is appointed as Karta by an agreement reached amongst all the coparceners of the HUF. [72]

Opening of Demat account of Hindu Undivided Family (HUF) jointly with Individual(s)[73]

SEBI has, vide its letter dated August 13, 2025, allowed opening of HUF demat account jointly with individual joint holder/s in the normal course, based on the representation received from investors.

Participants are advised to take note that opening of demat accounts of HUF jointly with maximum two individual joint holder/s shall be permitted subject to the following conditions:

a. Nomination facility is not permitted in case of HUF demat account held jointly, as HUF exists in perpetuity.

b. On the demise of the Karta of the HUF, the new Karta will be appointed and the demat account will continue. In the event of demise of the third-party joint holder, the HUF will hold the account as surviving joint holder.

VII. **Unincorporated association or a body of individuals**

a) Proof of Existence/ Constitution document.

b) Resolution of the managing body & Power of Attorney granted to transact business on its behalf.

c) Authorized signatories list with specimen signatures and photographs.

d) The account should be opened in the name(s) of the individual(s)/ person(s) forming unincorporated association or a body of individuals and operated by such individual(s)/ person(s).

e) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV as per the procedure laid out in point no. 1.2.2 (III) above.

f) SEBI has prescribed guidelines to allow opening of demat account in the name of the Association of Persons (AoP) for holding securities, such as units of mutual funds, corporate bonds and Government Securities in demat account.[74]

Participants are advised to ensure the following in respect of such demat

[72] Circular No.: NSDL/POLICY/2022/123 September 01, 2022 and SEBI Circular No. SEBI/HO/MRD/MRD-POD-2/P/CIR/2022/114 dated August 26, 2022.
[73] Circular No.: NSDL/POLICY/2025/0166 dated December 19, 2025
[74] SEBI circular no. SEBI/HO/MRD/PoD1/CIR/P/2025/24 dated February 25, 2025 and Circular No.: NSDL/POLICY/2025/0027 dated February 27, 2025

accounts held in the name of AoP:[75]

a. At the time of account opening, along with the Account Opening Form (Form 11), Participants shall obtain PAN of Principal Officer and a declaration from the AoP. The Illustrative format is enclosed (Annexure PP).

b. Only permitted securities viz., units of mutual fund schemes, corporate bonds, and government securities are held in such demat account.

c. In case of any dispute, the Principal Officer of the AoP shall be treated as the legal representative of the AoP.

d. At all times, members of the AoP shall be jointly and severally liable on behalf of the AoP.

The e-DPM system shall accept instructions in respect of following security types in demat accounts having AOP client type:

Security Type	Security Description
4	Bond
5	Deep Discount Bond
6	Floating Rate Bond
12	Debentures
24	Municipal Bonds
14	Government Security
22	Treasury Bill
26	Sovereign Gold Bonds
20	Mutual Fund Trace
13	Units

VIII. **Banks/Institutional Investors**

a) Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.

b) Authorized signatories list with specimen signatures and photographs.

IX. **Army/ Government Bodies**

a) Self-certification on letterhead.

b) Authorized signatories list with specimen signatures and photographs.

X. **Registered Society**

a) Copy of Registration Certificate under Societies Registration Act.

b) List of Managing Committee members.

[75] Circular No.: NSDL/POLICY/2025/0069 dated May 30, 2025 and Circular No.: NSDL/POLICY/2025/0076 dated June 16, 2025

c) Committee resolution for persons authorised to act as authorised signatories with specimen signatures.

d) True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

XI. **University**[76]

1. A university established or incorporated by or under a Central Act, a Provincial Act, or a State Act, including any institution recognized by the University Grants Commission (UGC) under the regulations of the University Grants Commission Act, 1956, may open a demat account in the name "" under the type "Body Corporate" with the sub-type "University"

2. Participants are advised to be guided by the CKYCR templates (Legal Entity) provided by CERSAI. Further, obtain Form 11- Account Opening form (for non-individuals) as prescribed under NSDL Business Rules and collect other applicable supporting documents / information in accordance with point no. 1.2.9.1 of Account opening chapter on Master Circular for Participants (DPs).

1.2.10. **CM Account:**

I. The CM should fill up the KYC Application Form finalized by CERSAI and Account Opening Form as per the format given in Form 11 of the Business Rules of NSDL and submit the same to the Participant (*as per Annexure K in the NSDL Bye Laws*)

II. Following documents are required for opening a CM account:

(a) A copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID to the CM signed by its authorised official.

(b) A copy of the latest SEBI registration certificate

(c) Board Resolution for authorised signatory.

(d) Memorandum of Association and Articles of Association.

(e) Specimen copy of the cheque for capturing the 9-digit MICR code.

III. Participants should verify the completeness of the account opening form and verify the copies submitted with the original documents.

IV. If the documents are in order, the Participant should accept them and give an acknowledgement duly signed and stamped to the CM.

V. The Participant should forward the following documents to NSDL for allotment of CM BP ID:

(a) Copy of Account opening form,

(b) Copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID signed by its authorised official and copy of the latest SEBI registration certificate. These documents should be verified and

[76] Circular No.: NSDL/POLICY/2025/0116 dated September 02, 2025

attested as per point no. 1.1.1 (b) alongwith the stamp of the Participant, signature of Compliance Officer, name and designation.

VI. NSDL will allot the CM-BP-ID and intimate to the Participant electronically.

VII. The Participant should capture the signature(s) of the authorised signatories as given in the Account Opening Form in the DPM System.

VIII. The Participant should enter the Client account number generated from the DPM System in the Account Opening Form.

IX. The Participant should print the Client Master Report and give it to the CM.

Joint Accounts

1.2.11. **Opening Of Depository Account in Joint Names with an Individual and a Body Corporate** [77]

As Participants are aware, Section 187 of the Companies Act, 2013 requires companies to hold all investments made or held by it in any property, security or other asset in its own name. However, the proviso to sub-section (1) grants exemption to holding companies in case of holding shares of its subsidiary companies. The exemption allows holding companies to appoint nominees for itself to hold shares in the subsidiary/wholly-owned subsidiary companies in order to meet the statutory minimum limit of members in a company. Share certificates in such cases are usually issued in the name of registered holder (nominee), but the name of the holding company is also mentioned along with the name of the nominee.

In this context, Participants can facilitate opening of depository account of the nominee shareholders as follows:

1. An individual and body corporate can open a depository account in joint names. In case the first holder is an individual, the account needs to be opened in individual category whereas, if the first holder is a body corporate then the account type will be "Body Corporate".

2. The KYC documents along with PAN of both these entities will have to be obtained by the Participant. Further, Board Resolution to open a joint depository account along with the list of persons authorised to open and operate the accounts is required for the corporate entity. Participants are requested to ensure compliance with the procedure mentioned in various Circulars issued by NSDL with regards to account opening and KYC norms of both individual and corporates, for the respective holders.

   It may be mentioned that since a body corporate would be a joint holder, nomination facility cannot be availed in these cases.

Participants may facilitate capturing the bank account of the joint holder in the demat account for such nominee holdings after obtaining an undertaking from the client in the format enclosed as **Annexure J.** [78]

[77] Circular No.: NSDL/POLICY/2018/0052 dated September 26, 2018.
[78] Circular No.: NSDL/POLICY/2019/0003 dated January 16, 2019.

1.2.12. Operational Guidelines w.r.t. Mode of Operation in Joint Demat Accounts[79]

All Participants are requested to take note of the following operational guidelines w.r.t. mode of operation in joint demat accounts.

1. All the demat account holders having joint accounts may opt for any one of the following modes of operation of the account by submitting a specific instruction at the time of demat account opening or at a later date duly signed by all the demat account holders:

   i) Jointly;

   ii) Anyone of the holders or survivor(s). Here the survivor(s) means the surviving holder(s) of the joint demat account.

   iii) First Named Holder only[80]

2. The mode of operation mentioned in Point No. 1 above may be used only for the following transactions:

   i) Transfer of securities including Inter-Depository Transfer.

   ii) Pledge/ Hypothecation / margin pledge / margin re-pledge (Creation, Closure and Invocation and confirmation thereof, as applicable).

   iii) Freeze/ unfreeze account and/ or the ISIN and / or specific number of securities.

   However, for all other transactions at joint demat account level, the mode of operation shall be as specified at point 1 (i).

3. All existing joint demat account holders may also opt for one of the modes of operation mentioned at Point No. 1.

4. Where the demat account holders have opted for operation by any one holder or survivor(s), the instructions above should be duly signed by any one of the holders or survivor(s) of the joint demat account.

5. With regard to all transactions undertaken in the demat account mentioned in point no. 2, signature of one of the demat account holders as per the mandate of operation given by the joint account holders shall discharge the Participant in full vis-a-vis all demat account holders.

6. Each demat account holder in the demat account is jointly and severally liable towards the Participant for all the commitments entered into by himself/ herself or by any other Client account holder or authorised representative (within the limits of the power).

7. Any demat account holder may opt out from the facility as mentioned at point no 1 by giving signed written request to the Participant and upon receipt of such a request by Participant, the Participant shall change the mode of operation to 'jointly'.

8. In case of a joint demat account, all communications shall be sent to the first holder and

[79] Circular No.: NSDL/POLICY/2022/053 dated April 08, 2022
[80] Circular No.: NSDL/POLICY/2025/0058 dated May 06, 2025

shall be deemed to have been duly sent to all demat account holders. Participant shall be given an option to all joint account holders that communication will be sent to all joint account holders in electronic mode, if desired by account holders.

9. In the process of transmission of securities in a joint demat account, if the surviving Demat accountholder(s) opt to continue with the account by removing the name(s) of the deceased holder(s), and the Demat account continues to be held jointly, the existing mode of operation shall remain unchanged. Demat Accountholders may request to update/modify the mode of operation by submitting a request duly signed by all joint Demat Accountholders.[81]

10. Salient features of mode of operation in NSDL system is enclosed as **Annexure K**.

1.3. Escrow Account:

Participants should accept the following documents for opening of an escrow account:

1.3.1 KYC documents of Corporate and Escrow Agent.

1.3.2 Copy of escrow agreement duly signed by all the parties.

1.3.3 The account should be opened in the name as mentioned in the Scheme, which is approved by a competent authority and is in accordance with SEBI regulations. Further, the operation of such account should be governed by the terms and conditions of escrow agreement.

1.3.4 Copy of PAN card of both parties involved in such an arrangement. However, PAN details of the Corporate should be captured in the account after the same has been verified in accordance with point no. 1.1.8 above.

1.3.5 The account should be used only for holding securities, which are required to be transferred under the specific scheme and in accordance with the SEBI regulations.

1.3.6 As the account is opened for specific purpose, the same shall be closed immediately after the shares held in the account are transferred to the respective demat accounts or are extinguished as required under the said scheme.

1.4. Unclaimed Securities - Suspense Escrow Account [82]

Issuer Companies are required to open a separate demat account for dealing with unclaimed securities i.e., securities which could not be allotted to the rightful holder(s) due to insufficient/incorrect information or any other reason.

In this context, for dealing with such unclaimed securities, the issuer is required to adhere to the following:

1.4.1 For securities in demat form, the unclaimed securities shall be credited to a demat suspense account of the Company opened by the Issuer for this purpose.

1.4.2 For securities in physical form, the Issuer shall dematerialize the unclaimed

[81] Circular No.: NSDL/POLICY/2025/0100 dated July 31, 2025
[82] Circular No.: NSDL/POLICY/2022/113 dated August 11, 2022

securities in the Unclaimed Suspense Account of the Company.

1.4.3 In case the securities holder/claimant fails to submit the demat request within the prescribed period of receiving the Letter of Confirmation on processing of Investor Service Requests, Issuer Companies shall credit the securities to the Suspense Escrow Demat Account of the Company.

1.4.4 For issue and credit of Right Entitlements (REs) in dematerialized mode, if the demat account of a shareholder is frozen or demat account details are not available, including shares held in unclaimed suspense account or in the account of IEPF Authority, then REs shall be credited in a Suspense Escrow Demat Account of the Company.

1.4.5 For securities issued pursuant to the scheme of arrangement, physical or otherwise, which remain unclaimed, Company shall credit the securities in Escrow/Suspense demat account.

1.4.6 Issuers who are unable to allocate securities to the shareholders in dematerialized form where such shareholders are holding shares in physical form and their demat details are not available.

In this regard, Participants are advised to use the sub types as given below for above mentioned purposes.

Client Type	Client Type Code	Client Sub-type description	Client Sub-type code
Body Corporate	5	Unclaimed Securities - Suspense Escrow Account	41
Bank	10	Unclaimed Securities – Suspense Escrow Account	14

Procedure to open Suspense Escrow Demat account:

1. The demat account may be opened in the name as <Name of Issuer> under the type "Body Corporate" or "Bank" as the case may be with sub-type 'Unclaimed Securities – Suspense Escrow Account'.

2. The Issuer shall submit following declaration on its letterhead, signed by the authorized signatories as under:

   (a) **Annexure L**: Declaration where the Issuer company has an existing demat account with the Participant (format enclosed).

   (b) **Annexure M**: Declaration where the Issuer company does not have an existing demat account with the Participant (format enclosed). This will be in addition to the existing procedure of account opening as prescribed by NSDL/SEBI from time to time.

The 'Reclassification utility' for making the aforesaid sub type changes have been made available on

NSDL e-PASS portal under 'Utilities' menu along with user manual and sample input file. [83] The user manual and sample input file are also enclosed to this circular as **Annexure N**.

After updating aforesaid changes in the DPM System, Participants must send a communication via letter / email / or any other mode which the Participant may deem fit to such Client informing about changes carried out in their demat account.

1.5. Procedure to open Aggregate Escrow Demat account: [84]

SEBI vide its circular no. SEBI/HO/AFD/Pod1/CIR/2023/186 dated December 11, 2023 has issued a guidelines regarding "Credit of units of AIF in dematerialized form".

In this context, the below new sub-type has been introduced in Client Maintenance Module of the NSDL depository system to facilitate Participants to open demat accounts for below mentioned client type.

Client Type (Existing)	Client Type Code (Existing)	New Client Sub Type Description	New Client Sub Type Code
Alternate Investment Fund	15	Aggregate Escrow Demat Account	5

The above new client sub-types were made available in the Client Maintenance module of DPM system through the Local DPM version release 7.69.

Procedure to open Aggregate Escrow Demat account:

i. The demat account shall be opened in the name as <Name of AIF> under the type "Alternate Investment Fund" and sub-type "Aggregate Escrow Demat Account".

ii. The AIF shall submit following declaration on its letterhead, signed by its authorized signatories as under:

   a. Annexure MM: Declaration to be submitted by the AIF to Participant where AIF has an existing demat account.

   b. Annexure NN: Declaration to be submitted by the AIF to Participant where the AIF does not have an existing demat account with the Participant. This will be in addition to the existing procedure of account opening as prescribed by NSDL/SEBI from time to time.

1.6. Procedure For Opening of Pool Account For Portfolio Management Services (PMS) [85]

NSDL has provided a facility to open a pool account to SEBI registered Portfolio Managers, the detailed procedure for which has been provided below. The system enhancements in respect of opening of PMS pool account are being made available in the DPM system and the salient features are enclosed at **Annexure O**.

[83] Circular No.: NSDL/POLICY/2023/0019 dated February 10, 2023
[84] Circular No.: NSDL/POLICY/2023/0176 dated December 18, 2023.
[85] Circular No.: NSDL/POLICY/2019/0067 dated October 1, 2019

A. Process for making an application for PMS-BP-ID in respect of PMS Pool account for PMS providers:

1. For opening of PMS Pool account, the PMS provider will be required to make an application to their Participants.

2. PMS provider is required to open Pool account(s) per Clearing Corporation (CC) viz., NCL, ICCL, MCCIL. Further, if PMS provider require, they can open scheme wise PMS pool account per CC.

3. PMS provider will submit request letter to Participants for obtaining PMS BP ID for opening PMS pool account(s) in the format as enclosed below at **Annexure P**. Single request letter from PMS provider is sufficient for opening multiple Pool accounts, if the authorized signatories are same for all the PMS pool accounts.

4. On request of Portfolio manager for PMS BP ID(s), NSDL shall use the details viz., demographic, financial, authorized signatories etc. of existing Portfolio Manager account(s) (i.e, demat account(s) of PMS provider) maintained in NSDL depository system and create the PMS BP ID(s) in NSDL depository system.

5. If the existing PMS account holder is registered on SPEED-e facility and the new PMS pool account holder wish to opt for SPEED-e facility for operating the PMS pool account, then the PMS provider will provide the confirmation to Participant as mentioned in **Annexure P**.

6. Based on the aforesaid request received from PMS provider, Participant will send consolidated excel sheet containing the PMS provider details for opening of PMS pool account as per format prescribed at **Annexure Q** to NSDL on Email ID viz., ccinterface@nsdl.com. As per the confirmation received from the Participant through aforesaid email, the PMS BP ID(s) for PMS pool account would be activated in NSDL depository system using the details of existing PMS demat account(s) maintained in NSDL depository system.

7. The details of PMS pool account(s) would be forwarded to the Participant for opening of PMS pool account(s).

B. Application for opening PMS Pool account(s) in DPM system by Participant:

1. PMS Provider will be required to make an application to Participant for opening of PMS pool account(s) by submitting the application form as enclosed at **Annexure P**. If PMS provider is opening the PMS pool account(s) with the existing Participant, then no additional documents will be required to be enclosed along with the application form. However, if PMS Provider opts to open PMS pool account(s) with any other Participant, then PMS Provider will be required to follow the process of Clearing Member Pool account opening prescribed in NSDL Master Circular on Account opening. Participants are advised to maintain the aforesaid forms with them and make provision to produce the same as and when required by NSDL.

2. If PMS Provider is opening the PMS pool account(s) with the existing

Participant based on the aforesaid **Annexure P** submitted by PMS provider, the Participant shall open PMS pool account(s) in Local DPM system using the PMS BP ID(s) provided by NSDL. The Participant shall use the following details of existing PMS BO account(s) while opening of PMS pool account(s) in Local DPM system:

(a.) Client Details viz., PAN, Address etc.

(b.) Financial Details

(c.) Signatory Details

For further information / clarification for opening a pool account, Participants are requested to contact NSDL.

Additional requirement for special type of accounts

1.6.1. **Promoter account:** While opening such accounts, Participants are advised to obtain an undertaking from the Client that said beneficiary account(s) are opened for the sole purpose of holding and transacting for the securities held as promoter and no other securities will be held/transacted in the said account.

1.6.2. **DR account:** It may be mentioned that since the Client has already been identified by the Participant (*the Client should be an existing account holder*). However, Participants must ensure that the Client gives a letter mentioning its intention to open a separate account for holding DR-cancelled securities.

1.6.3. **Margin Pledge Account:** Participants should refer to Operational Guidelines issued by NSDL attached as **Annexure R** for opening of demat accounts for margin pledge.[86]

1.7. Procedure to be followed if there are more than three holders[87]

1.7.1. In the account opening module of the DPM System, there is a provision for only three joint names as presently, allotments in the primary market and purchases in the secondary market are permitted only with a maximum of three joint names. However, there are very old cases of shareholdings where the number of joint holders are four or even more. The issue of dematerialisation of such holdings was discussed in the SEBI meeting held on February 12, 1999 and it was decided that Depositories shall formulate a system to incorporate more than three joint names for Client accounts and Participants shall be advised accordingly. It was also decided that no credits, other than on account of dematerialisation of securities would be allowed to such accounts. In view of this, Participants are advised to follow the procedure given below for the same:

1.7.2. A separate account must be opened in the name of the joint holders with four or more names. The standing instructions to receive credits, receipt instructions, new issue applications and any other instruction which has the effect of crediting this account should not be accepted. Appropriate annexure should be attached to the account opening form in order to include various details viz; name, address, signatures, etc. of more than three holders. An undertaking should be obtained from the Client on the lines that "the Client shall not use this account for the purpose of allotments in the primary market or purchases from the secondary market and hence no

[86] Circular No.: NSDL/POLICY/2020/0077 dated June 1, 2020.
[87] Circular No.: NSDL/PI/99/231 dated April 8, 1999

instructions other than for dematerialisation, bonus, rights & preferential offer will be given by the Client to any person which has the effect of crediting this account".

1.7.3. While opening the account, the Participant shall capture the names of the four or more joint holders by numbering them in the DPM and entering the first holder's name in the first holder's field and accommodating the rest of the names in the fields for second and the third holder, eg.:
- In case of joint holdings in four joint names of Mr. A, Mr. B, Mr. C & Mr. D, the account can be opened in the DPM as follows; First Holder's Name: 1. Mr. A; Second Holder's Name 2. Mr B; Third Holder's Name 3. Mr. C 4. Mr. D.

1.7.4. The Participant shall process the dematerialisation request as per the usual procedure while ensuring that the pattern of holding as per the certificate tallies with the pattern of holding as per the account. After the balances in such joint account become nil, the aforesaid joint account should be closed.

1.7.5. Participants are further advised that in case of holdings of a "Trust" held in the joint names of four or more trustees, the procedure given above for opening the account can be adopted without any restrictions on receiving credits into that account.

1.8. Guideline for capturing details in DPM system:

The Participant should enter the details of the Client as mentioned in the KYC Application Form and Account Opening Form, in the DPM System after verifying with the POI and Proof of Address. It may be mentioned that Participants can avail the facility of Bulk Verify and Release with respect to opening of Client accounts in the DPM System[88]

1. Capturing of PAN details:

(a) After verification of PAN details, the PAN of Client should be captured in the DPM system. In case of joint accounts, the PAN of each of the joint holder should be captured in the DPM System after making verification as explained above. As all Participants are aware, DPM System is enabled to capture PAN of all joint holder(s) of a depository account.

(b) Thereafter, PAN flag(s) should be enabled in the DPM System[89] .

(c) Participants are restricted from modifying the PAN of a holder in a Client account in DPM System, once the PAN flag has been enabled. However, Participant may approach NSDL for modifying the PAN or PAN flag and NSDL will provide a facility for Participants to register a request for modification of PAN for such holders in Client account[90].

(d) Participants shall make a request on NSDL e-PASS portal along with the reasons for modification. The various reasons and corresponding codes are given below: [91]

[88] Circular No.: NSDL/PI/2007/0019 dated April 4, 2007
[89] Circular No.: NSDL/POLICY/2006/0012 dated March 25, 2006
[90] Circular No.: NSDL/POLICY/2007/0052 dated September 13, 2007
[91] Circular No.: NSDL/POLICY/2009/0003 dated January 9, 2009

Reason code	Description
1	Allotment of new PAN by Income Tax Department (ITD)
2	PAN of Individual entered in HUF demat account & vice versa
3	Typographical mistake
4	PAN of first holder wrongly entered in second holder, third holder or vice versa
5	PAN of Karta wrongly entered in HUF demat account
6	Proactive measures to cleanup incorrect PAN details
7	PAN of Guardian wrongly entered in Minor account
8	Merger/amalgamation with another entity

(e) In case of Partnership Firm, Unregistered/ Private Trust etc. although the account is opened in the name of partner(s), trustee(s) etc. PAN of Partnership Firm, Unregistered/ Private Trust etc. should be captured in the DPM system after due verification as per aforesaid procedure.

(f) In case of a minor's account, PAN details of the minor should be captured in the DPM System after due verification[92].

2. Capturing of address:

(a) Participants can capture two addresses in the DPM System for a Client (*first holder/sole holder*) i.e. local and correspondence addresses. The Client Master Report and Export will carry both these addresses.

(b) For both, local and correspondence addresses of a Client, Participants should ensure that they collect and verify the KYC documents as mentioned in point nos. 1.1.1.4, 1.1.2, 1.1.3 and 1.1.4 only then the same should be captured in the DPM System.

(c) The local address would be the default address that would be forwarded to the Registrar & Transfer Agent (RTA) as well as used for printing Transaction Statement (SOT) from DPM System. However, the Client has the option to request the Participant to use the other address i.e. correspondence address for the aforesaid purposes. In such a situation, the Participant should disable the default indicator under the option "Beneficiary Address Local" (referred to as 'Address Preference Flag' in batch file import format).

(d) Participants may capture the landmark details in the DPM System, which are not mentioned in the proof of address submitted by the Client but are mentioned by Client in the account opening form. The landmark details could include details like name of the building / mall / junction / school / garden / hotel / bank / railway station / company name / bus depot etc with the preceding words such as 'near by', 'adjacent to', 'behind', 'next to', 'opposite to', 'off' etc.

(e) In case the NRI/FN/Foreign entities have submitted only proof of address as foreign address, in such a situation, Participants may capture the foreign address in both local and foreign address fields given in DPM system.

[92] Circular No.: NSDL/POLICY/2006/0031 dated August 9, 2006

3. Capturing of Bank details

(a) Capture 9-digit MICR codes and IFSC for all the accounts opened. Participants are advised to capture bank address details strictly in the manner described below:

Row 1: Building / Tower / Apartment / Palace / Chamber / Mansion Row 2:

Street / Road / Marg / Lane / Avenue / Rasta

Row 3: Area name Row 4: City name

Pin code: Bank address PIN code.

(b) In case of Partnership Firm, Unregistered/ Private Trust etc. although the account is opened in the name of partner(s), trustee(s) etc. Bank details of Partnership Firm, Unregistered/ Private Trust etc. should be captured in the DPM system after due verification as per aforesaid procedure.

4. Signature of Client:

(a) The Participant should capture the Client's signature(s) as given in the KYC Application Form and/or Account Opening Form in the DPM System. For non-individuals alongwith signature of authorised signatory(ies), capture the mode of operation in the DPM system.

(b) In case the trustee(s)/ partner(s) etc. are individuals, capture the signature(s) of the individuals. In case the trustee(s)/ partner(s) etc. of the unregistered trust/ partnership firm are corporations, companies or entities registered under the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, capture the signature(s) of the authorised signatories in the DPM System.

(c) Illiterate Person: A remark should be put in the DPM System (under the authorised signatory details under "Signatories" screen) at the time of opening the account that the account holder is illiterate or disabled.

(d) Visually Challenged Person: A remark should be put in the DPM System (under the authorised signatory details in 'signatories' screen) that the Client is "Visually Challenged".

5. Standing Instruction indicator: For ease of data entry, the Standing Instruction indicator in the DPM System would be in an enabled status with respect to all types of Client accounts except for accounts with sub-type "DR" at the time of opening depository accounts. For those Clients who have not opted for Standing Instructions, the Participant should disable the Standing Instruction indicator in the DPM System.

6. SMS flag and email updation:

(a) For ease of data entry, the SMS flag of the account holder will automatically get enabled in the DPM System after the Participant captures the mobile number (Participants are advised to strictly capture the ten digit mobile number with the first digit as "6" / "7" / "8" / "9") of the respective account holders at the time of opening of depository accounts.

(b) If the Client submits the mobile number but does not wish to opt for the SMS Alert facility, the Participant should capture the mobile number in the DPM System and disable the SMS flag either from the front end of the DPM System or through back office file import [93].

(c) Participants having their own website are advised to display the following ticker on their websites for updation of mobile numbers by clients to receive alerts for all debits and other important transactions in their demat account directly from the Depositories[94]:

ATTENTION INVESTORS (Static Text) TICKER

"Prevent Unauthorized Transactions in your demat account --> Update your Mobile Number with your Depository Participant. Receive alerts on your Registered Mobile for ***all debit and other important transactions*** *in your demat account directly from NSDL on the same day.....****issued in the interest of investors****."*

(d) Participants must continue to ensure that the mobile numbers provided by the Client while opening demat account or subsequently must be updated in the DPM system.

(e) In case the Participant has the mobile number of the client in its back-office, trading account or in the bank account which is provided by the client, then the Participant may update (not mandatory) the mobile number and SMS flag in the demat account and intimate the client about the updation.

(f) Participants must ensure that correct mobile number as provided by the Client is updated in DPM system. After updation of the same, the Participant must send the Client Master Report and a communication informing the benefits of availing SMS alert facility. Registration of mobile numbers among investors must be promoted through investors' education highlighting the benefits[95].

(g) Participants may update (not mandatory) the email ID in the demat account as per the aforesaid. Participants must ensure that correct email ID as provided by the Client is updated in DPM system. After updation of the same, the Participant must send the Client Master Report intimating the client about the email ID updation.[96]

7. NRI (*Repatriable/Non- Repatriable*) account[97]:

(a) The account should be opened in the name of the NRI in the DPM System under repatriable category when securities are held on repatriable basis and under non-repatriable category when securities are held on non-repatriatable basis.

(b) Participants are advised to capture the following details in the DPM System against the RBI reference number and date:

[93] Circular No.: NSDL/POLICY/2008/0059 dated September 1, 2008 & Circular No.: NSDL/POLICY/2010/0010 dated January 28, 2010.
[94] Circular No.: NSDL/POLICY/2014/0094 dated August 28, 2014.
[95] Circular No.: NSDL/POLICY/2015/0017 dated January 30, 2015
[96] Circular No.: NSDL/ POLICY/2020/0055 dated April 29, 2020
[97] Circular No.: NSDL/PI/98/007 dated January 2, 1998

i) If the NRI has at any time purchased securities from the secondary market, i.e., under Portfolio Investment Scheme, then the RBI reference number and date mentioned in the RBI approval letter should be entered.

ii) If the NRI has never purchased securities from the secondary market, but the securities have been allotted in the primary market, i.e., under Direct Investment Scheme, then the Participant should mention the following:

RBI Reference No.: "Under General Permission" RBI Approval Date: Present date

(Subsequently, whenever the NRI gives dematerialisation or receipt instructions in respect of purchase of securities from the secondary market, the RBI reference number and date should be entered therein)

(a) If the NRI does not hold any securities, then the Participant should mention the following:

RBI Reference No.: "No Holdings"

RBI Approval Date: Present date

(Subsequently, whenever the NRI gives dematerialisation or receipt instructions in respect of purchase of securities from the secondary market, the RBI reference number and date should be entered therein)

8. Promoter account: Separate sub-types are available in the DPM system to enable promoters to separately hold securities issued as "Promoter" of the company.

9. DR Account:

(a) A sub-type "DR" is present for the Client types viz.; 'Resident', 'Non Resident Indian', 'Foreign Institutional Investor', 'Corporate Bodies', 'Foreign National' and 'Mutual Fund'. This sub-type is for the purpose of enabling investors to separately hold equity shares issued upon cancellation of Depository Receipts (GDR/ADR) held by them. Further, the existing account holders under Client type 'Foreign National' have been categorised under the sub-type "FN".

(b) In this context, Participants are advised as follows:

i) In order to receive the securities issued upon cancellation of the Depository Receipts (DRs) held by the investors, they will have to open a separate account with sub-type "DR" under the relevant Client type/category and ensure that only such securities are credited in this account.

ii) The standing instruction indicator in the DPM System **should not be enabled** for accounts with sub-type "DR". The Clients will have to give specific receipt instructions to the Participants for receiving securities issued upon cancellation of DRs.

6. PMS Client account:[98]

(a) A new flag has been incorporated viz., 'PMS Client Account' and new field i.e., 'PMS SEBI Registration Number' in respect of flagging of PMS client demat accounts in NSDL DPM system to identify clients availing Portfolio Management Services[99]. The details of aforesaid flag and fields added in Client Creation and Client Modification Screens / File. Upload mechanism of Client Maintenance Module are enclosed at **Annexure S**.

(b) Participants are informed that the aforesaid functionality is available in Local DPM.

(c) Participants are requested to enable the PMS Client account flag in respect of existing accounts through client modification and in new demat accounts through client creation functionality in NSDL DPM system.

1.9. Information to KYC Registration Agency and Clients:

1.9.1. Information to KYC Registration Agency (KRA) / CKYCR:

NSDL Database Management Limited has been granted a certificate of registration as a KYC Registration Agency under the Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011, as may be amended for from time to time.[100]

(a) The client shall be allowed to open an account with intermediaries and transact in securities market as soon as the KYC process is completed. [101]

(b) After doing the initial KYC of the new clients, the Participant shall forthwith upload the KYC information on the system of the KRA, **within 3 working days** [102] from the date of completion of KYC process.

(c) Participants shall continue to upload/ download/ modify the KYC information with proper authentication on the systems of KRA, as per the provisions of SEBI KRA Regulations, 2011.[103]

(d) KRAs shall upload the verified/ validated KYC information onto the system of CKYCRR within 7 days of receiving the same from intermediaries or any other timeline as notified under PML Rules. The KRAs shall integrate their systems with CKYCRR and commence the uploading of KYC records on CKYCRR from August 01, 2024.[104] In this regard, Participants are informed that since integration of KRAs with CKYCRR is in progress, Participants may continue the current process of uploading the requisite data/forms to CKYCRR till further communication on this subject issued by KRAs.[105]

[98] Circular No.: NSDL/POLICY/2023/0002 dated January 17, 2023 and Circular No.: NSDL/POLICY/2022/174 dated December 13, 2022
[99] SEBI letter No.: SEBI/HO/IMD-II/SEC-3/P/ON/ 2022/53314 dated October 19, 2022
[100] Circular No.: NSDL/POLICY/2012/0007 dated January 13, 2012
[101] SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023
[102] SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023
[103] SEBI circular no. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/79 dated June 06, 2024 and NSDL/POLICY/2024/0078 dated June 07, 2024.
[104] SEBI circular no. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/79 dated June 06, 2024 and NSDL/POLICY/2024/0078 dated June 07, 2024.
[105] NDML KRA Circular No.: NDML/POLICY/2024-0009 dated July 29, 2024 and CVL KRA Communique No. CVL/OPS/INTERM/GENRL/24-205 dated July 29, 2024

(e) Participants shall upload KYC information on the system of CKYCR, as per the KYC template finalised by CERSAI and **within ten days** after the commencement of an account-based relationship with a client.

(f) In case a Client's KYC documents sent by the Participant to KRA are not complete, the KRA shall inform the same to the Participant who shall forward the required information / documents promptly to KRA.

(g) The Participant shall also maintain electronic records of KYCs of Clients.

(h) The Participant shall promptly provide KYC related information to KRA, as and when required.

(i) The Participant shall have adequate internal controls to ensure the security / authenticity of data uploaded by it.

(j) Upon receipt of information on change in KYC details and status of the clients by the Participant or when it comes to the knowledge of the Participant, at any stage, the Participant shall be responsible for uploading the updated information on the system of KRA and for uploading of scanned documents to KRA, wherever necessary.

(k) Where the /Participant is opening an account online based on download of KYC details from the KRA, the KYC details as downloaded from the KRA shall be displayed to the client at the time of account opening where the client must confirm that there is no change in the particulars as downloaded from KRA and in case of any change, the client must be provided an option to provide latest details along with supporting documentation.[106]

(l) Participants are requested to comply with the above requirement and ensure that clients whose KYC records are not found to be valid by KRA after the validation process shall be allowed to transact in securities market only after their KYC is validated by KRA.[107]

(m) In case of existing clients whose KYC records are not found to be valid by KRA after the validation process, as per intimation received from KRA, NSDL suspends such demat accounts for debit and credit with the freeze reason code as "08 - Account Holder related – KYC non-compliant" with remarks as "KYC record not found valid by KRA"[108] [109].

(n) Participants are advised to ensure that the KYCs of all the non-closed clients have been uploaded to the KRAs and only those clients are allowed to transact whose KRA status is either "KYC Registered" or "KYC Validated". This is essential to ensure seamless interoperability across market participants and avoid any inconvenience to the investors.[110]

(o) If any demat account holder approaches Participant for removal of suspension, then Participant is required to verify the status of KYC record for given PAN on KRA system (for sole / all the eligible joint holders) and ensure that same is shown as validated by

[106] Circular No.: NSDL/POLICY/2021/0028 dated March 22, 2021
[107] SEBI Circular Nos. SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 6, 2022
[108] Circular Nos.: NSDL/POLICY/2023/0109 dated August 18, 2023.
[109] NSDL/POLICY/2023/0151 dated November 01, 2023, NSDL/POLICY/2023/0168 dated December 01, 2023,
[110] Circular No.: NSDL/POLICY/2025/0157 dated December 04, 2025, Circular No: NSDL/POLICY/2025/0176 dated December 31, 2025, Circular No: NSDL/POLICY/2026/0018 dated February 05, 2026

KRA. After verification, Participant may remove suspension of demat account at Participant's end. Such removal of suspension of demat accounts may be undertaken by Participants suo-moto after necessary verification. [111]

(p) Uploading of the existing clients' KYC details with CKYCR System:

(q) SEBI gave directions[112] regarding uploading of the existing clients' KYC details with Central KYC Records Registry (CKYCR) System by the registered intermediaries.[113]

(r) Participants are required to take up all operational issues and difficulties faced by Participants in uploading KYC records to CKYCR with CERSAI directly.[114]

(s) Participants are required to adhere to provisions of SEBI KYC Regulations (as amended from time to time).

Information to Client:

I. The Participant should give the Client Master Report along with a copy of rights and obligation including charge structure to Client. Such information may be provided to the Client through email provided Participant ensures the following:

(a) The Client Master Report and the copy of the Rights and Obligation along with the charge structure is provided to the Client at the email address recorded in the DPM system. In case the Participant is not able to provide the same to its Clients by email due to any reason (including bounced emails), the Participant should ensure that the same is provided to the Client in paper form.

(b) Maintain the records of delivery/non-delivery of emails to Clients.

(c) When the Client provides email address at the time of account opening, inform the Client that such information will be sent by email to the Client.

(d) In case the Client has opted for DIS booklet along with account opening, the DIS booklet must be separately issued to the Client.

II. Such information should be provided only after the account is in "Active" status in the DPM System. In case the Participant is using a separate series of Client IDs generated from the DPM system, the Client ID may be intimated to the Clients subject to the following conditions:

(a) At the time of intimation of such Client ID, the Client must be clearly communicated that the Client ID is yet to be activated.

(b) After the Client ID is in "Active" status, separate communication (letter / email or any other mode which the Participant may deem fit) must be sent to the Client.

[111] Circular Nos.: NSDL/POLICY/2023/0109 dated August 18, 2023.
[112] Circular No.: CIR/MIRSD/120/2016 dated November 10, 2016
[113] Circular No.: NSDL/POLICY/2016/0094 dated November 15, 2016
[114] Circular No.: NSDL/POLICY/2016/0098 dated December 1, 2016

Reliance on the records of client due diligence (KYC) carried out by a third party[115]:

SEBI released its FAQs on October 12, 2017 in respect of reliance on the records of client due diligence (KYC) carried out by a third party.

2. CHANGE IN DEMOGRAPHIC DETAILS

2.1. Change of address[116]:

I. While processing requests for change of address received from Clients, Participants should obtain the following documents:

(a) a written application for change of address from the Client (*In case of joint holdings, all holders must sign the application* and in case of non-individuals, authorised signatory(ies) must sign);

(b) Proof of new address [*copy of any one of the documents mentioned in point no. 1.1.3 and 1.1.4 above*] alongwith the original documents of the new address for verification.

II. The Participant should verify the signature of the Client on the application with the signature of the Client available with the Participant. Further, the document pertaining to new address should be verified and attested in accordance with point no. 1.1.1.4 and thereafter record the change of address in the DPM System.

III. In case of change (*addition/ deletion/ modification*) in the landmark details for the address which is already captured in the DPM System, Participants may limit the changes to the landmark details, after obtaining a request from the Clients on a plain paper, which is signed by all the holder(s) (*in case of joint holdings*). Participants are advised to note that the address of the Client captured in the DPM System, as mentioned in the proof of address, should not change and only limit the change in the landmark details.

IV. After effecting the change of address in the DPM System, the Participant should send a communication to the Client, confirming the change of address, to the old and the new addresses.

V. The Participant shall upload the updated information of the Client on the system of KRA/CKYCR.

2.2. Change of Signature[117]

2.2.1. **For depository account opened in the name of Individual:**

Participants are advised to follow the below mentioned procedure for effecting change of signature of Clients:

(a) The client should make a request in writing specifying reason(s) for change in signature.

[115] Circular No.: NSDL/POLICY/2017/0060 Date: October 13, 2017
[116] Circular No: NSDL/PI/2004/1622 dated September 7, 2004 & Circular No: NSDL/POLICY/2008/0040 dated June 4, 2008 and NSDL/POLICY/2015/0021 dated February 10, 2015
[117] Circular No.: NSDL/POLICY/2025/0010 dated January 24, 2025

(b) The client should visit the Participant's office personally and produce valid Proof of Identity (POI).

(c) In the presence of officials of Participant, Client should affix his/her new signature.

(d) An authorised official of the Participant shall, under his signature, verify the identity of the client and thereafter, if found satisfactory, make necessary changes in its records.

(e) In case, if the client is unable to visit the Participant's office in person, new signature should be duly attested by Client's banker.

(f) An authorised official of the Participant shall verify the written request and the supporting document. If found satisfactory, make necessary changes in its records.

(g) After the signature change is carried out, the Participant should send communication via letter / email or any other mode which the Participant may deem fit to the Clients informing about changes carried out in their signature.

2.2.2. **For depository account opened in the name of non-individual - Change of authorised signatory:**

In case of change in authorised signatory, the Client should provide a fresh board resolution mentioning authorised signatories who shall operate the depository account alongwith the specimen signature and photograph of the new authorised signatory. Participants need not obtain the details of the existing authorised signatories if they remain unchanged. Thereafter, Participants are advised to capture the signature of the new authorised signatories in the DPM System. Participants should ensure that the signatures of the outgoing authorised signatories should be dislodged from the DPM System.

2.2.3. **Change in status of Standing Instruction:**

If the Client requests for change in standing instruction, Participant should carry out the changes in the DPM System based on proper authorisation received from the Client (*signed by all the holders in case of joint holdings*). In case the '*execution date*' for change in standing instruction is provided by the Client that date must be entered in the DPM system. If 'execution date' for change in standing instruction is not provided by the Client, then the 'current date' of execution of such instruction must be entered.[118]

2.3. Change in bank details:

2.3.1. Participant should obtain written request signed by the authorised signatories. Participant should ensure that the request submitted by the Client is completely filled, including the bank account particulars of the Client and properly signed (signed by all the holders in case of joint holdings and by authorised signatories in case of body-corporate).[119]

2.3.2. Any one or more of the documents given below can be accepted as proof of bank details:

a) Specimen copy of cheque/cancelled cheque

b) Copy of Bank Statement

[118] Circular No.: NSDL/POLICY/2009/0090 dated October 1, 2009
[119] Circular No.: NSDL/PI/97/119 dated July 22, 1997

c) Copy of Bank Passbook

d) Letter from Bank

2.3.3. The aforesaid documents specified at 2.3.2 above must contain the following information to be acceptable as proof for bank details:

a) Bank Name

b) Branch Address

c) IFSC/MICR code

d) Name of account holder

e) Account Number

2.3.4. Update the IFSC/MICR code while updating the bank account details of the Client.[120]

2.3.5. Participants need not seek from their Clients the proof of the bank details for capturing the bank details in the depository account, if they have direct access to the bank records for verification of the bank details provided by their Clients.

2.3.6. **Bank Account Updation Facility to Shareholders of Companies[121]**

All Participants are informed that based on the request received from issuers, NSDL has developed a facility for the purpose of updation of bank account details in shareholders demat account, using which issuers can approach those shareholders in whose bank accounts, they are unable to remit the funds.

Detailed process to be followed is given below:

1. SMS will be sent by NSDL on the mobile number registered in the demat account to those shareholders of the company whose bank details are to be updated requesting them to update the bank account details. SMS will have a link for updation of bank details.

2. On clicking the link, shareholder will be guided to NSDL eServices, where after PAN and OTP authentication, updation of following details will be permitted:

   (a) Bank account number

   (b) IFSC code

3. NSDL will fetch and display the name as available in the bank records by crediting Re. 1/- to the bank account number provided by shareholder and post shareholder's confirmation, its request will be accepted by the system.

4. Requests received from the shareholders for their demat account will be made available to the respective DP of the shareholders in e-DPM system under 'Client Maintenance module" DPs are requested to check these requests on a regular basis.

[120] Circular No.: NSDL/POLICY/2007/0023 dated April 24, 2007
[121] Circular No.: NSDL/POLICY/2021/0042 dated May 05, 2021

5. DP maker as per their existing role of maker in e-DPM system will verify the request received by comparing the name in the demat account and name fetched against the Bank account number & matching percentage populated against each request.

6. Once request is approved by DP maker, it will be directed to DP checker as per their existing role of checker in e-DPM system for verification and checking the details approved by DP maker.

7. Request approved by DP checker, will be released in DPM systems.

8. Based on the aforesaid authenticated request of the shareholders on NSDL eServices and DP verification, relevant fields will be updated in the demat account of such clients.

9. A confirmation SMS will be sent to shareholders upon successful updation of details in their NSDL demat account.

10. These modifications will be made under reason viz., "Clients request to NSDL" with static code viz., "05" in the Local DPM System. The static code '05' was informed to Participants *vide* Circular No. NSDL/POLICY/2015/0109 dated December 4, 2015 for making the necessary changes in the back-office.

11. Participants are required to intimate about updation of aforesaid details to respective Clients.

Participants can download the Client Master Export containing the updated client details of aforesaid updations from NSDL Local DPM system for updating their back-office system.

2.3.7. **Verification of Bank Account Details Through Bank Account Verification Services**[122]

Participants may use the services of banks for verification of bank details of client during opening of new demat account as well as during modification of existing bank accounts, subject to following conditions:

1. Participant will be responsible for identifying the client & updating the bank details.

2. Participant will maintain the records of the verification done through bank API platform and the same are made available for audit/inspection, as and when called for.

This Bank Account Verification service will typically involve transferring ₹ 1 via IMPS to the bank account of the client and upon successful transfer, name of the client in the target bank account is received as response. Participant shall match the name of the Client with the name and other details received from the bank.

2.4. Change of residential status of individual Client: [123]

2.4.1. In case any Resident Indian (RI) Client who is holding security in demat account which is opened under type 'resident' becomes Non-Resident Indian (NRI) then he/she is required to open a new demat account under type 'NRI' and transfer the security which he/she is holding in demat account opened under type 'resident'.

[122] Circular No.: NSDL/POLICY/2020/0008 dated January 20, 2020
[123] Circular No.: NSDL/POLICY/2015/0081 dated September 7, 2015

2.4.2. As this involves opening of new account, transfer of securities in new account and closure of old account, process completion takes long time. In this context, Participants have suggested to promoter' to 'NRI non-repartriable' or 'NRI nonrepartriable-promoter' respectively.

i. Obtain a written request from the Client in the prescribed format (enclosed as **Annexure T (1)**) for change in type from 'Resident' to 'NRI non-repatriable' along with declaration that Client have complied and will continue to comply with FEMA rules and regulations.

ii. Obtain photocopy of relevant pages of current passport which evidences the change of residential status of Client along with Resident Visa/ Work Permit/ Employment Visa/ Current Visa or any other type of visa.

iii. Obtain copy of proof of foreign address [verified with original or attested by competent authority as per SEBI guideline] of Client along with necessary KYC documents to update the KYC details in DPM and KRA & CKYCR system.

2.4.3. Following procedure may be followed for changing type and sub-type of the NRI account: [124]

(a) Obtain a written request from the Client in the prescribed format (enclosed as **Annexure T (2)**) for change in the aforesaid type & sub-type.

(b) In case of change in bank details, obtain a proof of new bank details.

(c) In case of change/updation in local (Indian) address, obtain a copy of proof of current residential address.

2.4.4. Upon receipt of the aforesaid documents, Participant can change type and sub-type of demat account and also update KYC details in DPM and update KRA/CKYCR records.

2.4.5. Existing facility has been enhanced to permit modification in the client type and sub-type of the depository accounts of NRI as under:

(a) Non-resident - repatriable to Resident

(b) Non-resident - non-repatriable to Resident

(c) Non-resident - repatriable to Non-resident - non-repatriable

2.4.6. The detailed type and sub-type in the DPM system are given below [125]:

Existing		**Modification allowed in DPM System**	
Client Type	**Sub-Type**	**New Client Type**	**New Sub-Type**
Resident	Ordinary	NRI	Non-Repatriable
Resident	Promoter	NRI	Non-Repatriable – Promoter
NRI	Repatriable	Resident	Ordinary
NRI	Non-Repatriable	Resident	Ordinary

[124] Circular No.: NSDL/ POLICY/2020/0059 dated May 4, 2020
[125] Circular No.: NSDL/POLICY/2015/0081 dated September 7, 2015 and Circular No.: NSDL/ POLICY/2020/0059 dated May 4, 2020

NRI	Repatriable	NRI	Non-Repatriable

2.5. Change in SMS flag and / or mobile numbers:

i. Participant must obtain a written request from the Client for change in mobile number and/or SMS flag. In case request is received through email or website of Participant, refer procedure mentioned at point no. 2.9.

ii. For joint holdings, the written request must be signed by the holder whose mobile number and / or SMS flag is being changed.

iii. Participants are advised to strictly capture the ten digit mobile number with the first digit as "6" / "7" / "8" / "9" and/or update the SMS flag, as requested by the client.

iv. For ease of data entry, the SMS flag gets enabled automatically upon capture / modification of mobile numbers in DPM System. Thus, Participants must take due care at the time of modifying mobile numbers in the DPM System, particularly for Clients who have not opted for SMS alert facility. If the Client submits the mobile number but does not wish to opt for the SMS Alert facility, the Participant should capture the mobile numbers in the DPM System and disable the SMS flag from front end of DPM System or through back office.

2.6. Change of name of account holder(s) in individual depository account:

For effecting change in name in the depository account of an individual BO, a request letter duly signed by the holder whose name is changing alongwith KYC in changed name and self- attested copies of the following document(s) are required:

Sr. No.	***Reason for name change***	***Documents required***
(a)	On account of marriage	(i) Marriage Certificate or (ii) Copy of Passport showing husband's name or (iii) Publication of name change in official gazette.
(b)	On account of reasons other than Marriage	*I. For individuals in the State of Karnataka and Punjab*[126] (i) Sworn affidavit executed before the Notary Public/ Magistrate of First Class/ Executive Magistrate mentioning the reason for change of name and his complete address and (ii) Paper publication in one local newspaper and one national newspaper.
		II. For individuals other than State of Karnataka and Punjab (i) Publication of name change in official gazette

[126] Circular No.: NSDL/POLICY/2019/0002 dated January 8, 2019

(c)	Change in father's name	(i)	Publication of name change in official gazette.

2.6.1. Participant must verify the copies of the document(s) with the originals and must write the remarks **"verified with the originals"** on the copies of the document(s).

2.6.2. In case of individuals in the State of Karnataka and Punjab, Participants shall collect theself-attested copies of above documents and maintain the same in their records after verifying with the original documents and must write the remarks "**verified with the originals**" on the copies of the document(s). [127]

2.6.3. After verifying the request, execute the request for name change and select the appropriate name change reason *[viz.; On account of marriage, Other than marriage and Change in father's name]* in the DPM system. For modifying name of account holder(s), go to the Client Maintenance - Client Modification - Primary, Address and Signatory Details Modification.

2.6.4. The name of the account holder in depository accounts can be changed for any of the holders for the following Types and Subtypes.

Type	**Subtype**
Resident	Ordinary
	Ordinary-DR
NRI	NRI- Repatriable
	NRI-Non Repatriable
	DR
Foreign National	DR
	FN

2.6.5. After the name change is carried out, the Participant should send a communication via letter / email / Client Master Report / Client Modification Letter generated from the DPM System or its back office or any other mode which the Participant may deem fit to the Clients informing about changes carried out in their name.

2.6.6. In case a Participant commits a typographical error while entering name of the Client in the DPM (which is noticed after activation of the account) or while processing the request for change in the name, it may be corrected by the Participant as prescribed below:[128]

2.6.7. Participant should examine the Account Opening Form, KYC Form, request for change of name and other documents submitted by the Clients/ authorized signatory (ies) and ascertain that a data entry error was indeed made while entering name of the Client in DPM.

2.6.8. Once Participant has satisfied itself about the data entry error, it may modify the name of the Client suitably in DPM. The reason should be mentioned as *'Participant error'* while making this rectification in DPM. The necessary system changes will be informed in next DPM version release.

[127] Circular No.: NSDL/POLICY/2019/0002 dated January 8, 2019
[128] Circular No.: NSDL/POLICY/2015/0024 dated February 18, 2015

2.6.9. Correction in such cases may be undertaken when error is brought to the notice of Participant by client or by auditor of Participant or is detected by Participant staff. After making required correction, intimation should be sent to the client along-with updated Client Master Report.

Procedure for minor correction of name of an individual in a demat account [129]

2.6.10. An ink-signed written request must be submitted by the client (In case of joint account, request must be signed by the Client in whose name, minor correction is required) to the Participant along with one of the following documents as proof of identity, which carries the correct name.

(a) PAN card; (b) AADHAR Card; (c) Passport; (d) Driving License; (e) Voter's identity card issued by the Election Commission of India and (f) Job card issued by NREGA.

2.6.11. Minor correction in name is one that is obvious, easily explainable, and raises no doubt that the name pertains to the same individual. Minor correction in name would include the following types of cases:

(a) Correction of spelling mistakes, if any; (b) Expansion of the name by incorporating the fully expanded name and/or inclusion of the middle name; or (c) Abbreviation of name.

2.6.12. A confirmation is obtained from the client that it is not a change in name of the individual for any reason including due to marriage, divorce, court order, etc. In case, an individual changes the spelling of its name for any reason including for numerology, etc., it will be considered as a change in name, and not a correction in name.

2.6.13. Format in which the client must provide a request for minor correction in name is enclosed at **Annexure U**. Examples of where correction of name may be facilitated and may not be facilitated are enclosed at **Annexure V**.

2.6.14. Participants must exercise due diligence while processing such requests and satisfy itself that the desired name indeed belongs to same person and there is no change in name.

2.6.15. Participant may correct the name of the account holder suitably in DPM by selecting the reason as Minor name correction by the Client.

2.6.16. Concurrent auditor must conduct 100 % audit of all cases involving minor correction in name as mentioned above.

2.7. Updation of Details Pertaining to Date Of Birth (DOB) [130]

2.7.1. In case the Participant has the details pertaining to DOB available in its back-office, trading account or in the bank account which is provided by the client, then the Participant may update the details pertaining to DOB and intimate the client about the updation. Participants must ensure that the correct details pertaining to DOB as provided by the client is updated in the DPM system.

2.7.2. In order to capture the details in the NSDL Depository System, Participants can prepare a client modification batch file (as per the Local DPM file formats) from their Back-office system and upload the same in Local DPM system for the updation of details pertaining to DOB in the

[129] Circular No.: NSDL/POLICY/2018/0067 dated November 22, 2018.
[130] Circular No.: NSDL/ POLICY/2016/0031 dated March 21, 2016

depository accounts. In case the Participant is unable to prepare the client modification file from its backoffice, such a Client Modification file can be provided by NSDL to the respective Participants. For this purpose, Participants would be required to provide the client details as per the below mentioned format (in excel file) on NSDL e-PASS portal (upon DP User Login) under the link viz., 'Client Details for DOB Updation - Upload' in respect of demat accounts for which DOB needs to be updated in DPM system:

Sr. No.	DP ID	Client ID	1st Holder Details		2nd Holder Details		3rd Holder Details	
			PAN	DOB	PAN	DOB	PAN	DOB
1		dd						
1	INXX XXXX	XXXX XXXX	AAAA A1234A	DD/MM M/YYYY	BBBBB 1234B	DD/MM M/YYYY	CCCCC 1234C	DD/MM M/YYYY

(Upload Excel File Nomenclature: DPID_DOB_UPLOADDATE, for Example: INXXXXXX_DOB_DDMMYYYY)

2.7.3. Further, NSDL also provides client modification batch upload file on NSDL e-PASS (upon DP User Login) under the link viz., 'Client Details for DOB Updation - Download' to be uploaded on the Local DPM System by Participants for the updation of DOB in depository accounts on or before EOD of the next working day. After updation of the above in the DPM System, Participants must send a communication via letter / email / Client Master Report generated from the DPM System or client modification letter generated from DPM system or its back office or any other mode which the Participant may deem fit to all such Clients informing about changes carried out in their depository account pertaining to DOB field.

2.8. Change in name of Body-Corporate accounts[131]

2.8.1. The DPM System allows Participants to make name change in Corporate accounts for Client types viz., Body-Corporate, Bank, Financial Institution (FI), FII, Mutual Fund (MF), Trust and various sub-types as given in the enclosed Annexure W.

2.8.2. Documents required to be collected by Participants at the time of change of name of Corporates are given below:

2.8.2.1. In case the entity is registered under the Companies Act, 2013, as may be amended from time to time, and the name of company has been changed, the following documents should be obtained from the Client:

a. Letter requesting for change of name signed by the authorized signatories.

b. Certified true copy of fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies.

c. Certified true copy of Board Resolution for change of name.

2.8.2.2. In case of other corporate entities, where the name of corporate has been changed, the following documents should be obtained from the Client:

a. Letter requesting for change of name signed by the authorized signatories.

[131] Circular No: NSDL/POLICY/2008/0085 dated December 16, 2008.

b. Certified true copy of Board Resolution for change of name.

c. Certificate of registration issued by SEBI / relevant Statutory Authorities, as applicable.

2.8.2.3. In case of amalgamation / scheme of arrangement of the entity registered under the Companies Act, 2013, as may be amended for from time to time, the following procedure needs to be followed:

Obtain the following documents:

a. Letter requesting for change of name signed by the authorized signatories specifying the details of the depository account.

b. Certified true copy of court order sanctioning the amalgamation / scheme of arrangement.

c. Certified true copy of relevant Form (CAA.8) filed with Registrar of Companies (RoC) as required under section 232(7) of the Companies Act, 2013 as may be amended from time to time along with certified true copy of challan of payment made to RoC as generated from the website of Ministry of Corporate Affairs viz.; http://www.mca.gov.in/MCA21/.

d. The KYC Application Form alongwith the supporting KYC documents as stipulated in the SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023 regarding "Master Circular on Know Your Client (KYC) norms for the securities market"

2.8.3. Upon receipt of the aforesaid documents, the Participant must;

2.8.3.1. Verify the PAN details of the transferee/resulting entity as per the procedure stipulated at point no. 1.1.4 above for Account Opening and modify the PAN.

2.8.3.2. Update the address, authorized signatory and other details such as Bank account details of the transferee/resulting entity, if different, in the depository account after following the stipulated procedure for change of address, authorized signatory, etc. Further, in case Client has submitted a fresh set of KYC documents to the Participant, which have been uploaded by the Participant on the KRA system and there is any change in the demographic details, there is no need for the Client to submit the same set of documents once again for updation of details in the depository account.

2.8.3.3. Update the name of the transferee/resulting entity in the depository account.

2.8.4. In case of amalgamation/ scheme of arrangement of other corporate entities, Participants are requested to close the existing account and open new account by following the prevailing process, as at present.

2.8.5. The change of name for a Corporate account can be carried out in the DPM System through Client Modification Module - Primary and Address Details Modification.

2.8.5.1. While carrying out the modifications, the name of any existing account holder of an account can neither be deleted nor any new name can be added. Participants can only make changes to the name(s) of existing account holder(s) of the account.

2.8.6. When the instruction is captured and verify/released, the DPM System will flash:

2.8.6.1. an alert message on the screen as to whether the Participant wishes to make changes to the PAN, email ID, mobile number etc. of the account holder. Participants may ignore such message if there are no changes to be carried out with respect to the aforesaid details.

2.8.6.2. a warning message on the screen to re-capture the signatures of the authorized signatories. Participants may ignore such message if Participants have already re-captured the signatures of the authorized signatories or there is no change to the authorized signatories.

2.8.7. The Client Name Audit Report in the DPM System will display the old as well as new name of the Corporate.

2.8.7.1. Name change to the Corporate account can be carried out only through the front end application of the DPM System.

2.8.7.2. The pledge details in the DPM System of the Participant of the pledgee will continue to reflect the old name of the Corporate, if the Corporate is the pledgor**.**

2.8.7.3. Subsequent to name change, the Transaction Statement (SOT) report will reflect the new name of the Corporate for the SOT generated for the past dates as well. The Statement of Holding (SOH) report will also reflect the new name of the Corporate. Hence, it is for the Corporate to decide whether it wants to open a new account or continue with the existing account with the new name.

2.9. Changes in Client Details based on request received from Client through email or website of Participants:

Participant may add, modify or delete the details viz; Phone number, Fax number, Mobile number, Email ID and SMS facility based on the request received from the Client through email or website of Participant provided it ensures compliance with the following:

i. Request received through email:

(a) Request is received from the email address which is recorded in the DPM system.

(b) On receipt of request, a confirmation email is sent to the Client at the email address recorded in the DPM system requesting the Client to reply to email.

(c) The Client replies to the email sent as mentioned at point no. (b) above.

ii. Request received through the website of Participant:

(a) There are adequate systems and security features in place to authenticate the Client and to ensure that the Client itself has made a request for change.

(b) Participant must implement Secure Socket Layer (SSL) security for its internet facility featuring site authentication and encrypted communication and appropriate Client authentication so as to restrict the access only to the Client.

(c) Participant will be liable to conclusively prove the origin, date and time of receipt of request by it.

iii. The records relating to requests received through email or web portal are maintained by Participant for the stipulated period and are available for audit/inspection, as and when called for.

iv. After the changes are effected, keep the Client informed about the change through alternate means (*e.g.: if mobile number is changed, an email or letter must be sent; if email address is changed, an SMS or letter at the address of the Client must be sent, etc.).*

2.10. Updation of Email ID and income range:

DPM Plus facilitates Clients to update/modify email ID and / or income range in their demat account in an online mode. The salient features of the facility are as follows: The existing demat account holders will have the ability to update/modify email ID and / or income range in their demat accounts in an online mode on NSDL web portal viz., https://eservices.nsdl.com/kyc-attributes/#/login.

(a) Participants can display the URL link on their website, disseminate it through email / SMS etc. and encourage Clients to update their email ID/income range.

(b) After updation of the details, Clients will be able to eSign the request form.

(c) The DP user (maker and Checker) will login to the e-DPM module and click on Client Maintenance module > KYC Attribute Update. DPs will be required to assign the required rights to the DP User for accessing this feature.

(d) The DP User can download the eSigned request form (submitted by the Client online) and compare the name appearing in the eSign with the name appearing in the demat account of the Client. Participants can also apply additional internal procedure and checks for verifying the document. On verifying the details, DP User (maker and checker) will select the requisite option, as applicable i.e., "Approve" or "Reject".

(e) Post submission of the confirmation by the Participant, the email ID / income range details of the Clients will be automatically updated in the NSDL Depository System.

The aforesaid facility is applicable for all the Participants. Further, transaction fee of Rs.20 plus GST per request which includes eSign charges will be applicable, which will be levied on the Participant in the relevant monthly bill.

2.11. Separate mobile number and E-mail address for each Client: [132]

(a) SEBI has advised Participants to ensure that separate mobile number and E-mail address are uploaded for each client. However, under exceptional circumstances, the Participants may, at the specific written request of a client, upload the same mobile number or E-mail address for more than one client provided that such clients belong to one family.

'Family' for this purpose has been defined as self, spouse, dependent children and dependent parents. SEBI has also advised that Participants should have appropriate

[132] Circular No.: NSDL/POLICY/2015/0040 dated April 13, 2015 and Circular No. NSDL/ POLICY/2015/0068 dated August 6, 2015

procedures in place to verify that separate mobile number and E-mail address are uploaded for each client.

(b) Participants are requested to take note of the following and ensure compliance:

(c) Applicability: The requirement of separate mobile number / E-mail address for each client is applicable for all clients. The check must be incorporated by Participants at PAN level for each holder. In case of joint accounts, there is a provision for entry of mobile number and E-mail ID for each holder separately and such check must be incorporated at the holder level. Participants must ensure that mobile numbers or E-mail addresses of intermediaries including participants/ brokers/ sub-brokers/ franchisees/ custodians/ portfolio managers, etc or their employees are not captured in the account of the Client.

(d) Same mobile number/E-mail ID in multiple client accounts: Under exceptional circumstances, the Participant may, at the specific written request of a client, capture the same mobile number/ email address for more than one Client provided that such Clients belong to one family. 'Family' for this purpose would mean self, spouse, dependent children and dependent parents. For non-individual accounts, if the mobile number or E-mail ID captured is of the authorised signatory/director/trustee, then the same mobile number or E-mail ID can also be captured in the demat account of the person in his individual capacity. Further, it is clarified that in case a client has opened multiple accounts, then the same mobile number and E-mail ID can be captured in all such accounts having the same PAN.

(e) In respect of new accounts opened or updation of mobile number and E-mail address of existing accounts, Participants must incorporate checks to verify that separate mobile number and E-mail address are captured for each Client by comparing the same with other client accounts of the same Participant. In case an exception is found, the Participant should verify that it falls within permitted exceptions and obtain specific written client request as required. For existing accounts, Participants must identify such accounts which contain the same mobile number or E-mail ID, and in case they are not permitted exceptions, take up with the concerned client for updation.

(f) On an ongoing basis NSDL provides alerts to Participants where the same mobile number or E-mail address are captured across multiple clients in NSDL system. Participants are required to verify and confirm the same.

(g) In case the same mobile number or E-mail ID is captured across multiple client accounts and the same is as per the permitted exceptions, a facility will be provided for the Participant to mark such permitted exceptions.

(h) For custodial accounts, a provision to capture an additional E-mail ID will be provided so that both the E-mail ID of the custodian as well as E-mail ID of the Client can be captured. The field where the E-mail ID of the custodian is captured will be provided to the Issuer/R&T Agent to enable them to provide corporate action related information.

(i) NSDL will generate alerts (through e-PASS, post DP login) to identify client accounts where same mobile number and E-mail address are captured across the NSDL system based on PAN after considering permitted exceptions. Participants may carry out

appropriate verification in such cases.[133]

(j) For inter-DP alerts, the link for downloading the alerts is available on NSDL e-PASS portal under "List of Same Mobile number and email address (Inter DP)". For intra-DP alerts, a utility is made available on NSDL e-PASS portal under utility menu "Generation of Intra DP Alert for mobile number and email Address (within same DP)". The utility is required to be executed on the Local DPM server for installation. Upon installation of the utility on the Local DPM server, the Participant will get the report of intra-DP alerts.

(k) The list of Inter DP and Intra DP alert reports are given below:

i. Inter DP alerts:

Sr. No.	Report	**Type of Client Individual / Non-individual**	**Description of Report**
1	Same Mobile Number	Individual	Report will contain mobile numbers which are captured in demat account (across the Participants) for more than one Clients [across all the account holders].
2		Non-Individual	
3	Same email Address	Individual	Report will contain E-mail addresses which are captured in demat account (across the Participants) for more than one Clients [across all the account holders].
4		Non-Individual	

ii. Intra DP alert after execution of aforesaid utility:

Sr. No.	Report	**Type of Client Individual / Non-individual**	**Description of Report**
1	Same Mobile Number	Individual	Report will contain mobile numbers which are captured in demat account (within the same DP/DP ID) for more than one Clients [across all the account holders].
2		Non-Individual	
3	Same email Address	Individual	Report will contain E-mail addresses which are captured in demat account (within the same DP/DP ID) for more than one Clients [across all the account holders].
4		Non-Individual	

(a) Aforesaid reports will facilitate Participant to identify the accounts where same

[133] Circular No.: NSDL/POLICY/2015/0040 dated April 13, 2015

mobile number / email address are captured for more than one Client. Participant must verify that whether it falls within the permitted exceptions as per aforesaid Circular dated April 13, 2015 and take up the matter with Client, if it falls within the permitted exceptions, to obtain specific written request from Client. The format of the request is given below. Participants, if so desire, can also incorporate the aforesaid request in their account opening form. In case the email ID/mobile number captured is not falling under the permitted exceptions, take up with the concerned client for updation (replace or remove) of the details in the DPM system.

(b) For request for updation in email ID or mobile number received from the Client, Participant must either obtain a physical paper request from the Client or request through email or request through website of the Participant as per the prescribed procedure For request for updation of permitted exceptions also, Participant must follow a similar procedure and either obtain a physical paper request from the Client or request through email or request through website of the Participant.

Format of Request
[Please tick ( ) wherever applicable] □

DP ID		Client ID		Date	
Name of account holder					
□ Mobile Number					
□ Email ID					
I hereby declare that the aforesaid mobile number or E-mail ID belongs to □ Me or □ My family (spouse, dependent children and dependent parents).					
Signature of account holder					
Name of account holder					

(l) In this context, wherein same mobile number and/or email address is captured in multiple client accounts and family flag is also not updated by client, Participants are advised to take note as under:[134]

i. Frame a policy to reduce instances of same mobile number and/ or email address captured for multiple client accounts, particularly by reviewing reports provided by NSDL (mentioned at aforesaid table) on periodic basis, with the aim to eliminate such occurrences entirely.

ii. Ensure that the mobile numbers/email addresses of Participants, their KMPs, other employees, etc., are not captured in their client's account.

iii. For clients, who have not provided updated email address/ mobile number or a declaration for the family flag, to the Participant even after repeated follow up with such clients, Participants are advised to maintain verifiable records of attempts made by them to seek updated email address/ mobile number or a

[134] Circular No.: NSDL/POLICY/2024/0115 dated August 21, 2024

declaration for the family flag from their respective clients for Audit purpose.

iv. Participants must carry out a review of reports mentioned in table above and submit a compliance report on a monthly basis to NSDL at SurveillanceCell@nsdl.com in the format provided at enclosed **Annexure OO.**

v. NSDL provides the necessary data w.r.t Same Mobile Number and/or Email ID in Multiple Accounts as per aforementioned circular via e-PASS portal. This data of previous month will be made available by the 7th of every month. For example, the data for the month of March 2025 will be made available on the e-PASS portal on or before April 7, 2025.[135]

vi. Participants are required to review the accounts appearing in the report and submit their compliance report to NSDL. The compliance report for the accounts identified in the March 2025 report, which will be available on e-PASS portal on or before April 7, 2025, must be submitted to NSDL by May 27, 2025[136] taking following action:

(a) For non-compliant demat accounts cases, Participants shall give a 30 days' notice to concerned clients to provide a request to update the family flag or to provide the updated mobile number/email address for updating in the demat account, stating that in case of non-receipt of a response from the clients, such accounts will be suspended for debit.

(b) Thereafter, for cases where no response is received from clients on Participants notice, such accounts need to be suspended (suspended for debit) by Participants with freeze reason code 37 – (non-Compliant - 6 KYC Attributes) with a remark as 'same mobile no./email ID captured in more than one account & family flag not updated' in e-DPM. Participants shall send intimation to clients after the suspension of demat accounts via letter/email or any other mode which the Participant may deem fit.

(m) The facility to upload monthly compliance report mentioned at point no.v above will be provided on the e-PASS portal shortly.

2.12. Same Mobile Number and/ Or Email ID Captured for more than 5 Clients[137]

i. Participants are required to ensure that separate mobile number and email address are seeded for each client and under exceptional circumstances, the Participants may, at the specific written request of a client, seed the same mobile number or email address for more than one client provided that such clients belong to one family.

'Family' for this purpose has been defined as self, spouse, dependent children and dependent parents.

ii. In order to assist the Participants to identify such client accounts with them where the same mobile number and the email ID is captured for more than one client within the Participant system as well as across all Participants in NSDL system, in August 2015,

[135] NSDL email communication no. 2025-10 dated March 27, 2025.
[136] NSDL email communication no. 2025-10 dated March 27, 2025.
[137] Circular No.: NSDL/POLICY/2018/0031 dated May 31, 2018

the following reports were made available on e-PASS and Local DPM System[138].

Sr. No.	**For inter- DP alerts**, the link for downloading the alerts is available through i- e-PASS under "List of Same Mobile number and email address (InterDP)" **Report**	**Type of Client Individual / Non-Individual**	**Description of Report**
1.	Same Mobile Number	Individual	Report will contain mobile numbers which are captured in demat account (across the Participants) for more than one Clients [across all the account holders]
2.		Non – Individual	
3.	Same email address	Individual	Report will contain E-mail addresses which are captured in demat account (across the Participants) for more than one Clients [across all the account holders].
4.		Non – Individual	

. **Sr. No.**	**For intra- DP alerts**, an export facility viz., Duplicate Mobile number / Email address is made available under Download option on Local DPM system **Report**	**Type of Client Individual / Non- Individual**	**Description of Report**
1.	Same Mobile Number	Individual	Report will contain mobile numbers which are captured in demat account (within the same DP/DP ID) for more than one Clients [across all the account holders]
2.		Non – Individual	
3.	Same email address	Individual	Report will contain E-mail addresses which are captured in demat account (within the same DP/DP ID) for more than one Clients [across all the account holders].
4.		Non - Individual	

[138] NSDL Circular No. NSDL/POLICY/2015/0068 dated August 6, 2015 & NSDL/POLICY/2015/0074 dated August 21, 2015

In this context, SEBI has analysed the data and based on number of such clients where the same mobile number/email ID is captured in 5 or more instances has advised to frame a policy to reduce such instances.

Accordingly, Participants are requested to take note of the following:

1. An additional report of such Individual Clients (based on the PAN) where same mobile number and / or email id is seeded for more than 5 Clients, excluding the clients where the family flag is marked, will be provided in the following format on e-PASS under the link "Same Mobile number and/ or email ID captured for More than 5 Clients" on a monthly basis.

   i) List of Individual Clients where same mobile number is seeded for more than 5 Clients (excluding clients where family flag is marked)

Sr. No.	DP ID	Client ID	Name of account holder	PAN account holder	Holder indicator	Mobile Number

   ii) List of Individual Clients where same email id is seeded for more than 5 Clients (excluding clients where family flag is marked)

Sr. No.	DP ID	Client ID	Name of account holder	PAN account holder	Holder indicator	Email ID

   i. Participants are requested to take it up with the clients to update the family flag (i.e., self, spouse, dependent children and dependent parents) if it falls within the permitted exceptions and obtain request from Client as per aforesaid NSDL Circular dated August 6, 2015 or provide the updated mobile number / email ID for updation in demat account as per prescribed procedure.

   ii. Participant must take efforts to contact the client and to obtain aforesaid request from the client so that the number of such clients where the same email ID or mobile number captured in case of more than 5 clients is reduced and brought to NIL.

2.13. E-Mail Updation Facility to Shareholders of Companies[139]

NSDL has developed a facility wherein issuers can approach its shareholders for updation of their email ID and other details in demat account. The process followed by NSDL is as under:

1. SMS is sent by NSDL on the registered mobile number in demat account to those shareholders of the company whose email ID is not updated requesting them to update

[139] Circular No.: NSDL/POLICY/2020/0032 dated March 16, 2020

email id & other details. SMS will have the link for updation of information.

2. On clicking the link, client will be guided to NSDL eServices, where on the basis of PAN and OTP authentication updation of following details can be done:

   (a) Email ID

   (b) Consent to receive eCAS

   (c) Consent to receive Annual reports, AGM notices and other communication in electronic form.

3. Based on the aforesaid authenticated request of the clients on NSDL eServices the relevant fields will be updated in the demat account of such clients.

4. A SMS confirmation will be sent to client upon successful updation of details in its demat account.

5. These modifications will be made under reason viz., "Clients requestto NSDL" with static code viz., "05" in the Local DPM System. The static code '05' was informed to Participants vide Circular No. NSDL/POLICY/2015/0109 dated December 4, 2015 for making the necessary changes in the back office.

6. Participants are required to intimate about updation of aforesaid details to respective Clients.

7. Participants can download the Client Master Export containing the details of aforesaid updations from the Local DPM system for updating their back-office system.

2.14. Collection of email IDs and bank accounts details of clients:

All Participants are informed that SEBI vide its letter dated December 21, 2016 has advised that:

1. As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed companies are permitted to send annual reports to shareholders in electronic form at their registered email IDs. However, it has been observed that email IDs of many investors are not linked to their demat accounts. This has resulted in a situation where printed annual reports are required to be sent to such shareholders, causing significant usage of paper which is not in line with the spirit of green initiative of the Government of India.

2. As per Regulation 12 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed companies are required to use any of the electronic mode of payment facilities approved by the Reserve Bank of India for payment of dividends, interest, redemption amounts, etc. However, it has been observed that many of the demat accounts of shareholders are not linked with their bank account or updated with their latest bank account, thereby forcing companies to issue printed cheques/warrants.

3. Further, mobile number is not registered or updated in many accounts resulting in non-receipt of SMS alerts by the client.

4. Participants are requested to identify such accounts and collect email ids, mobile

numbers and bank account details for such clients and carry out a one-time update as per the prescribed procedure. While updating/ capturing the email IDs, mobile numbers and bank account details, Participants are requested to take note that:

(a) As advised vide Circular No. NSDL/POLICY/2015/0040 dated April 13, 2015, the mobile number and email ID can be of the client or of family members (i.e. spouse, dependent children or dependent parents).

(b) For bank account details updation, obtain the proof of the bank details.

2.15. Procedure for name change of CM account:

i. The following documents should be forwarded to NSDL for effecting change of name in the CM account.

a. Copy of the latest SEBI registration certificate in the new name

b. Letter from the Clearing Corporation/Stock Exchange signed by its authorised official mentioning the CC-CM-ID and effecting the change of name in its system.

c. Copy of document/ certificate received from ROC notifying the name change.

d. Copy of High Court Order in case of name changes due to mergers/amalgamations.

ii. These documents should be verified and attested as per the procedure mentioned at point no. 1.1.1.4 above and signed by Compliance Officer.

iii. After effecting the changes in the DPM System for the abovementioned demographic details [point nos. from 2.1 to 2.7 above], the Participant should send a communication (letter / email / Client Master Report / Client Modification Letter generated from the DPM System or its back office or any other mode which the Participant may deem fit) to such Client informing about the changes effected in the account of the Client.

3. NOMINATION:

3.1 Procedure to be followed with respect to Nomination:[140]

SEBI has prescribed guidelines regarding Revise and Revamp Nomination Facilities in the Indian Securities Market has modified the provisions of nomination facilities provided for demat accounts and mutual fund (MF) folios in the Indian securities market.[141]

Participants shall take note that the provisions of Phase I and Phase II are implemented as per the SEBI Circular dated January 10, 2025.[142]

[140] Circular No.: NSDL/POLICY/2009/0002 dated January 3, 2009; Circular No.: NSDL/POLICY/2009/0004 dated January 9, 2009; Circular No.: NSDL/POLICY/2009/0081 dated September 5, 2009; Circular No.: NSDL/POLICY/2021/0078 dated July 26, 2021

[141] SEBI Circular No. SEBI/HO/MIRSD/POD1/P/CIR/2024/81 dated June 10, 2024 and SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/01650 dated January 10, 2025, and SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/0027 dated February 28, 2025, Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025 and Circular No.: NSDL/POLICY/2025/0030 dated February 28, 2025

[142] Circular No.: NSDL/POLICY/2025/0030 dated February 28, 2025

i. At the time of opening of demat account, the Client will have the choice of providing nomination or opting out of nomination, as follows[143]:

a. The format for nomination form is given in **Annexure X** to this Master Circular.[144]

b. Opt out of nomination through 'Declaration Form', as provided in **Annexure Y** to this Master Circular.[145]

c. Participants shall provide acknowledgement to the investor for each and every instance, irrespective of the mode of nomination and shall maintain physical or electronic records, as the case may be, of the nomination, its acknowledgement etc. for a period of eight years after transmission of the folio/ account.

d. Participants shall not place any restrictions on the number of instances an investor can make, change or cancel his/her nomination.

e. Completion or updating of KYC of the nominee/s during the lifetime of the investors shall be optional. [146]

ii. Physical / offline nomination: The regulated entity shall verify the signature(s) as per the mode of holding, while registering or changing nomination. Where an investor affixes his/her thumb impression on the nomination form, then the same shall be witnessed by two persons and details of such witnesses shall be duly captured in the nomination form. However, there shall be no such requirement of witnesses in case of nomination forms carrying wet / digital / e-sign signature of the investor.

iii. Online nomination: the Participant shall validate the nomination through:

a. digital signature certificate or
b. aadhaar based e-sign or by using any other e-sign facility recognized under Information Technology Act, 2000; or
c. two factor authentication (2FA) in which one of the factors shall be a One-Time Password sent to the registered mobile number and email address of the investor.[147]

iv. Participants must send a communication to their existing Clients who have not yet opted for nomination, to provide nomination or opt out of nomination, as follows[148]:

a. The format for nomination form is given in **Annexure X** to this Master Circular[149]

b. Opt out of nomination through 'Declaration Form', as provided in **Annexure Y** to this Master Circular. [150]

143 Circular No.: NSDL/POLICY/2021/0078 dated July 26, 2021; SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated July 23, 2021.
144 Circular No.: NSDL/POLICY/2025/0030 dated February 28, 2025
145 SEBI Circular No. SEBI/HO/MIRSD/POD1/P/CIR/2024/81 dated June 10, 2024
146 Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025
147 Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025
148 Circular No.: NSDL/POLICY/2021/0078 dated July 26, 2021
149 SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/01650 dated January 10, 2025
150 SEBI Circular No. SEBI/HO/MIRSD/POD1/P/CIR/2024/81 dated June 10, 2024

v. Nomination shall be mandatory for single holding only. The requirement of nomination shall be optional for jointly held accounts.[151]

vi. The nomination can be made only by individuals holding beneficiary accounts on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, karta of HUF, holder of power of attorney cannot nominate.

vii. A minor cannot nominate. However, a minor can be a 'nominee'. In that event, the name and address of the Guardian of the minor nominee shall be provided by the beneficiary owner. The details with respect to date of birth of the minor nominee and the flag to indicate such nominee should be captured in the DPM System[152]

viii. Only the individual / natural person(s) can be a nominee(s). The Nominee(s) shall not be artificial person created/dressed by the law or by a fiction such as trust, society, body corporate, partnership firm, karta of Hindu Undivided Family., etc or a power of Attorney holder. A non-resident Indian can be a Nominee, subject to the exchange controls in force, from time to time.

ix. Nomination in respect of the beneficiary account stands rescinded upon closure of the beneficiary account. Similarly, the nomination in respect of the securities shall stand terminated upon transfer of the securities.

3.2 **Cancellation of Nomination/ Opt-out of Nomination:**

i. On cancellation or opt out of the nomination, the nomination shall stand rescinded and the depository shall not be under any obligation to transfer the securities in favour of the Nominee.

ii. In case the Clients request to modify a nomination / cancel the nomination in their depository accounts, Participants should carry out the changes in the DPM System after obtaining written request as per the form given in **Annexure X** / Y to this Master Circular, which is duly signed by the Client (*signed by all the holders in case of joint holdings)*

3.3 **Nomination opt-in/opt-out[153]**

i. SEBI[154] *inter alia* allows the choice of providing nomination or opting out of nomination to Investors opening new trading and or demat account(s), and requires existing eligible trading and demat account holders to provide choice of nomination. [155]

ii. SEBI[156] allows existing investors who have not submitted their nomination details till date and intend to submit their nomination or opt out of nomination, to do so by way of two factor authentication (2FA) login. [157]

3.4 **Signature on Nomination forms:**

SEBI[158] *inter alia* specifies the requirements for signing the nomination

[151] Circular No.: NSDL/POLICY/2025/0058 dated May 06, 2025
[152] Circular No.: NSDL/PI/2005/1102 dated June 22, 2005
[153] Circular No.: NSDL/POLICY/2022/024 dated February 16, 2022
[154] Circular No.: SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated July 23, 2021
[155] Circular No.: NSDL/POLICY/2021/0078 dated July 26, 2021
[156] Circular No.: SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/23 dated February 24, 2022
[157] Circular No.: NSDL/POLICY/2022/029 dated March 03, 2022
[158] Circular No.: SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated July 23, 2021

and Declaration form. [159]

3.5 **Facility for online updation of nomination:**

i. Online facility is available for Clients to opt-in and opt-out of nomination including e-Sign of the nomination declaration form. The salient features of the facility are as follows [160] [161] :

a. The existing demat account holder (applicable for single account holder) will have the ability to opt-in / opt-out of nomination in an online mode on NSDL web portal viz., https://eservices.nsdl.com/instademat-kyc-nomination/#/login.

b. Clients will be able to eSign the opt-in / opt-out of nomination declaration form.

c. Participants of such Clients will be able to verify the declaration form with demat account and submit their confirmation/rejection, as the case may be.

d. Post submission of the confirmation by the Participant, the demat account details of the Clients will be updated in the NSDL Depository System with the requisite option as opted by the Clients.

e. A transaction fee of Rs.20 plus GST per record which includes eSign cost will be applicable, which will be levied to the Participant in the relevant monthly bill. The user guide for Clients and Participants is enclosed as **Annexure Z**.

3.6 **Multiple nominations**:

i. Facility for capturing multiple nominations is available in the DPM system to capture the names of multiple nominees, Participants are required to note the required forms and amendments to Bye Laws and Business Rules pertaining to multiple nominations[162] and the changes in file formats[163].

ii. In case of the death of the account holder, the transmission is required to be carried out in favour of the multiple nominees[164].

3.7 The DPM system facilitates the Participants to process transmission arising out of multiple nominations. [165]

3.8 Re-submission of nomination details:

As per SEBI Circulars, re-submission of nomination details (nomination/opt-out of nomination) shall be optional for the existing investors, who have already provided the nominee details or used ***"I/We do not wish to make a nomination"*** option after issuance of NSDL Circular No.

[159] Circular No.: NSDL/POLICY/2021/0078 dated July 26, 2021
[160] Circular No.: NSDL/POLICY/2022/016 dated January 31, 2022
[161] Circular No.: NSDL/POLICY/2023/0013 dated February 02, 2023
[162] Circular No. NSDL/POLICY/2016/0076 dated September 20, 2016
[163] Circular No. NSDL/POLICY/2016/0075 dated September 9, 2016.
[164] Circular No.: NSDL/POLICY/2017/0064 dated October 23, 2017
[165] Circular No.: NSDL/POLICY/2016/0096 dated December 1, 2016

NSDL/POLICY/2009/0002 dated January 3, 2009[166].

3.9 **Client's consent for updation in nomination:**

i. Updating the 'choice of nomination' without the explicit consent of the investor is against the intention of the circulars and the same has been viewed seriously.

ii. This requirement emanates from regulatory requirement and hence no fee may be charged for the same.

iii. Participants are advised that 'choice of nomination' be updated either by the investors or by the Participant by obtaining their explicit consent.

iv. In any other case, the field of 'choice of nomination' shall not be updated by the Participants on their own[167].

3.10 **Operational Guidelines[168]:**

i. All Participants are requested to take note of the following operational guidelines for necessary implementation on Nomination for Eligible Trading and Demat Accounts:[169]

a. The field 'No Nomination' earlier had values 'Y' denoting that nomination is not opted and the value 'N' denoting that nomination is opted. In this field, a new value 'O' is added which denotes Opt out of Nomination.

b. After the version release, all new accounts which are being opened can have only two values in the field 'No Nomination' i.e. 'N' denoting that nomination is opted or 'O' denoting that the client has opted out of nomination.

c. In addition, in respect of all new accounts which are opened, wherever the value 'Y' is updated denoting that nomination is not opted, it should be replaced with value 'O' denoting Opt out of nomination, since it is mandatory for all new accounts to either nominate or opt out of nomination. For this purpose, the Participants will need to update the value of no nomination value through Local DPM modification.

d. In respect of all existing eligible demat accounts where the client has not opted for nomination i.e. value of field 'No Nomination' is 'Y', the Participants are required to approach the clients for nomination and if the nomination is opted, the nominee details should be updated and in case the client has specifically opted out of nomination by submitting the required declaration, the Participant must update the value of the field from 'Y' denoting that the nomination is not opted to 'O' denoting Opt out of Nomination.

e. Participants are advised to encourage their clients to update 'choice of nomination' by sending a communication on fortnightly basis by way of emails and SMS to all such demat accounts wherein the 'choice of nomination' is not captured. The communication shall provide guidance through which the client can provide his/her

[166] Circular No.: NSDL/POLICY/2023/0044 dated March 27, 2023
[167] Circular No.: NSDL/POLICY/2023/0044 dated March 27, 2023
[168] Circular No.: NSDL/POLICY/2022/020 dated February 04, 2022
[169] SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated July 23, 2021.

'choice of nomination'[170]. [The list of such accounts which are pending is available on e-PASS.]

f. Illustrative example is enclosed as **Annexure AA.**

g. Furthermore, to encourage the existing clients to provide 'choice of nomination', a pop-up shall be provided on web/mobile application/platform to the investors by Participants while logging into the Demat Account (including other platforms providing online execution services). This pop-up may be shown only to those clients whose demat account(s) do not have 'choice of nomination' and shall be applicable from October 01, 2024[171]

3.11 Minor attaining majority[172]

On minor attaining majority (*i.e., 21 years of age in case of minor whose Guardian is court-appointed or 18 years where minor's account is represented by a natural guardian*), Participants should follow the procedure given hereunder:

S. No.	Procedure	Reference	Remark
1.	Ascertain the cases where Minors have attained Majority.	Access the module 'Reports' / Master List / Minor turned Adult available in the DPM System	Report displays accounts that are in status 'Active', 'Suspended for Debit' and 'Suspended for Debit & Credit'
2.	Communicate to the Client (Minor attained Majority) immediately advising him/her to submit a fresh account opening form alongwith necessary KYC documents & PAN card alongwith photograph of the Client and also comply with **'in- person'** verification.	Point no. 1.2.2 of this Master Circular and Form 9 of Business Rules	Income Tax Department (ITD) issues a new PAN card with same PAN with relevant changes on PAN card, on Minor attaining majority. For detailed procedure, Participants may refer http://www.incometaxindia.gov.in
3.	Suspend the account for debit and disable the standing instruction for credit pertaining to the account of Minor.	DPM System.	This is in case where the Client does not respond within one month from the date of communication as mentioned in point no. 2 above.

[170] SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/193 dated December 27, 2023
[171] Circular No.: NSDL/POLICY/2024/0082 dated June 13, 2024
[172] Circular No.: NSDL/POLICY/2008/0034 dated May 21, 2008

4.	KYC documents and PAN as mentioned under point no. 2 herein above should be verified and attested.	Point no. 1.1.1.4 of this Circular.	
5.	Capture the new demographic details in the DPM System after due verification of same.	Point no. 1.8 of this Circular	Ensure that the demographic details captured in the DPM System match with the details in the new account opening form, KYC documents and PAN card submitted by the Client. If there is mismatch in the demographic details captured in the DPM System or if Client submits a request for modification of such details like change of Bank details, address details, etc. follow the relevant procedure.
6.	Capture the signature of the Client (Minor turned Major) in the system in place of the signature of the Guardian (captured earlier).	DPM System	
7.	Select “None” or “Nominee” as the case may be in the field ‘Nominee/Guardian’ in the DPM System to disable the entire Guardian details in the said account. If "Nominee" is selected enter the nomination details.	Point nos. 3 of above and Nomination opt-in/opt-out f orm prescribed by SEBI	Select the option after the aforesaid procedure as mentioned in aforesaid points is followed and the identity of the Client is verified. As the Client has become Major, he/she can now make a nomination in his/her account in favour of any person by filing with the Participant a request for making a nomination in prescribed form.

8.	Any request or instruction(s) from the guardian, which is/are to be processed or is having execution date falling on or after the date the Minor has turned Major, shall be processed/executed only after receipt of confirmation from the Client (Minor turned Major).		As Clients who have attained Majority are legally entitled to execute a contract, Participants are advised NOT to accept any requests or instructions signed by the Guardian on behalf of the Client on or after the date the Client has turned Major.
9.	Client (Minor turned major) account is suspended for debit for non - compliance with PAN requirement		
	Follow the procedure mentioned in point nos. 1 to 8 above and capture the PAN details in the DPM System and enable the PAN flag.	Point no. 1.1.8 of this Circular	
10.	Accounts already suspended in cases where Clients have not responded		
	Follow the procedure as mentioned under point no. 2 to 8 above.		This is in cases where the accounts pertaining to Minor Clients are suspended for debit and the standing instruction for credit is disabled on account of failure of the Clients to respond within the period of one month from the date of communication to Client from Participants.

4. POWER OF ATTORNEY[173]

(a) General

i. A Power of Attorney (**PoA**) is executed by the client in favour of the stock broker/stock broker and depository participant to authorize the broker to operate the client's demat account and bank account to facilitate the delivery of shares and pay – in/ pay – out of funds.

ii. Generally, the PoA is taken from the clients who want to avail internet-based trading services. For offering internet-based trading services, a Stock Broker requires necessary authorizations for seamless trading, collection of margins as well as settlement of funds and securities. Further, some of the Stock Brokers also obtain authorizations from their

[173] Circular No.: CIR/MRD/DMS/28/2010 dated August 31, 2010; Circular No.: SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020

clients to offer non-internet based services.

iii. In order to standardize the norms to be followed by stock brokers/stock broker and depository participants while obtaining PoA from the clients guidelines have been finalized by Securities and Exchange Board of India (SEBI) based on discussions in Secondary Market Advisory Committee of SEBI (SMAC) and feedback from market participants, investor associations, major stock exchanges and depositories on discussion paper on the captioned subject put on SEBI website.

iv. Standardizing the norms for PoA must not be construed as making the PoA a condition precedent or mandatory for availing broking or depository participant services. PoA is merely an option available to the client for instructing his stock broker or stock broker and depository participant to facilitate the delivery of shares and pay-in/pay-out of funds etc. No stock broker or stock broker and depository participant shall deny services to the client if the client refuses to execute a PoA in their favour.[174]

v. With respect to accounts that are operated through PoA, Participant should ensure to enable the PoA flag of such accounts.[175]

(b) **PoA favouring Stock Brokers**

PoA executed in favour of a Stock Broker by the client before implementation of DDPI should be limited to the following:

(c) Securities

i. Transfer of securities held in the beneficial owner account(s) of the client(s) towards stock exchange related deliveries/settlement obligations arising out of trades executed by the client(s) on the stock exchange through the same Stock Broker.[176]

ii. Pledge/re-pledge of the securities in favour of Trading member/clearing member for the purpose of meeting the margin requirements of the client(s) in connection with the trades executed by the clients on the stock exchange.

iii. To apply for various products like Mutual Funds, Public Issues (shares as well as debentures), rights, offer of shares, tendering shares in open offers etc. pursuant to the instructions of the Client(s). However, a proper audit trail should be maintained by the Stock Broker to prove that the necessary application/act was made/done pursuant to receipt of instruction from Client (Redemptions are also included in PoA pursuant to client's instructions[177]).

(d) **Funds**

i. Transfer of funds from the bank account(s) of the clients for the following:

1. For meeting the settlement obligations of the client(s)/ margin requirements of the client(s) in connection with the trades executed by the clients on the stock

[174] Only internet-based trading exempted, Reference: Circular No.: CIR/MRD/DMS/28/2010 dated August 31, 2010.
[175] Circular No.: NSDL/PI/2005/1102 dated June 22, 2005
[176] Margin / Delivery obligations shall also include settlement obligations, if any, Circular No.: CIR/MRD/DMS/28/2010 dated August 31, 2010.
[177] Circular No.: CIR/MRD/DMS/28/2010 dated August 31, 2010

exchange through the same Stock Broker.

2. For recovering any outstanding amount due from the client(s) arising out of clients' trading activities on the stock exchanges through the same Stock Broker.

3. For meeting obligations arising out of the client subscribing to such other products/facilities/services through the Stock Broker like Mutual Funds,Public Issues (shares as well as debentures), rights, offer of shares in etc.

4. Towards monies/fees/charges, etc. due to the Stock Broker/Depository Participant/ Principal payable by virtue of the client using/subscribing to any of the facilities/services availed by the Client at his/her instance. Necessary audit trail should be available with the Stock Broker for such transactions.

(e) **PoA favouring Stock Brokers and Depository Participants**

PoA executed in favour of a Stock Broker and Depository Participant by the client should:

1. Identify/provide the particulars of the beneficial owner account(s) and the bank account(s) of the client(s) that the Stock Broker is entitled to operate.

2. Provide the list of clients' & brokers' Bank accounts & demat accounts where funds and securities can be moved. Such bank and demat accounts should be accounts of related party only. (The list of clients' & brokers' Bank accounts & demat accounts may be updated/amended by proper communication without executing a new PoA every time. Copies of such communications may be preserved as annexure to the PoA[178]).

3. Be executed in the name of the concerned SEBI registered entity only and not in the name of any employee or representative of the Stock Broker/Depository Participant.

4. Not provide the authority to transfer the rights in favour of any assignees of the Stock Broker/Depository Participant.

5. Be executed and stamped as per the rules / law prevailing in the place where the PoA is executed or the place where the PoA is kept as a record, as applicable.

6. Contain a clause by which the Stock Broker would return to the client(s), the securities or fund that may have been received by it erroneously or those securities or fund that it was not entitled to receive from the client(s).

7. Be revocable at any time, without notice. (PoA executed in favour of a Stock Broker/Stock Broker and Depository Participant by the client should be revocable at any time. However, such revocation shall not be applicable for any outstanding settlement obligation arising out of the trades carried out prior to receiving request for revocation of PoA. Further, the PoA revocation requests should bedated and time stamped by the brokers for ensuring proper audit trail[179]).

8. Be executed by all the joint holders (in case of a demat account held jointly). If the constitution of the account is changed for whatever reason, a new PoA should be

[178] Circular No.: CIR/MRD/DMS/28/2010 dated August 31, 2010
[179] Circular No.: CIR/MRD/DMS/28/2010 dated August 31, 2010

executed.

9. Authorize the Stock Broker/Depository Participant to send consolidated summary of client's scrip-wise buy and sell positions taken with average rates to the client by way of SMS/email on a daily basis, notwithstanding any other document to be disseminated as specified by SEBI from time to time.

(f) **General Guidelines**

1. The PoA shall not facilitate the stock broker to do the following:

   i Transfer of securities for off market trades. (The PoA shall not facilitate off-market trades between parties other than the related parties as mentioned in the PoA[180])

   ii Transfer of funds from the bank account(s) of the clients for trades executed by the clients through another stock broker.

   iii Open a broking / trading facility with any stock broker or for opening a Beneficial Owner account with any Depository Participant.

   iv Execute trades in the name of the client without the client's consent.

   v Prohibit issue of Delivery Instruction Slips (DIS) to beneficial owner (client).

   vi Prohibit client(s) from operating the account.

   vii Merging of balances (dues) under various accounts to nullify debit in any other account.

   viii Open an email ID/email account on behalf of the client(s) for receiving statement of transactions, bills, contract notes etc. from stock broker / Depository Participant.

   ix Renounce liability for any loss or claim that may arise due to any blocking of funds that may be erroneously instructed by the Stock Broker to the designated bank.

2. Stock Broker / Depository Participant should ensure that:

   i A duplicate/ certified true copy of the PoA is provided to the Client(s) after execution.

   ii In case of merger/ demerger of the Stock Broker/Depository Participant with another entity/into another entity the scheme of merger/ demerger should be approved by High Court and one month prior intimation given to the client about the corporate restructuring to facilitate investor/ client to continue or discontinue with the broker.[181]

[180] Circular No.: CIR/MRD/DMS/28/2010 dated August 31, 2010
[181] Circular No.: CIR/MRD/DMS/13/2010 dated April 23, 2010

(g) **Operation of depository accounts based on PoA[182]**

i Participants are advised to note that the depository accounts can be operated both by the account holder(s) as well as by the PoA holder i.e., done. For this purpose, Participants should ensure that the signatures of the account holder(s) and the PoA holder are captured in the DPM system.[183]

ii Participants are advised to take note of the above and modify the signature details for all such existing accounts in their DPM systems.

(h) **Capacity in which PoA can be obtained[184]**

1. PoA must not be obtained only in the capacity of a Participant. PoA can be taken in any other capacity such as a stock broker or a custodian or a PMS provider or any other capacity.

2. In case any Participant has obtained such a PoA in its capacity as a Participant,

i then it must be discontinued in respect of new accounts which are opened.

ii in respect of existing accounts, the Participant must notify to all such Clients from whom they have taken such a PoA that it will no longer act on the PoA in its capacity as a Participant.

(i) **Validity of PoA [185]**

Validity of PoA given by beneficial owners for the operation of depository accounts:

1. A PoA executed prior to the promulgation of The Depositories Act is valid and enforceable.

2. It is the responsibility of the Participant to verify whether the PoA is adequate and sufficiently authorising the holder of the PoA i.e., the donee to operate the account of the beneficial owner.

3. A sample clause is given hereunder which if it forms a part of the PoA could suffice:

"To sell or otherwise deal with or dispose of and to purchase, subscribe or otherwise acquire in any manner from the market or under public or rights issues or otherwise and accept the transfers of any stocks, funds, shares, debentures, Government and other promissory notes, securities, bonds, debentures, annuities or other mercantile negotiable instruments which shall or may at any time belong to me or which hereafter be transferred to me, whether solely or jointly and whether in my own right or having any other interest of whatsoever nature and however arising and in any capacity whatsoever including those belonging to others with my name and for such purposes to sign, execute or endorse all instruments of transfer and other documents for any purpose what so ever by the virtue of these present."

[182] Circular No.: NSDL/PI/2003/0572 dated April 7, 2003
[183] Circular No.: NSDL/POLICY/2007/0054 dated September 22, 2007
[184] Circular No.: NSDL/POLICY/2016/0033 dated March 28, 2016
[185] Circular No.: NSDL/PI/2000/982 dated June 23, 2000

(j) **PoA registration/ de-registration**

i For the purpose of addition/deletion/modification of PoA holder name in the DPM System, Participants are required to obtain written request duly signed by the Client (signed by all the holders in case of joint holdings and in case PoA is given by any one holder to any person; same can be added/ deleted/ modified based on the instruction of that holder) or in case of non-individual account duly signed by the authorised signatories and new PoA in case of addition / modification.

ii Participants can also carry out the changes for deletion of PoA holder in the DPM System based on written request of the concerned PoA holder, if the PoA is revoked by the PoA holder or based on the information received from PoA holder about revocation of PoA by Client.

iii In case of deletion, PoA holder(s) can also submit the request for deletion of PoA holder(s) from the depository account. Participants should ensure to dislodge the signature of the PoA holder(s) from the DPM System for deletion.[186]

iv Participants are advised to ensure compliance with below requirements with respect to POA registration/ de-registration procedure:[187]

- POA registration/ de-registration requests submitted by the Clients should be date stamped i.e. the date of receipt of the request from client should be mentioned and duly signed & stamped by the Participant on the client request.
- The aforesaid documents received from clients shall be verified and addition/ deletion/ modification of POA details in the Local DPM system shall be carried out, **within seven days** of receipt of request from client.
- It may be noted that there is no change in client creation upload, as for cases wherein the POA registration request is received along with client creation, the POA registration date will be considered same as client creation date.[188]

The Local DPM system has been enhanced to mandatorily capture the date of request received from clients for adding/ modifying / deleting the POA holder(s) in the Client Maintenance module in the Local DPM system.

The additional field for capturing the abovementioned details through front end and through file upload facility is made available in the Client Maintenance module (Uploads/Downloads) through the DPM version release, which was made available to Participants from December 01, 2023 (EoD).

The UDiFF catalogue published on NSDL Website (accessible at https://nsdl.co.in/nsdlnews/udiff.php) already contains the details of the formats

[186] Circular No.: NSDL/POLICY/2013/0054 dated April 10, 2013
[187] Circular No.: NSDL/POLICY/2023/0165 dated November 20, 2023
[188] Circular No.: NSDL/POLICY/2023/0165 dated November 20, 2023

and ISO tags wherein the information about registration / deregistration date are required to be captured.[189]

Participants are requested to kindly note that, the field for capturing the below details i.e.'Document Receive Date / BO Request Receive Date/ POA or DDPI Registration - Deregistration Date' (ISO Tag -RcvDt) available in the UDiFF Standardised transaction upload file format as 'Conditional Required/ Optional' field, is being made mandatory field from End of the Day (EOD) of April 04, 2025.

(k) **SMS Alert Facility**

i SMS Alert facility provides important updates to Clients on their mobile phones about their depository accounts, which facilitates risk mitigation and provides value added services. Clients and Participants have widely appreciated this facility.

ii SMS alert is mandatory for all depository accounts operated through PoA/DDPI except in case of accounts held by non-individuals, foreign nationals and NRIs. [190](as provided by SEBI letter no. SEBI/MRD/DEP/VM/169784/09 dated July 15, 2009)

iii The Participants must ensure the same while opening new depository accounts with PoA/DDPI and taking on record PoA/DDPI for existing accounts.

iv Clients (whose mobile numbers are captured in the Local DPM System irrespective of availing SMS Alert facility) will receive SMS Alerts in their mobile phones upon registration / de-registration of PoA/DDPI in their depository accounts in DPM System.

v Any registration / de-registration made to PoA after seven calendar days of activation of depository accounts will be considered for SMS Alert facility. The text of the SMS will be as follows:

1. In case PoA is registered:

   "On <dd/mm/yy>, < name of the POA Holder / Corporate POA> was registered as PoA in your demat a/c no. XXXX4086.. NSDL"

2. In case PoA is de-registered:

   "On <dd/mm/yy>, < name of the POA Holder / Corporate POA> was de-registered as PoA in your demat a/c no. XXXX4086. - NSDL"

3. Participants are requested to note that change of authorised signatories in a Corporate PoA will not be considered for SMS Alert facility.[191] List of features of SMS Alert facility is annexed as **Annexure BB (1)**.

4. Charges: No charge is levied by NSDL on Depository Participants (DPs) for providing this facility to investors.

5. Registration:

[189] Circular No.: NSDL/POLICY/2024/0108 dated July 27, 2024
[190] Circular No.: NSDL/POLICY/2009/0060 dated July 20, 2009
[191] Circular No.: NSDL/POLICY/2011/0028 dated March 29, 2011

i. This facility will be available to the investors provided they have given their mobile numbers to their DPs and the DPs have captured the numbers in the Local DPM System and have also enabled (ticked) the SMS flag in their Local DPM system.

ii. Those investors who have provided their mobile numbers to their DPs but do not wish to avail this facility may inform their DPs to disable the SMS flag provided such accounts are not operated by PoA.

iii. For change of address and registration & de-registration of PoA in Local DPM System, SMS alerts will be sent to Client's mobile phone (captured in Local DPM System) irrespective of Client availing SMS Alert facility.

5. DEMAT DEBIT AND PLEDGE INSTRUCTION (DDPI)[192]

While opening an account for a client by a stock broker/stock broker cum a Participant, authorisation is given by the client to the Stock broker cum Participant to access the Beneficial Owner (BO) account of the client to meet settlement obligations of the trade executed by the client, through a Power of Attorney (PoA). In order to make the process more transparent and simpler, and prevent misuse of the PoA, the two conditions as specified in paragraphs 1.2.1 and 1.2.2 of SEBI Circular on DDPI shall be made part of a separate document viz. 'Demat Debit and Pledge Instruction' (DDPI).[193]

The scope of DDPI also covers mutual fund transactions being executed on the stock exchange order entry platforms and tendering shares in open offers through the stock exchange platforms.[194] These conditions shall be made a part of the document 'Demat Debit and Pledge Instruction' (DDPI) available as an Annexure to the SEBI Circular on DDPI. The use of DDPI shall be limited only to the purposes as mentioned in paragraphs 3.1.1, 3.1.2, 3.1.3 and 3.1.4 of the SEBI Clarification Circular on DDPI[195] (*defined below*).

Pursuant to the abovementioned SEBI Circular on DDPI, NSDL has issued the following operational guidelines in respect of execution of DDPI for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities.

1. PoA will no longer be executed for the conditions specified in paragraph 3.1.1, 3.1.2, 3.1.3 and 3.1.4 of the aforesaid SEBI Circular on DDPI.

2. The two conditions as specified in paragraphs 3.1.1, 3.1.2, 3.1.3 and 3.1.4 shall be made part of a separate document viz. 'Demat Debit and Pledge Instruction' (DDPI) (specified as Annexure-A of the SEBI Circular on DDPI).

3. Applicability of DDPI for point no. 3.1.1, 3.1.2, 3.1.3 and 3.1.4 of the SEBI Circular on DDPI.

    a. The DDPI shall also be adequately stamped and duly signed as per the format given in Annexure A of the SEBI Circular on DDPI.

[192] Circular No.: NSDL/POLICY/2022/052 dated April 07, 2022
[193] SEBI Circular SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated April 04, 2022 (SEBI Circular on DDPI).
[194] Circular No.: NSDL/POLICY/2022/141 dated October 07, 2022
[195] SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 dated October 6, 2022 (SEBI Clarification Circular on DDPI)

b. The DDPI can be digitally signed / e-signed by the clients.

c. The client may use the DDPI or opt to complete the settlement process by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (e-DIS) themselves.

4. The existing PoAs given prior to the implementation of the SEBI Circular on DDPI will continue to remain valid till the time client revokes the same.

5. After implementation of DDPI circular, if client revokes the existing POA and provide DDPI to the broker, then all transactions mentioned under clauses 3.1.1, 3.1.2, 3.1.3 and 3.1.4 of the SEBI Circular on DDPI shall be processed using DDPI only.

The changes incorporated in NSDL system for DDPI functionality are as follows:

A. Client Maintenance Module of Local DPM system:

i. Creation of DDPI signatory:

Participants can create DDPI Signatory under menu viz., Client Maintenance → Power of Attorney/DDPI → POA Holder, DDPI/POA Signatory → Creation by selecting the Type as 'DDPI Signatory' from the given drop- down option. The other process remains same as applicable for creation of POA signatory.

ii. Creation of DDPI ID:

Participants can create DDPI ID under menu viz., Client Maintenance → Power of Attorney/DDPI → Corporate POA / DDPI Holder → Creation by selecting the radio button as 'DDPI Holder'. The other process remains same as applicable for creation of Corporate POA ID.

iii. Mapping of target demat account of TM and CM:

While creation of DDPI ID, Participants have to select the option as DDPI in favour of Stock Broker from the given drop-down option and then required to capture Target Demat account details of Trading member / Clearing member, which are used for system validations at the time of processing DDPI based instructions specified at point no. 1.2.1 above. The DDPI ID details are provided in 'POA ID' field of POA/DDPI Target Client Mapping download file.

iv. Mapping of DDPI ID in client demat account:

Participants can map DDPI ID in client demat account through Client Creation and Client Modification option under POA /DDPI details menu of Local DPM system and through file upload mechanism as mentioned below:

DDPI ID Mapping through Client Creation / Modification File upload (.POA file):

Participants can use existing Client Creation / Modification file format of .POA file by mentioning following details of DDPI in detail records:

Field Description	Remarks
POA Type	'C' for Corporate POA 'H' for Individual POA Holder 'D' for DDPI

POA ID / DDPI ID	POA ID: For POA mapping DDPI ID: For DDPI Mapping

v. Modification facility:

The facility of modification/addition/deletion of DDPI Signatory, DDPI ID and Client-DDPI mapping has been provided to Participants same as applicable for POA modification.

The aforesaid functionalities have been made available through screen as well as file upload mechanism.

B. Transaction Processing – Account Transfer / Inter Depository Transfer / Margin Pledge initiation:

i. While submitting Client to Trading Member (TM) / Clearing Member (CM) instructions (through screen based / file upload) by TM/CM on the basis of DDPI provided by the clients, Participants are mandatorily required to provide details viz., 'DIS Issued to DDPI (static code: 3)' and 'DDPI ID' for identification and necessary validations in NSDL system.

The aforesaid mandatory details are applicable in respect of following transactions and certain additional clarifications are provided below:

(a) Applicable for Client to TM/CM - Account Transfer (Transaction Type: 904) and Inter Depository Transfer (Transaction Type: 925) instructions executed by TM/CM based on the DDPI provided by clients.

(b) Transactions executed with DIS Type Indicator as:

i. '3' For Electronic-SPEED-e

ii. '4' for Electronic-SPICE

iii. '5' for Electronic- DSC

iv. '6' for Electronic- Others

(c) The details of aforesaid DIS Types are not required to be updated in DIS Master as these DIS types are tagged as Electronic DIS.

(d) The DIS details viz., 'DIS Issued to Client/POA Holder/DDPI' and 'POA ID /DDP ID' are mandatory in case of DIS Type Indicators i.e.,

Physical (1) and Fax (2) and requisite details shall be applicable based on the DIS issued to respective entities.

(e) The details of Client demat account and DDPI mapping are checked/matched at the time of processing of DDPI based instruction.

(f) Details of Target demat account of TM/CM are validated while execution of DDPI based instructions.

(g) Post successful validations as mentioned above, the DDPI instructions are processed as per existing block mechanism process.

(h) All the DDPI Instructions (Client to TM/CM: 904 & 925) are by default considered for Early Pay-in and details of the same are sent to CC for providing early Pay-in benefits.

(i) In respect of DDPI instructions, the process of blocking of securities in clients account, sending EPI details to CC, matching of instructions with obligation provided by CC and processing of instruction for pay- in is the same as per block mechanism process mentioned in NSDL Circular no. NSDL/POLICY/2021/0082 dated July 31, 2021 regarding implementation in respect of Block Mechanism in demat account of clients undertaking sale transactions.

(j) Similar to the process of block mechanism, while providing the block securities details to CCs for EPI benefits, NSDL provides the unique UCC details of transfer instructions viz., UCC, TM ID, Exchange ID etc. The UCC details are obtained from the Participant / Brokers / Clients while processing the Account Transfer / IDT instruction under block mechanism. The unique UCC details are derived from the UCC master as provided by Stock Exchanges based on the instruction details such as Client PAN, CM ID, Market Type and Settlement Number.

(k) Brokers are not required to execute separate Early Pay-in (IDO) instruction for transferring the securities from CM account to CC account for pay-in purpose.

(l) The securities are blocked in client's account only if NSDL is able to find unique UCC details in UCC master. If the unique UCC details are not identified in UCC master based on instruction details then such instructions are rejected at NSDL end with reason code 'Unique UCC not available for given Client & TM combination (Code: EDIS43)'. TM to ensure that DDPI facility is made available to the clients having unique UCC with them.

C. While processing Margin Pledge initiation instruction based on DDPI provided by the client to the broker, the DDPI ID shall be mentioned in the Margin Pledge initiation (same as a POA ID) which will be validated in Client – DDPI mapping in NSDL system. The other process in respect of Margin Pledge / Re- pledge remains unchanged. Changes on SPEED-e-SPICE / Margin Pledge system:

(a) The TM/CM user will upload list in respect of clients who have given DDPI to

them and Participant will authorise the same as Client-DDPI mapping for SPICE functionality.

(b) The TM/CM user will upload batch file for processing Client to TM/CM transactions based on DDPI given by the client to them by mentioning the DDPI ID in the said batch file upload.

(c) The TM/CM user will upload batch file for processing margin Pledge Initiation instructions based on DDPI given by the client to them by mentioning the DDPI ID in the said batch file upload.

(d) The other process for processing SPICE / Margin Pledge initiation file upload remains unchanged.

D. **Demat Debit and Pledge Instruction (DDPI) registration/ de-registration:**[196]

Participants are advised to ensure compliance with below requirements with respect to DDPI registration/ de-registration procedure:

i. DDPI registration/ de-registration requests submitted by the Clients should be date stamped i.e. the date of receipt of the request from client should be mentioned and duly signed & stamped by the Participant on the client request.

ii. The aforesaid documents received from clients shall be verified and addition/ deletion/ modification of DDPI details in the Local DPM system shall be carried out, within seven days of receipt of request from client.

iii. It may be noted that there is no change in client creation upload, as for cases wherein the DDPI registration request is received along with client creation, the DDPI registration date will be considered same as client creation date.[197]

The Local DPM system has been enhanced to mandatorily capture the date of request received from clients for adding/ modifying / deleting the DDPI holder(s) in the Client Maintenance module in the Local DPM system.

The additional field for capturing the abovementioned details through front end and through file upload facility is made available in the Client Maintenance module (Uploads/Downloads) through the DPM version release, which was made available to Participants from December 01, 2023 (EoD).

The required additional changes in respect of the aforesaid enhancement will be implemented in UDiFF Standardised file formats. The UDiFF catalogue published on NSDL Website (accessible at https://nsdl.co.in/nsdlnews/udiff.php) already contains the details of the formats and ISO tags wherein the information about registration / deregistration date are required to be captured.[198]

Participants are requested to kindly note that, the field for capturing the below details i.e.'Document Receive Date / BO Request Receive Date/ POA or DDPI Registration - Deregistration Date' (ISO Tag -RcvDt) available in the UDiFF Standardised transaction

[196] Circular No.: NSDL/POLICY/2023/0165 dated November 20, 2023
[197] Circular No.: NSDL/POLICY/2023/0165 dated November 20, 2023
[198] Circular No.: NSDL/POLICY/2024/0108 dated July 27, 2024

upload file format as 'Conditional Required/ Optional' field, is being made mandatory field from End of the Day (EOD) of April 04, 2025. [199]

6. CLOSURE OF ACCOUNTS

6.1. Client desiring to close an account shall make an application in the form specified in **Business** Rules 12.8 of NSDL. Participants shall ensure compliance requirements as stipulated by SEBI / NSDL from time to time.

6.2. Guidelines for Transfer cum closure of demat account[200]

SEBI has vide its letter dated January 20, 2025 has advised, regarding the procedure for closure and shifting of demat accounts. In this regard, Participants are advised to take note of the procedure outlined below for processing transfer cum closure of demat accounts:

1. Upon receipt of a duly completed and signed Form 34 for closure of a demat account from the Client, if there are no outstanding dues, Participants shall process the closure/transfer cum closure requests in the DPM system within two working days from the date of receipt of the request.

   For example, if a duly completed request is received on June 3, 2025, and no dues are pending, the Participant shall process the request by EOD of June 5, 2025

2. If the Client has outstanding dues at the time of submitting the request, the Participant shall, within two working days from the receipt of the request, send a communication to the client on the lines "your account closure form cannot be processed due to pending demat dues of x. Kindly clear the same in y days after which the account closure request will be treated as withdrawn". The Client shall be given a maximum of 30 calendar days to clear the outstanding dues.

   For example, if a request is received on June 3, 2025, and dues are pending, the Participant shall communicate the pending dues to the Client by EOD of June 5, 2025, and set a deadline of July 4, 2025, for client to pay the dues.

3. Participant shall process the transfer cum closure request in the DPM system within two working days from the date of clearance of its outstanding dues from the client.

   For example, if the Client clears its dues on June 18, 2025, the Participant shall process the request by EOD of June 20, 2025

4. If the Client fails to clear the dues within the prescribed timeline, the Participant shall reject the request and inform the Client within two working days, along with the details of the outstanding dues.

   For example, if the prescribed timeline to pay the dues is on June 3, 2025, and still dues are pending, the Participant shall reject the request and inform the Client by EOD of June 5, 2025.

5. After successful processing of transfer cum closure request, the Participant shall send the communication of the status of the account closure to the Client enclosing the Client Master

[199] Circular No.: NSDL/POLICY/2024/0114 dated August 20, 2024, NSDL/POLICY/2025/0032 dated March 12, 2025 and NSDL/POLICY/2025/0044 dated April 03, 2025
[200] Circular No.: NSDL/POLICY/2025/0089 dated July 03, 2025

Report (CMR) & Transaction cum Holding Statement of the closed/to be closed account within two working days.

6. Participant shall process the transfer of pledged balances only after the closure/invocation of pledged instruction(s).

7. In case of lock-in securities, transfer of balances within NSDL will be processed through account closure cum transfer module. In case of transfer of lock-in securities to demat account maintained with other depository, the same will be transferred through Corporate Action (CA) mechanism based on Client request as per the process specified vide para 21 under 'Instructions Processing' chapter of NSDL Master Circular for Participants.

8. In case of securities held under suspended ISINs, such securities will be transferred to the Client's own account (with an identical PAN holding pattern) within the NSDL depository system. In case of transfer of securities held under suspended ISINs to demat account maintained with other depository, the same will be transferred through Corporate Action (CA) mechanism based on Client request as per the process specified vide para 21 under 'Instructions Processing' chapter of NSDL Master Circular for Participants.

9. For transfer cum closure requests, transfer of securities shall be processed where the PAN of the source and target accounts is being validated in the NSDL DPM system. Accordingly, the requirement of obtaining the Client Master Report (CMR) is exempted.[201]

10. For inter depository transfer cum closure requests, validation in respect of the matching the PAN of the source and target accounts for transfer of securities is being implemented by NSDL. The Client Master Report (CMR) shall be required to be obtained from the client till the implementation of aforesaid feature in NSDL depository system.

11. Logs and audit trails of all transactions processed, and communications sent to the Clients shall be maintained by the Participant and included within the scope of internal audit of the Participant.

6.3. Online Closure of DEMAT Accounts[202]

(a) Client is entitled to close the demat account through online mode without mandatorily giving any reasons to the Participants. Clients are not restricted from requesting, through online mode or offline mode, for the closure of demat account maintained with the Participants, subject to the compliance requirements as stipulated by SEBI / NSDL from time to time.

(b) Online closure of demat accounts is available for the clients who have opened their accounts offline or online, by the Participants that provide various depository related services in online mode. Those Participants which do not provide any services online and do not open accounts online are not required to offer online closure of demat accounts.

(c) Account closure for account with balance shall be done only through web portal / app of DP through secured access with 2 factor authentication (in case of internet clients) and the request send through emails, SMS, other messaging apps, etc. shall not be entertained by the DP. As the KYC process requires e-sign post which demat accounts can be opened by the DP, for online closure of accounts with balance also, client shall be required to e-sign the form (using electronic / digital signature including Aadhaar

[201] Circular No.: NSDL/POLICY/2025/0090 dated July 03, 2025
[202] Circular No.: NSDL/POLICY/2025/0090 dated July 03, 2025

eSign) to be verified by the DP in accordance with guidelines as stipulated by SEBI / Depositories from time to time.

(d) In case of clients having demat accounts with nil balances can be closed by the DPs on the basis of request received through web portal / app of DP through secured access with 2 factor authentication (in case of internet clients) or on the basis of emails received from the registered email ID of the demat account holder.

(e) Once the application for closure of demat account is received, the DP shall provide acknowledgement to the client on registered email id and / or mobile number about the receipt of closure request.

(f) The request for demat account closure includes target account details (in case of request for closure of demat account having security balances is made) where the client intends to shift the securities.

(g) In case of demat account with balance, the client shall fill the required details. Filled Account Closure form would be displayed to the client, subsequent to which, client shall then be required to e-sign the form (using electronic / digital signature including Aadhaar eSign) and submit the same for further processing. For intra depository transfer cum closure requests, transfer of securities shall be processed where the PAN of the source and target accounts is being validated in the NSDL DPM system. In case of inter-depository transfer such validation in respect of the PAN of the source and target accounts is being implemented in NSDL DPM system. The requirement of obtaining the Client Master Report (CMR) shall be exempted for intra-depository transfer-cum-closure requests. In respect of inter-depository transfer-cum-closure requests, same shall be exempted upon implementation of aforesaid validation in NSDL DPM system.

(h) If the Participant authorises the request received, the account will get closed in the NSDL system. If the Participant rejects the client requests received, the Participant informs the reason for such rejection to the client.

(i) In case the target account of the client specified in the account closure form is not its own account i.e., not the same PAN both in source and target accounts, as per the extant requirements, it will be necessary for the client to submit an off-market transfer instruction delivery instruction slip for execution of such transfers along with the requirement of entering OTP as provided by NSDL.

(j) After the closure of demat account by the Participant, the same is intimated to the client through electronic mode enclosing the CMR & Transaction cum Holding Statement of the closed account.

(k) Participant maintains and stores system logs of the closure instructions and e-signed electronic requests (uneditable) received in electronic form in a secured manner and the same is subject to 100% internal audit.

(l) Notwithstanding any such closure of demat account, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the closure of demat account continues to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

6.4. The above process is applicable in case of individual client accounts (with single holder or joint accounts) (without pledge / freeze / pending demat requests balances) and the closure requests accepted through above mechanism shall be considered as a valid client request and DPs / Depository shall not be held liable for acting on such requests. For joint account, all holders are

required to e-sign the same account closure form (if functionality permits) or e-sign the account closure form separately by joint holders.**Facility for Clients to submit online Account Transfer Cum Closure Request to DPs**[203]:

(n) SEBI has advised Depositories that Participants, which are offering online account opening, shall ensure compliance and introduce the facility for online closure of demat accounts in accordance with the guidelines as prescribed. [204]

(o) In this regard, DPM Plus facility of NSDL facilitates Participants to provide an online facility for closure of accounts where Clients can submit Closure and Account transfer cum Closure Request to their respective Participants in an online mode. Aforesaid facility is available for both single & joint holder demat accounts

(p) The salient features of the facility are as follows:

i. The Participant may publish the NSDL URL post integration https://eservices.nsdl.com/iat-web/ for account closure on its website.

ii. Upon clicking on the aforesaid URL, Client will proceed to confirm the terms and conditions.

iii. Clients will be able to view two tabs viz., 'Account Closure' and 'Account Closure & Transfer' which will have two sub-tabs of 'Single Holder' and 'Joint Holder'.

iv. For raising a NIL balance account closure request (single & joint account holder) the clients need to click on 'Account Closure' tab where their target demat account details will not be required to be entered..

v. In case of demat accounts with holdings, the client will be required to select 'Account Closure & Transfer' tab (i.e. single holder and joint holder account) for submitting an account transfer and closure request. The account transfer will be only intra depository transfer i.e. transfer within demat accounts in NSDL depository system.

vi. PAN details are mandatorily to be provided by Client while initiating an account closure request in case of joint holder accounts, as the same will be used to identify the account holders who have initiated the request and sending the OTP to the mobile number which is updated against the demat account holders in source demat account

vii. Post submission of the account closure request by the initiating joint holder, the other joint holder(s) will receive bitly link through SMS in their registered mobile numbers as is mentioned in source demat account against respective demat accountholders. The other holders shall click on the link so received and complete the online submission of account closure request.

viii. Uploading of the scanned/wet signature is not required for both 'Account Closure' and 'Account Closure & Transfer'

ix. Client can then view the preview of the document and will require to authenticate by an OTP send at the registered Mobile number as mentioned in source demat account

[203] Circular No.: NSDL/POLICY/2022/031 dated March 08, 2022, Circular No.: NSDL/POLICY/2025/0094 dated July 15, 2025
[204] Circular No.: NSDL/POLICY/2021/0075 dated July 19, 2021

x. After successful authentication, Client will be re-directed for Aadhaar based eSign facility.

xi. Post eSign, the digitally esigned PDF (Application for transfer cum closure request) will be generated on clicking the 'Download' option on the NSDL page. Further, a link will also be sent on the registered email ID and / or mobile number (as recorded in Source demat account of the Client) to download the esigned PDF document.

xii. The eSigned document will be available at e-Pass for Participants to verify the above mentioned details and the name in the eSigned document with the demat account details. In case of Joint Holders all the e-sign holder pdfs are combined to a single pdf and transferred to e-Pass Portal

6.5. Shifting / Closure of Clearing Member (CM) Account

The CM may close an existing CM account and open a new CM account with another Participant. The CM will have to submit an application for closure of existing CM account to its Participant and an application for opening a new CM account along with requisite documents for shifting of the CM account as explained below to the new Participant. The existing CM account will be closed by the old Participant after balances are moved out by the CM. The CM will be assigned a new CM-BP-ID by NSDL and a new CM account will be opened by the new Participant. Further, the CM may also submit the closure application upon closure of business/suspension, Participant may close the CM account.

The procedure for closure and shifting of CM account is as follows:

6.5.1. The CM will submit the application for closing the CM account to the Participant (old) in duplicate.

6.5.2. The Participant (old) will verify that the application for closing the CM account is duly filled and if in order, issue an acknowledgement to the CM on the duplicate copy (*signed & stamped by the authorised official*).

6.5.3. If the application is not in order, the Participant will return the application to the CM for rectification.

6.5.4. The CM will submit the following documents to the Participant (new):

(a) Application for opening a CM account (*as mentioned in point no. 1.2.10*)

(b) Letter from Clearing Corporation/Clearing House regarding allotment of CC-CM-ID signed by its authorised official.

(c) Application for shifting of CM account (*in the format prescribed in **Annexure BB (2)***).

(d) Acknowledgement copy (*signed & stamped by the authorised official*) of the application for closure of the CM account from the Participant (old).

(e) Copy of the latest SEBI registration certificate.

(f) Intimation for Pay-Out and Auto DO facilities in new CM account (*in the format prescribed in **Annexure CC** and **Annexure DD***).

6.5.5. Participant should verify the completeness of the account opening form and verify the copies submitted with the original documents.

(a) If the application is not in order the Participant will return the application to the CM for rectification.

(b) If the application is in order, the Participant (new) will forward the copy of the account opening form along with the above mentioned documents to NSDL. All the documents should be verified with its original and a stamp **"Verified with Original"** should be put on the same alongwith the name, designation and signature of compliance officer or alternate compliance officer. NSDL will allot the new CM- BP-ID to the Clearing Member.

(c) The Participant (new) will open the CM account after the new CM- BP-ID is downloaded to DPM.

(d) The Participant (new) should forward the 'Intimation for Pay-Out and Auto DO' facilities in new CM Account received from CM to NSDL (*in the prescribed format*) within seven days from opening of new CM account.

(e) The new CM account will be marked to generate Auto DO instructions and receive receipts-in due on Pay-out after NSDL receives intimation from Participant (new).

(f) NSDL will intimate the Participant (old) to initiate the procedure for closure of the existing CM account.

(g) On receipt of intimation from NSDL, the Participant (old) will disable the standing instruction (*if any*). After the completion of one BOD and EOD cycle, the Participant will verify the balances in the CM account. If the balances happen to be zero and there are no outstanding instructions for the CM account, the Participant will close the CM account. Subsequent to closure of the CM account, NSDL will revoke the old CM BP ID of the CM.

(h) In case balances in its clearing account are not zero, the Participant (old) will inform the CM to move its balances in a reasonable time.

(i) After transfer of balances (if any) as mentioned in point no. (h) above the Participant (old) will again verify the balances in the CM account. If the balances happen to be zero, the Participant will follow the procedure mentioned in point no. (g) above.

(j) If the balance in the old CM account has not been reduced to zero within one week of opening of the new CM account, the Participant (old) shall inform NSDL forthwith that the balance has not been reduced to zero.

7. MISCELLANEOUS

7.1. Incorporation of Legal Entity Identifier (LEI) Number in Client Maintenance Module of DPM System[205]

[205] Circular No.: NSDL/POLICY/2021/0066 dated July 02, 2021

7.1.1. Attention of Participants is invited to RBI Circular No. RBI/2020-21/82 DPSS.CO.OD No.901/06.24.001/2020-21 dated January 05, 2021 regarding introduction of Legal Entity Identifier for Large Value Transactions in Centralised Payment Systems. LEI number is a 20-character alpha numeric code used to uniquely identify parties to financial transactions worldwide. It was conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management post the Global Financial Crisis.

7.1.2. In this context, the Legal Entity Identifier (LEI) is incorporated in Client Creation and Client Modification screens of Client Maintenance module in Local DPM version release 7.33 which will be made available to Participants on July 02, 2021. The file formats for Client creation / modification with LEI field and related changes have been provided to Participants vide NSDL Circular No. NSDL/POLICY/2021/0062 dated June 23, 2021.

7.1.3. The detailed features in respect of aforesaid release is enclosed at **Annexure EE**.

7.2. NSDL APIS and Technology Integrations For Market Participants[206]

7.2.1. NSDL has introduced various APIs (Application Programming Interface) and technology integrations for the benefits of the Participants, their Clients and various Market Participants. These APIs and technology integrations will enhance customer/user experience as well as facilitates automation. In this regard, Participants are requested take note of the following APIs and technology integrations offered by NSDL for Market Participants:

I. Participants

(a) Account Opening API for Participants

The Account Opening API is a technical integration / interface between the Participant and NSDL for opening instant demat account, which will be initiated from Participant's application to NSDL Insta Interface System. The account opening feed sent from Participant will be received at NSDL Insta Interface and would be then transmitted to the NSDL's core depository system (CDS).

Post activation of the account at NSDL CDS, Participants will receive the feed at their Local DPM System / Cloud DPM System, as the case may be, for back office updation. Currently, the API facilitates opening of demat accounts with single holding.

(b) e-Voting and IDeAS Integrations

Through technical integration as informed vide NSDL Circular No.: NSDL/POLICY/2021/0052 dated May 26, 2021, Participants will have the choice of redirecting their clients from their websites to either NSDL IDeAS facility or can directly be redirected to the evoting page within the IDeAS facility. In case of re-direction to IDeAS page, Clients can have access to their eCAS and other value added services including e-Voting, post authentication. In case of re-direction to eVoting page within IDeAS facility, Clients, post authentication on IDeAS, will be able to cast their vote for securities where

[206] Circular No.: NSDL/POLICY/2022/022 dated February 08, 2022

NSDL has been appointed as ESP or will be redirected to the eVoting page of other E-Voting Service Providers (ESPs) to cast vote without having a necessity of doing log-in with other ESPs.

II. Bank-based Participants

NSDL Insta Demat Account for Banks

'NSDL Insta Demat Account' is an API / Technical Integration interface between the DP Banks and NSDL for opening instant demat account where the Client (end-investor) will be re- directed from Bank's net-banking portal / mobile application (using the existing login credentials provided by the Bank) to NSDL for opening of instant NSDL demat account.

III. Brokers

(a) e-Delivery Instruction Slip (e-DIS)

e-DIS facility is a technical integration between the brokers and NSDL Demat Gateway which facilitates Clients to provide mandate/consent to debit and transfer securities from their demat accounts towards the obligation at exchange(s) arising out of trades. Using this facility, demat account holders can fulfil their pay-in obligations without having the need to submit Power of Attorney to their stock broker.

(b) Margin Pledge Instruction (MPI) API

i) MPI API Online Clients

MPI API for online Clients is a technical integration between the Broker and NSDL Demat Gateway which facilitates Clients (POA and non POA based Clients) to initiate margin pledge based instructions online.

ii) MPI API for Offline / Call and Trade

MPI API for offline / call and trade is a technical integration between broker and NSDL Demat Gateway for initiating MPI for POA based Clients by the broker based on the instructions received from the Client.

In the aforesaid APIs, status responses will be provided to both the Broker (call back response) as well as Participant (update at their Local DPM System).

IV. Banks and NBFCs

(a) NSDL Digital LAS for demat account holders of NSDL

NSDL Digital LAS facility is a technical integration between the net banking portal of the Bank or web portal of NBFC and NSDL for offering Loan against securities (LAS) services to all the demat account holders of NSDL maintain demat accounts with any Participant of NSDL. It is a complete end-to-end digital offering to facilitate initiation of pledge instruction by the Client and confirmation of pledge instruction by the Pledgor's DP in an online mode with the requisite call back responses providing status of the instructions to Bank/

NBFC.

(b) NSDL Digital LAS for IPO Financing

NSDL Digital LAS for IPO Financing is technical integration between the Bank/NBFC and NSDL to facilitate pledging of securities as collateral for offering IPO related funding.

7.2.2. Participants are informed that NSDL has recently launched new Client Maintenance API for Market Participants. [207]

a) Client Maintenance API is a technical integration / interface between the Participants' back-office system and Local DPM/Cloud DPM system for opening of demat Accounts and modification of demographic details in respect of existing demat accounts. The aforesaid API will be hosted on the Local DPM or Cloud DPM systems of Participants and the API integration will be initiated from Participants' back-office system. For more information / clarifications, access to these aforesaid API documents and onboarding/technical integrations related support, Participants are requested to contact following officials: / Mr. Siddhant Thorat (022 4216 5430 / SiddhantT@nsdl.com)

7.3. SEBI Circular on Clarification on Know Your Client (KYC) Process And Use Of Technology For KYC[208]

SEBI, has issued various circulars to simplify, harmonize the process of KYC by investors / Registered Intermediaries (RI). Constant technology evolution has taken place in the market and innovative platforms are being created to allow investors to complete KYC process online. SEBI held discussions with various market participants and based on their feedback and witha view to allow ease of doing business in the securities market, it is decided to make use of certain technological innovations which can facilitate online KYC.

In this regard, a set of FAQs along with suitable clarifications has been prepared by both depositories in consultation with SEBI for reference of the Participants which FAQs have been enclosed herewith as **Annexure FF**.

Pursuant to this, SEBI has *vide* its email dated February 04, 2022 clarified the following:

1. With respect to Para 3 (c) of the abovementioned circular which mentions use of Aadhaar eSign mechanism, it is now further clarified that any document, except for the documents mentioned in the First Schedule of the IT Act 2000, may be authenticated by an investor by way of electronic/digital signature including Aadhaar eSign, therefore, the process of performing KYC can be completed by using electronic/digital signature including Aadhaar eSign. In case of nonindividual clients, intermediaries may take caution and satisfy themselves regarding the genuineness of the authorization and identity of the authorized signatories.

2. With regard to requirement of geo-tagging in India mentioned at para 5 of the stated circular, it is reiterated that while completing the investor's KYC through KYC app of

[207] Circular No.: NSDL/ POLICY/2024/0012 dated January 23, 2024
[208] Circular No.: NSDL/ POLICY/2020/0057 dated May 04, 2020

the intermediary, the RI shall continue to ensure the requirement of geo-tagging with the investor's physical location in India as per SEBI guidelines till further clarification is issued by SEBI in the matter.

3. Features for online KYC App of the Intermediary [209]

a) SEBI registered intermediary can implement its own App for undertaking online KYC of clients.

b) The App shall facilitate taking photograph, scanning, acceptance of officially valid document through Digilocker, video capturing in live environment and usage of the App only by authorized person of the intermediary.

c) The App shall also have features of random action initiation for client response to establish that the interactions are not pre-recorded along with time stamping and geo-location tagging to ensure the requirement like physical location being in India etc are also implemented.

d) Registered intermediaries shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audio-visual interaction with the client and the quality of the communication is adequate to allow identification of the client beyond doubt. Registered intermediaries shall carry out the liveliness check in order to guard against spoofing and such other fraudulent manipulations.

e) The intermediaries shall, before rolling out and periodically, carry out software and security audit and validation of their App. The intermediaries can have additional safety and security features other than as prescribed above.

7.3.1 Further to the above, SEBI, vide its circular dated May 23, 2025, regarding *"Accessibility and Inclusiveness of Digital KYC to Persons with Disabilities"*, has informed that intermediaries shall extend their services to ensure digital accessibility to all clients, including persons with disabilities. Intermediaries are further required to adhere to and be guided by the FAQs on account opening by persons with disabilities, as issued by SEBI under the said circular.[210]

7.4. Relaxation on geo-tagging requirement in India for NRIs while undertaking re-KYC[211]

SEBI vide circular dated December 10, 2025 has informed that the requirement of physical location of client being in India during digital on boarding shall be relaxed for undertaking re-KYC for existing NRI clients.

7.5. Simplification of Account Opening Kit:

SEBI introduced directions for simplification of account opening kit, and it was decided that, Participant shall make available the standard documents to the clients, either in electronic or physical form, depending upon the preference of the client as part of account opening kit. The preference of the client shall be sought as part of the account opening form. In case the documents are made available in electronic form, depository participant shall maintain logs of the same.[212]

[209] SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023
[210] SEBI/HO/MIRSD/SECFATF/P/CIR/2025/74 dated May 23, 2025 (Ref: NSDL Circular No.: NSDL/POLICY/2025/0064 dated May 26, 2025)
[211] Circular No.: NSDL/POLICY/2026/0003 dated January 09, 2026
[212] Circular No. CIR/MIRSD/64/2016 dated July 12, 2016 & Circular No.: NSDL/POLICY/2016/0067 dated July 22, 2016

7.6. Account Opening Charges:

Participants are advised to ensure that no charges are imposed on the beneficial owners towards account opening and ensure compliance with the SEBI directives. [213]

7.7. Information on Website about KYC registration:

Participants which have their own website, are advised to display the below mentioned text (as static or in the form of a ticker) on the front page of their website in order to create awareness among Clients:

"*KYC is one time exercise while dealing in securities markets - once KYC is done through a SEBI registered intermediary (broker, DP, Mutual Fund etc.), you need not undergo the same process again when you approach another intermediary.*"

7.8. Reclassification of Type and Sub-Type of Accounts[214]

SEBI has advised that depositories shall provide the shareholding data to listed entities in the requisite categorization as prescribed in the SEBI Circular referenced herein. [215]In order to facilitate clients to open accounts under appropriate type and sub-type, NSDL had vide its Circular on New Types and Sub-Types[216] introduced certain new types and sub-types.

NSDL has also developed a reclassification utility which will facilitate participants to change existing client type & sub type with new client type & sub types in client maintenance module in NSDL depository system. The 'Reclassification utility' has been made available on NSDL Intranet site i.e., e-PASS under 'Utilities' menu along with user manual and sample input file, which has been enclosed herewith as **Annexure GG**.[217]

In view of the aforesaid, Participants are requested to take note of the following:

1. Open the new accounts under the appropriate 'Type' and 'Sub-type'. In case the new account pertains to be of a 'type' and 'sub-type' which is not yet activated in the DPM system, the Participant after opening the new account as per the prevalent practice must also record it internally for migrating this account to the new 'type' and 'sub-type' after the release of new system.

2. The list of 'type' and 'sub-types' including the new 'type' and 'sub-type' are enclosed at **Annexure HH** for reference. Considering the introduction of new 'type' and 'sub-type', a list of existing 'types' and 'sub-types' in which there is a possibility of a change required, a list of such existing 'types' and 'sub-types' are given at **Annexure II**. Further, the list of such accounts based on these 'types' and 'sub-types' in your DPM system will be made available on e-PASS for review.

3. In respect of certain new types and sub-types, additional information such as RBI reference number, etc. will be required to be captured. The list of such types and sub-types are given at **Annexure JJ**.

[213] Circular No.: MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005, Circular No.: CIR/MIRSD/12/2013 dated December 4, 2013 and Circular No.: NSDL/POLICY/2015/0029 dated March 2, 2015
[214] Circular No.: NSDL/POLICY/2018/0039 dated July 17, 2018
[215] SEBI Circular dated November 30, 2015 (Ref. No. CIR/CFD/CMD/13/2015) and SEBI Circular dated May 28, 2018 (Ref. No. SEBI/HO/CFD/DCR1/CIR/P/2018/85)
[216] Circular No. NSDL/POLICY/2018/0012 dated February 8, 2018
[217] Circular No.: NSDL/POLICY/2019/0055 dated August 21, 2019

4. In case the Participant needs any additional information from the client to update the new type and sub-type, Participants may obtain such information and request from the client, before updating the new type and sub-type. An illustrative format of the request from the client is given at **Annexure KK**.

5. After change of type and sub-type in the account of the client, the Participant must intimate the client about the new type and sub-type by providing a client master report of the demat account.

6. NSDL has also prescribed the procedure for changing the sub-type of demat account pursuant to conversion from Company to LLP and vice versa is as under. The change of 'sub-type' shall be done on 'the Reclassification Utility' system.[218]

    a. Obtain a written request from the Client for change in the sub-type and name.
    b. Obtain photocopy of the Certificate of Incorporation issued pursuant to conversion of Company to LLP or LLP to Company as the case may be. Participants are requested to note that the new name entered into the DPM system shall be in accordance with the name prescribed in the newly issued Certificate of Incorporation.
    c. Obtain newly issued PAN by the Income Tax Department pursuant to conversion.
    d. The newly issued PAN shall be verified on the Income Tax website.
    e. Make PAN modification request on NSDL e-PASS portal for modifying existing PAN details in existing demat account as per procedure specified in the NSDL Circular on 'Restriction in modification of PAN of a holder once PAN flag is enabled in DPMAS and penalty thereof for modification'[219].
    f. Select the reason for modification of PAN as "Allotment of new PAN by Income Tax Department (ITD)" (reason code-1). As PAN is 'mandatory field' and cannot be kept blank, capture the new PAN allotted in the PAN field of the existing demat account.
    g. Upon successful modification of PAN, Name and other details as per the client's request, Participants are requested to use the reclassification utility for changing the sub- type as per the above table.

7. After updating aforesaid changes in the DPM System, Participants must send communication via letter/email / or any other mode which the Participant may deem fit to such Client informing about changes carried out in their demat account.[220]

[218] Circular No.: NSDL/POLICY/2023/0018 dated February 09, 2023
[219] Circular No.: NSDL/POLICY/2007/0052 dated September 13, 2007
[220] Circular No.: NSDL/POLICY/2023/0018 dated February 09, 2023

CHAPTER 2 – TRANSMISSION OF SECURITIES

1. The provisions governing transmission of securities for sole account holders, joint account holders, in the case of death of the Karta of an HUF and in case of nomination have been covered in detail under NSDL Byelaws[1] and NSDL Business Rules[2].

2. **PROCEDURE FOR TRANSMISSION OF SECURITIES[3]**

In case of jointly held securities[4]

2.1. In case of death of one of the Clients in a joint account, the surviving Client(s) shall request the Participant to transmit the balances lying in the joint account to the account of the surviving Client(s). Such an application shall be made in Form 30 provided in the NSDL Business Rules along with a Self-attested copy of the death certificate attested by the other joint account holder(s) subject to verification with the original[5] or death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority.[6]

In case death certificate is downloaded from the online portal of Government, the official of the Participant should verify the details from the Government's website and keep a record of the same with his signature and stamp of Participant. [7]

2.2. In case of joint account, upon demise of one or more joint holder(s), the Participants shall transmit the securities held to the surviving holder(s) vide name deletion option.

2.3. Surviving joint holders shall be entitled to continue with, or change or cancel the nominations made previously.[8]

2.4. In the event of the simultaneous demise of joint holders [9]

2.4.1. In case of joint accounts when all joint holders simultaneously deceased, the Participants shall transmit the securities in the account to the registered nominee(s) for effecting its due discharge.

2.4.2. In absence of nomination, the Participants shall transmit the securities in the account to either;

a. the legal heir(s) or legal representative(s) of the youngest of the joint holders as per the rules of intestate succession or

[1] Byelaw 9.10 and 9.11 of the NSDL Byelaws
[2] Rule 12.6. of the NSDL Business Rules.
[3] Para1.15 and 1.16 of the SEBI Master Circular on Depositories; SEBI Circular SEBI/HO/MIRSD/MIRSD_RTAMB /P/CIR/2022/65 dated May 18, 2022; Circular No.: NSDL/POLICY/2022/073 dated May 23, 2022; Circular No.: NSDL/POLICY/2023/0003 dated January 17, 2023; Byelaws 9.10 and 9.11 of the NSDL Byelaws; Rule 12.6 of the NSDL Business Rules; Circular No.: NSDL/POLICY/2023/0087 July 18, 2023. 2022
[4] Rule 12.6.1 of the NSDL Business Rules.
[5] Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025
[6] Rule 12.6.1.1 of the NSDL Business Rules.
[7] *Id*
[8] Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025
[9] Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025

b. as per the Will of the latter, as the case may be, after following the prescribed procedure as guided below in point no. 2.19 to 2.21

2.5. The Participant shall verify the death certificate and the signature of the surviving Client(s) before effecting the transmission.[10]

2.6. Participant shall also facilitate the surviving Client(s) to open a new account with the same Participant in accordance with the guidelines mentioned in the NSDL Business Rules.[11]

2.7. On achieving full satisfaction with respect to all aspects, the Participant shall transfer the balances to the account of the surviving Client(s)[12] and close the account of the deceased thereafter.[13]

Operational guidelines for Transmission of Securities in Joint Demat Accounts i.e. deletion of name.[14]

2.8. In case of death of the holder(s) in joint demat account, the surviving holder (s) may opt to continue the existing demat account by deleting the name of deceased account holder(s) from the demat account, by submitting a specific request (Illustrative format is enclosed as Annexure D) along with the original death certificate or copy of death certificate attested by the joint account holder(s) subject to verification with the original or copy of the death certificate duly attested by a notary public or by a gazetted officer or death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority.

2.9. In case the first holder is deceased in the demat account:

a) The deletion of name of first holder in demat account shall make second holder as first holder and third holder if any as second holder in the demat account.
b) All the available details of second holder i.e Name, Father's / Spouse's Name, PAN, Mobile Number, email ID, Date of Birth, Family Flag, SMS Flag, PAN Flag etc., will be replaced in the place of first holder. Participants are advised to review the details and update if any changes in the details.
c) Further, Participants are advised to update the Local address and correspondence address, Bank account details, signatory details, POA/DDPI details, etc. in the first holder details.
d) IDeAS / SPEED-e Login details of first holders will be deleted/de-activated, the next first holder shall receive the email from NSDL for registration of IDeAS / SPEED-e facility.

2.10. In case the second holder is deceased in the demat account:

a) In case joint demat account is having two holders and the second holder is deceased, the available details of second holder will be deleted.
b) In case joint demat account is having three holders, the deletion of name of second holder shall make third holder as second holder.

[10] Rule 12.6.1.2 of the NSDL Business Rules.
[11] Circular No.: NSDL/POLICY/2010/0004 dated January 11, 2010; Rule 12.6.1.3 of the NSDL Business Rules.
[12] Rule 12.6.1.4 of the NSDL Business Rules.
[13] Rule 12.6.1.5 of the NSDL Business Rules.
[14] Circular No.: NSDL/POLICY/2023/0149 dated October 28, 2023

c) All the available details of third holder i.e. Name, Father's / Spouse's Name, PAN, Mobile Number, email ID, Date of Birth, Family Flag, SMS Flag, PAN Flag etc., will be replaced in the place of second holder. Participants are advised to review the details and update if any changes in the details.
d) There will be no change in first holder details.

2.11. In case the third holder is deceased in the demat account:

a) There will be no change in the first and second holder details.
b) The available details of third holder will be deleted.

2.12. The above facility shall be applicable for individual client demat accounts (without pledged securities / on hold securities).

2.13. In case the demat account has pending requests i.e. demat / remat / conversion / re-conversion/ re-purchase/tender-offer etc., Participants shall process the requests for deletion of name. However, monitoring of all such pending requests, if any, shall be done by the surviving client(s).

2.14. The Participant shall verify the documents submitted and the signature of surviving Client(s), after being fully satisfied on all aspects, shall then effect the deletion of name.

2.15. Participants are advised to send intimation to clients after deletion of name in demat accounts via letter/ email or any other mode which the Participant may deem fit.

2.16. In view of the above facility, a screen-based option (Salient feature of name deletion is enclosed as Annexure E) has been made available for deletion of name in the NSDL system on EOD of October 31, 2023.

***Transmission (Name Deletion) and Dematerialisation of Securities[15]*:**

2.17. In case of death of one or more of the joint holders, the surviving joint holder(s) can get the name(s) of the deceased deleted from the security certificate(s) and get them dematerialised by submitting the security certificates along with the Transmission Form as per Form 32 and the Dematerialisation Request Form (DRF) to the Participant.

In case of a single account holder without nomination[16]

2.18. In absence of nomination, the Participants shall transmit the securities in the account to either the legal heir(s) or legal representative(s) of the holders as per the rules of intestate succession or as per the Will, as the case may be..[17]

2.19. **Documents[18]:** An indicative list of documents to be submitted by the legal heir(s) / claimant(s) includes: (i) Form 30; (ii) Self-attested copy of the Death Certificate attested by the legal heirs (s) or claimant(s) subject to verification with the original or death certificate downloaded from the online portal of Government carrying

[15] Circular No. NSDL/PI/2003/0383 dated March 5, 2003 and Rule 11.1.9 of the NSDL Business Rules.
[16] Rule 12.6.2 of the NSDL Business Rules.
[17] Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025
[18] Circular No.: NSDL/POLICY/2023/0003 dated January 17, 2023; Rule 12.6.2.2 of the NSDL Business Rules.

digital/facsimile signature of the issuing authority; (iii) PAN; (iv) Birth Certificate (for minors); (v) KYC of Guardian (for minor / of unsound mind); (vi) Succession Certificate / Probate of Will / Will / Letter of Administration / Court Decree / Legal Heirship Certificate;[19] (vii) Affidavits / Indemnity Bonds / No-objection Certificates, as may be applicable and (viii) Client Master Report (for no account with the Participant)[20]. These documents shall comply with the requirements mentioned under the NSDL Business Rules.

2.20. In the event the legal heir(s) or claimant(s) expresses inability to produce any of the following documents i.e., Succession Certificate / Probate of Will / Will / Letter of Administration / Court Decree / Legal Heirship Certificate, in the form prescribed under the NSDL Business Rules and the market value of the securities held in each of the accounts of the deceased is, as on the date of application for transmission, up to INR 15,00,000 then the Participant may only require such documentation as may be specified under the NSDL Business Rules.[21]

2.21. The Participant shall effect a transmission of balances to the Client account of the legal heir(s) or the Claimant(s) if the documents are in order and the Participant is satisfied post an identity check.[22] Thereafter, the account of the deceased can be closed.[23]

In case of nomination[24]

2.22. The nominees(s) shall receive the securities of deceased sole account / sole holder(s) as trustee on behalf of legal heir(s) of deceased holder(s) thereby effecting due discharge of concerned Participant.

2.23. Legal heir(s) of nominee shall not be eligible to inherit the securities of the client, if the nominee predeceases the client.

2.24. In case the client specifies multiple nominees, then he / she shall also specify the percentage share for each nominee. In absence of such specification, the regulated entity shall apportionment the securities equally among all the nominees. In case of demise of the client and any one of the nominees, the Participants shall distribute the securities pro rata to the remaining nominees.[25]

2.25. Transmission of securities in the case of a nomination shall be governed in accordance with the provisions of the NSDL Business Rules. Upon the death of the sole Client or the death of all the Clients, the nominee(s) shall submit an application to transmit the securities covered by the nomination to the account of the nominee(s), held with any depository.26

2.26. Documents[27]: An indicative list of documents to be submitted by the nominee(s) includes: (i) Form 30; (ii) Self-attested copy of Death Certificate attested by the

[19] Circular No.: NSDL/POLICY/2019/0028 dated May 9, 2019; Circular No.: NSDL/POLICY/2022/073 dated May 23, 2022.
[20] Circular No.: NSDL/POLICY/2014/0060 dated May 13, 2014.
[21] Circular No.: NSDL/POLICY/2023/0003 dated January 17, 2023; Rule 12.6.2.3 of the NSDL Business Rules.
[22] Rule 12.6.2.4 of the NSDL Business Rules.
[23] Rule 12.6.2.5 of the NSDL Business Rules.
[24] Rule 12.6.3 of the NSDL Business Rules.
[25] Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025
[26] Rule 12.6.3.7 of the NSDL Business Rules.
[27] Circular No.: NSDL/POLICY/2023/0003 dated January 17, 2023; Rule 12.6.3.7 of the NSDL Business Rules.

nominee(s) subject to verification with the original or death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority; (iii) PAN; (iv) Birth Certificate (for minors); (v) KYC of Guardian (for minor / of unsound mind); and (vi) Client Master Report (for no account with the Participant)28 (Vii) Ensure due completion, updating or reaffirming of the KYC of nominee/s29 (Viii) Participants shall not seek any other documentation including affidavits, indemnities, undertakings, attestations or notarizations from the nominee(s). These documents shall comply with the requirements mentioned under the NSDL Business Rules. If the nominee(s) does not have an account with the Participant, the nominee(s) shall be required to open an account with any Participant.

2.27. The Participant shall execute a request only after ensuring the completeness of the form and validity of the signature of the Client(s) and if the Participant is satisfied post an identity check[30].[31]

In case of securities held by an HUF[32]

2.28. In the event of death of the Karta of an HUF, the surviving members, through the new Karta, can make a joint application to the Participant, for change of name of Karta, in the format specified in Form 40 of the NSDL Business Rules.[33] The other documents shall be in line with those specified under the NSDL Business Rules.[34]

2.29. In case of a partial or total partition, the Participant shall ensure that transmission of securities is in accordance with the provisions of the NSDL Business Rules.[35]

2.30. The Participant shall ensure that the documents submitted by the surviving members of the HUF or the new Karta are in order and shall then effect change in name of Karta or transfer of securities to the account of surviving members in the event the HUF goes into partial or total partition.[36]

2.31. If a transfer of securities is effected to the surviving members due to total partition, the Participant shall close the account held in the name of the HUF.[37]

2.32. The Participant shall effect the request for transmission of securities within seven days of receipt of complete set of requisite documents. [38]

3. Further, in respect of processing transmission requests, Participants shall use 'Transfer of Holding' module[39] to process account closure and transmission requests. Information pertaining to this module is provided under **Annexure B**.

[28] Circular No.: NSDL/POLICY/2014/0060 dated May 13, 2014.
[29] Circular No.: NSDL/POLICY/2025/0006 dated January 15, 2025
[30] *Id.*
[31] Rule 12.6.3.10 of the NSDL Business Rules.
[32] Circular No.: NSDL/POLICY/2018/0018 dated March 28, 2018 and Rule 12.6.4 of the NSDL Business Rules.
[33] Rule 12.6.4.2 of the NSDL Business Rules.
[34] Rule 12.6.4.3 of the NSDL Business Rules.
[35] Rule 12.6.4.3 to Rule 12.6.4.5 of the NSDL Business Rules.
[36] Rule 12.6.4.3 to Rule 12.6.4.5 of the NSDL Business Rules.
[37] Rule 12.6.4.7 of the NSDL Business Rules.
[38] Circular No.: NSDL/POLICY/2022/043 dated March 28, 2022 and Rule 12.6.5 of the NSDL Business Rules.
[39] Circular No.: NSDL/POLICY/2011/0029 dated April 6, 2011.

4. **REVISE AND REVAMP NOMINATION FACILITIES IN THE INDIAN SECURITIES MARKET.**[40]

4.1. In respect of clause 3.7.2.1 of SEBI circular dated January 10, 2025, Participants may obtain a declaration from the nominee(s) as an annexure to the Transmission Form (Form 30) as per the enclosed illustrative format **Annexure D**.

4.2. In respect of clause 3.8 of above SEBI circular dated January 10, 2025, Participants may obtain a request from the surviving joint holder(s) for name deletion in joint account upon transmission as per the enclosed illustrative format **Annexure E**.

5. **FEE PAYABLE BY PARTICIPANTS**[41]

No settlement fee shall be charged in case of transfers necessitated by transmission on death of the Client.

6. **PENALTIES**

In the event that any type of transmission is not executed as per the procedure prescribed by NSDL, then NSDL may impose a penalty in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[42]

MISCELLANEOUS

7. **PROCEDURE FOR PROCESSING REQUEST FOR TRANSMISSION WHERE DEMAT ACCOUNTS ARE SUSPENDED FOR 6-KYC NON-COMPLIANCE.**[43]

7.1. Participants are required to ensure that all 6 KYC attributes, listed in the NSDL Circular on Mandatory updation of certain attributes of KYC of clients,[44] are available in the demat account before removing the suspension of demat account from 6 KYC non-compliant accounts.[45]

7.2. In this regard, to facilitate processing of a request for unfreezing a demat account to process a transmission request, a new check box named as 'Unfreezing done for processing Transmission/Transfer Cum-Closure/Closure of Nil Bal. a/c which is 6 KYC Non-Compliant' is introduced in 'Account Unfreeze' module of e-DPM for unfreezing of demat accounts which are suspended for 6- KYC Non-compliance. Screenshot of check box is enclosed herewith as **Annexure C**.

7.3. After obtaining all the required documents/client request for Transmission, Transfer Cum- Closure and Closure of Nil balance account, Participants can unfreeze the demat account through 'Account Unfreeze' module of e-DPM by clicking on the abovementioned check box to remove suspension of 6-KYC noncompliance.

[40] Circular No.: SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/01650 dated January 10, 2025 ; SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/0027 dated February 28, 2025
[41] Circular No.: NSDL/PI/2001/1623 dated October 23, 2001; Rule 21.2.2.1 of the NSDL Business Rule
[42] Para 5 of Rule 18.1.1 of the NSDL Business Rules.
[43] Circular No.: NSDL/POLICY/2022/152 dated November 03, 2022
[44] Circular No.: NSDL/POLICY/2021/0036 dated April 07, 2021.
[45] Circular No.: NSDL/POLICY/2022/085 dated June 21, 2022.

7.4. Participants will be able to enable the check box mentioned in Annexure A only for demat accounts which are suspended for 6 KYC non-compliance with Reason Code (37) 'Non- Compliant – 6 KYC Attributes'. In case, demat account is suspended for multiple reason codes (i.e., in addition to the Freeze Reason Code (37) 'Non-Compliant – 6 KYC Attributes'), then aforesaid check box will remain disabled until other freezes are lifted.

7.5. Participants are advised to ensure that after processing of transmission/transfer cum closure requests in 6 KYC non-compliant accounts, the source account is closed (or suspended if non- transferrable securities is/are held in client's account).

8. RBI CLARIFICATION ON TRANSMISSION OF GOVERNMENT SECURITIES[46]

8.1. Participants to note that for Government Securities of value less than INR 1,00,000 (INR 10,00,000 lakhs for HUF) the procedure for transmission mentioned in Rule 12.6.1, Rule 12.6.2 and 12.6.3 (except Rule 12.6.2.3) and 12.6.4 of the NSDL Business Rules should be followed.

9. OPERATIONAL GUIDELINES REGARDING SEBI CIRCULAR ON CENTRALIZED MECHANISM FOR REPORTING THE DEMISE OF AN CLIENT THROUGH KYC REGISTRATION AGENCIES (KRAS). [47]

9.1. SEBI has issued a guideline regarding "Centralized mechanism for reporting the demise of an client through KRAs". [48]

9.2. Subsequently, KRAs have issued communication to SEBI Registered Intermediaries (SRIs) regarding the procedure to upload the KYC modification request(s) to KRA for reporting demise / death of the client.

9.3. The operating procedure w.r.t demat accounts is furnished below: [49]

a) On receipt of intimation of demise of a demat account holder(s) from the notifier (Joint account holder(s) or nominee(s) or legal representative or family member), or on receipt of intimation through KRAs (unsolicited feeds) regarding KYC records which is 'Deactivated' or flagged off as "On-Hold-Demise intimation received", Participant shall suspend the demat account of deceased holder(s) for debit, under freeze reason code "09" "Account Holder related – Holder deceased" with remarks as 'SEBI Circular dated October 03, 2023'.

b) In case of mode of operation opted by the BO is Either or Survivor for demat accounts with joint holder/s, the transactions shall be allowed after deletion of name of the deceased holder.

c) After necessary verification, if KRAs update the KYC status as "Clear or

[46] Circular No.: NSDL/POLICY/2009/0021 dated March 19, 2009.
[47] Circular No.: NSDL/POLICY/2023/0187 dated December 30, 2023.
[48] SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD1/P/CIR/2023/0000000163 dated October 03, 2023
[49] Circular No.: NSDL/POLICY/2023/0187 dated December 30, 2023.

Validated", on receipt of intimation from KRAs, Participants are advised to remove the suspension from the demat account.

Further, Participants are advised to comply w.r.t the SEBI Circular dated October 03, 2023 and KRA Communication regarding "Centralized mechanism for reporting the demise of an client through KRAs" and ensure compliance.

NSDL has developed a facility for downloading the details of deceased clients through NSDL e-PASS portal. The details of the clients are based on the demise-related PAN data received from the KRAs.[50]

[50] Circular No.: NSDL/POLICY/2026/0009 dated January 19, 2026

CHAPTER 3 – PROVISION OF TRANSACTION STATEMENT

1. To enable generation of a consolidated account statement for the use of a beneficial owner in respect of all demat assets held by him, NSDL is required to enter into necessary agreements for sharing of such information.[1] Further, in terms of Regulation 60 of the SEBI (Depositories and Participants) Regulations, 2018 and NSDL Bye-Laws, every Participant shall provide statements of account to the beneficial owner in such form and in such manner and at such time as provided in the agreement with the Beneficial Owner and in accordance with NSDL Business Rules.[2]

TRANSACTION STATEMENT[3]

2. Rule 14.3 of the NSDL Business Rules provides for provision of transaction statements by a Participant to the Client *Providing Transaction Statements:*

   (i) If there is any transaction in any of the demat accounts of the investor or in any of his mutual fund folios, then CAS shall be sent to that investor through email on monthly basis.

   (ii) In case there is no transaction in any of the mutual fund and demat accounts then CAS with holding details shall be sent to the investors by email on half yearly basis.

   (iii) Accounts with zero balance and nil transactions during the year: DP shall send at least one annual statement of holding through email in respect of accounts with no transaction and nil balance even after the account has remained in such state for one year.

   (iv) Accounts which become zero balance during the year: For such accounts, no transaction statement may be sent for the duration when the balance remains nil. However, an annual statement of holding shall be sent to the BO through email.

   In all the above scenarios, where an investor does not wish to receive the holding statement through email, option shall be given to the investor to receive the same in physical form at the registered address.

3. The DP shall provide in their periodic statement of holding and / or transaction, either the
   (i) Name(s) of the nominee(s) or
   (ii) whether or not nomination has been made by the investor – Y/N

   The aforesaid shall be as per the choice of the investor.[4]

   If the Demat accountholder(s) have not selected either of the above options, the nomination status (i.e., whether nomination is registered – Yes/No) shall be printed by default.[5]

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[1] Regulation 56 of DP Regulations.
[2] Regulation 60 of DP Regulations; *Rights and Obligations of Beneficial Owner and Depository Participant as prescribed bySEBI and Depositories*, Annexure, Master Circular for Depositories; Bye Law 6.4.3 of NSDL Bye Laws.
[3] Circular No.: NSDL/POLICY/2024/0093 dated July 03, 2024
[4] Circular No.: NSDL/POLICY/2025/0058 dated May 06, 2025
[5] Reference: Circular No.: Circular No.: NSDL/POLICY/2025/0100 dated July 31, 2025

4. The DP shall provide the services of issuing the statement of demat accounts in an electronic mode. The DP will furnish to the BO the statement of demat accounts under its digital signature, as governed under the Information Technology Act, 2000. However, if the DP does not have the facility of providing the statement of demat account in the electronic mode, then the DP shall be obliged to forward the statement of demat accounts in physical form.

5. Procedure for providing the facility:[6]

   (i) Obtain a written or electronic request from Client. The electronic request can be obtained in any of the following modes provided controls as mentioned at **Annexure A** are implemented:

      (a) Through registered email ID,

      (b) Through website of Participant,

      (c) Through IVRS system by using tele-pin,

      (d) Through ATM in case of Bank Participants.

   (ii) Inform the Client about the following:

      (a) Client must ensure the confidentiality of the password of email account.

      (b) Client must promptly inform the Participant if the email address has changed.

      (c) Client may opt to terminate this facility by giving 10 days' prior notice. Similarly, Participant may also terminate this facility by giving 10 days' prior notice.

6. eCAS facility:[7]

   (i) Clients can submit their requests to receive statement of account in electronic mode (i.e., eCAS) and can also provide their email ID for the same on NSDL CAS microsite (https://nsdlcas.nsdl.com/).

   (ii) Updated email ID and the request to receive statement of account in electronic mode which is recorded on NSDL CAS microsite will be updated directly in the demat account of the Client.

7. If the facility is provided through email:[8]

   (i) The transaction statements should be digitally signed in accordance with the Information Technology Act, 2000.

   (ii) The transaction statements should be password protected.

[6] Reference: Circular No.: NSDL/POLICY/2015/0090 dated October 9, 2015.
[7] Reference: Circular No.: NSDL/POLICY/2015/0090 dated October 9, 2015.
[8] Circular No.: NSDL/POLICY/2008/0036 dated May 21, 2008.

(iii) Participants must implement Secure Socket Layer (SSL) security for their Internet facility featuring site authentication and encrypted communication.[9]

8. If the facility is provided through website:[10]

(i) Participants must implement SSL security for their Internet facility featuring site authentication, encrypted communication and appropriate Client authentication so as to restrict the access of transaction statements only to the Client.

(ii) The transaction statements made available on website should be digitally signed in accordance with the Information Technology Act, 2000.

(iii) The transaction statements should be made available on the website for a period of atleast 12 months.

9. Facility to avail Statement of Holding and Transactions from DigiLocker Platform:[11]

(i) Registered DigiLocker users can fetch their Statement of Holding and Transactions through DigiLocker, provided that the DigiLocker user has demat account(s) with NSDL

(ii) To use this service, DigiLocker users will be required to enter DP ID, Client ID, First holder's PAN, From Date and To Date for any period within last 30 days prior to the previous business date.

10. In case, the Participant is not able to provide transaction statement to its Clients by email or on website due to any reason (including bounced emails), the Participant should ensure that the transaction statement is provided to the Client in paper form as per the time schedule stipulated in the Bye Laws & Business Rules of NSDL.[12]

11. If the Client(s) is/are desirous of receiving transaction statements in paper form, the Participants shall be duty bound to provide the same.[13]

12. Participants are advised to ensure that transaction statements being given to the Clients as per Business Rule 14.3.1 of NSDL, are dispatched directly to the addresses of Clients as per records (e.g., account opening form) of the Participant and are not distributed through franchisees.[14]

Services for Basic Services Demat Accounts:[15]

13. In case of Basic Services Demat Accounts, the Participants shall send the transaction statements as mandated by SEBI and / or Depository from time to time.

[9] Circular No.: NSDL/PI/2002/0398 dated May 7, 2002.
[10] Circular No.: NSDL/POLICY/2008/0036 dated May 21, 2008
[11] Circular No.: NSDL/POLICY/2025/0055 dated April 25, 2025
[12] Circular No.: NSDL/POLICY/2008/0036 dated May 21, 2008.
[13] Circular No.: NSDL/POLICY/2008/0036 dated May 21, 2008.
[14] Circular No.: NSDL/PI/2005/2088 dated October 28, 2005; Circular No.: NSDL/PI/99/823 dated October 20, 1999.
[15] Circular No.: NSDL/POLICY/2021/0009 dated February 08, 2021; Circular No.: SEBI/HO/MRD2/DDAP/CIR/P/2021/18 dated February 05, 2021 (Paragraph 1.6.5).

14. Charges for statements:

    (i) Electronic statements shall be provided free of cost.

    (ii) Physical statement may be charged at a fee not exceeding Rs. 25/- per statement.[16]

All other conditions as applicable to regular demat accounts, other than the ones mentioned above, shall continue to apply to basic services demat account.

15. The frequency of sending Consolidated Account Statements (CAS) or Statements of Account (SOA) for BSDA shall be on par with regular demat accounts w.e.f. September 2024 onwards.[17]

CONSOLIDATED ACCOUNT STATEMENT

16. Pursuant to the Interim Budget announcement in 2014 to create one record for all financial assets of every individual, SEBI[18] mandated the issuance of a CAS to enable a single consolidated view of all the investments of an investor in mutual funds and securities held in demat form with the Depositories.[19]
17. In pursuance to Business Rule 14.3.6, the statement of account will be sent by NSDL to all the Clients and the bill thereof will be included in the monthly bill of Participants. Accordingly, Participants will not be required to send such statement of account as per Rules 14.3.1, 14.3.2, 14.3.3 and Paragraphs 3 – 16 of this Chapter. **However, if a Client makes a request for such statement, the Participant shall be duty bound to provide the same**.[20]

18. The dispatch of CAS by NSDL to BOs would constitute compliance by the Depository Participants with requirement under Regulation 60 of SEBI (Depositories and Participants) Regulations, 2018 to provide statements of account to the BOs.[21]

19. The manner of informing NSDL for no CAS information received by Participant from Clients in writing is given at **Annexure B** along with other types of intimations with respect to Preferred Depository, Mode of delivery for receiving CAS.[22]

20. Registered DigiLocker users can also fetch their CAS via this service, provided that such DigiLocker user has demat account(s) with NSDL and is receiving CAS from NSDL. To fetch last generated CAS within last 12 months of the request date, users will be required to enter DP ID, Client ID and First Holder's PAN on the DigiLocker platform.[23]

21. The statements in respect of CM accounts will not be sent by NSDL and the Participant may continue sending such statements to CMs.[24]

[16] SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024 (Circular No.: NSDL/POLICY/2024/0097 dated July 03, 2024)
[17] Circular No.: NSDL/POLICY/2024/0122 dated August 29, 2024
[18] Circular No.: CIR/MRD/DP/31/2014 dated November 12, 2014.
[19] Circular No.: NSDL/POLICY/2014/0122 dated November 12, 2014.
[20] Circular No.: NSDL/POLICY/2015/0026 dated February 24, 2015.
[21] Circular No.: NSDL/POLICY/2014/0122 dated November 12, 2014.
[22] Circular No.: NSDL/POLICY/2015/0054 dated May 19, 2015.
[23] Circular No.: NSDL/POLICY/2025/0055 dated April 25, 2025
[24] Circular No.: NSDL/POLICY/2015/0054 dated May 19, 2015.

CLOSURE OF ACCOUNT

22. If a Client makes a request for closure of accounts, Participants should provide the SOT to such Client for the period from the beginning of the quarter in which the account is closed till the date of closure. Further, the SOT should bear the words "Account Closed" and should be prominent. For this purpose, Participants can affix a rubber stamp or create a suitable system that will clearly show on the SOT that the account has been closed.[25]

PENALTY

Nature of Non-compliance	Penal Action in ₹ / Action
Transaction statement not being sent to clients as per requirements or discrepancy observed in the transaction statement sent to clients.	₹4000 per occasion.

[25] Circular No.: NSDL/POLICY/2006/0014 dated May 11, 2006.

CHAPTER 4 – GRIEVANCE REDRESSAL

1. Every Participant (**DP/Participant**) is required to redress the grievances of beneficial owners (**Complainant / Investors**) within 21 calendar days from the date of receipt of the complaint.[1] The Participant shall resolve any investor grievance received against the Participant and submit a report of the grievances resolved to Depository and SEBI in accordance with DP Regulations.[2]

PROCEDURE OF INVESTOR GRIEVANCE REDRESSAL

2. Investors shall first take up their grievances for redressal with the Participants concerned, through their designated persons/officials who handle issues relating to compliance and redressal of investor grievances.

3. Investors can lodge their complaints / grievances against the Participant with NSDL by email [relations@nsdl.com] or online. NSDL has developed an online portal i.e., e-PASS[3] [4] facility for upload and download of Investor Grievance related correspondence for Participants. NSDL has also provided online provision for submission of Investor Grievance, at NSDL's website at: https://investor.nsdl.com/portal/en/home Participants can directly reply to the investor grievances received from Depository on the e-PASS platform.[5]

4. Investors who wish to lodge a Complaint on SCORES 2.0 (complainant) are required to register themselves on the website URL https://scores.sebi.gov.in[6] by clicking on "Register here" under the "Sign in/Sign up". While filing the registration form, details like Name of the investor, Permanent Account Number (PAN), contact details, email id, are required to be provided for effective communication and speedy redressal of the grievances. Upon successful registration, a unique user id and a password shall be generated and communicated through an acknowledgement email to the complainant.

5. Such a complaint shall be redressed by the Participant within 21 calendar days[7] Participants are advised to inform their clients about the option available to lodge their complaints on SCORES portal[8] and are accordingly required to provide a link to the SCORES portal on their website for easier access for clients.[9]

6. In order to enhance ease, speed and accuracy in the redressal of grievance, the investor may lodge the Complaint against any Participants on SCORES within a period of one year from the date of occurrence of the cause of action, where:

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[1] Circular No.: NSDL/POLICY/2023/0112 dated August 25, 2023; Gazette Notification dated August 16,2023 regarding amendment in Securities & Exchange Board of India (Depositories & Participants) Regulations, 2018. Regulation 36(2)(f) and 72, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (**DP Regulations**); Clause 24, Rights and Obligations of the Beneficial Owner and Depository Participant General Clause, Annexure K, Business Rules.
[2] Clause 24, Agreement between the DP and NSDL, Annexure A, Bye Laws.
[3] Circular No.: NSDL/POLICY/ 2016/0062 dated June 16, 2016.
[4] E-Guide on How to lodge a query/compliant/GRC/Arbitration through NSDL Website, Guide Book for Investors.pdf (nsdl.com).
[5] Circular No.: NSDL/POLICY/2018/0041 dated August 03, 2018; Circular No.: NSDL/POLICY/2022/097 dated July 07, 2022.
[6] Circular No.: NSDL/POLICY/2024/0044 dated April 10, 2024
[7] Regulation 36(2)(f) of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; Clause 6 of DP-Client Agreement; Circular No.: NSDL/PI/2001/0191 dated January 31, 2001; Circular No.: NSDL/PI/98/500 dated October 6,1998; Circular No.: NSDL/POLICY/2022/072 dated May 20, 2022.
[8] Circular No.: NSDL/POLICY/2022/012 dated January 20, 2022.
[9] Circular No.: NSDL/POLICY/ 2018/0024 dated April 23, 2018.

(a) The complainant has approached the Participant for redressal of the complaint and the Participant has rejected the complaint or the complainant has not received any communication from the concerned Participant; or

(b) The complainant is not satisfied with the reply received or the redressal by the concerned Participant.

7. If any complaint filed on SCORES is beyond the limitation period specified above, SEBI may reject such complaint.

8. The Participants shall submit the Action Taken Report ("ATR") to SEBI within 21 calendar days from the date of receipt of the complaint.

9. In case the complainant is satisfied with the resolution provided by the Participant vide the ATR or complainant does not choose to review the Complaint, the Complaint shall be disposed on SCORES. However, if the complainant is not satisfied, the complainant may request for a review of the resolution provided by the Participant within 15 calendar days from the date of the ATR.

10. In case the complainant has requested for a review of the resolution provided by the Participant, or the Participant has not submitted the ATR within the stipulated time of 21 calendar days, NSDL shall take cognizance of the Complaint for first review of the resolution through SCORES. NSDL shall take up the first review with the concerned Participant, wherever required. The concerned Participant shall submit the ATR to NSDL within the time stipulated by NSDL.

11. NSDL may seek clarification on the ATR submitted by the Participant for the first review. The concerned Participant shall provide clarification to NSDL, wherever sought and within such timeline, as NSDL may stipulate. NSDL shall stipulate the timeline in such a manner to ensure that the Designated Body submits the revised ATR to the complainant on SCORES within 10 calendar days of the review sought.

12. NSDL shall be responsible for:

(a) Monitoring and handling grievance redressal of investors against respective Participants under their domain.

(b) Taking non-enforcement actions including issuing advisories, caution letters for non-redressal of investor grievances and referring to SEBI for enforcement actions.

13. The complainant may seek a second review of the Complaint within 15 calendar days from the date of the submission of the ATR by NSDL. In case the complainant is satisfied with the ATR provided by NSDL or the complainant does not choose to review the Complaint within the period of 15 calendar days, the Complaint shall be disposed on SCORES.

14. In case the complainant is not satisfied with the ATR provided by NSDL or NSDL has not submitted the ATR within 10 calendar days, SEBI may take cognizance of the Complaint for second review through SCORES.

15. SEBI may take up the review with stakeholders involved, including the concerned Participant or/and NSDL. The concerned Participant or/and Designated Body shall take

immediate action on receipt of second review complaint from SEBI and submit revised ATR to SEBI through SCORES, within the timeline specified by SEBI.

16. SEBI or NSDL (as the case may be) may seek clarification on the ATR submitted by the concerned Participant for SEBI review complaint. The concerned Participant shall provide clarification to the respective Designated Body and/or SEBI, wherever sought and within such timeline as specified. The second review Complaint shall be treated as 'resolved' or 'disposed' or 'closed' only when SEBI 'disposes' or 'closes' the Complaint in SCORES. Hence, mere filing of ATR with respect to SEBI review complaint will not mean that the SEBI review complaint is disposed.

INVESTOR PROTECTION FUND (IPF)[10] [11]

17. Depository has established an Investor Protection Fund in the form of a trust managed in accordance with relevant directions of SEBI, to ensure effective utilization of interest income on IPF and supervision of utilization of interest on IPF.

18. In order to ensure the adequacy of corpus of the IPF, Depository shall periodically review the sources of the fund and the eligible compensation amount to recalibrate the fund to make suitable recommendation for enhancement.

19. Guidelines for utilization of IPF and Interest on IPF shall be as prescribed by SEBI from time to time.

PUBLISHING INVESTOR CHARTER AND DISCLOSURE OF INVESTOR COMPLAINTS BY PARTICIPANTS ON THEIR WEBSITES[12]

20. Participants are required to note SEBI Circular no. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/66 dated May 29, 2024 regarding modified Investor Charter and disclosure of Investor Complaints by Participants on their websites. Vide the aforesaid SEBI circular, SEBI has informed about modified Investor Charter for Depositories and Participants, inter-alia, detailing the services provided to Investors, Rights of Investors, various activities of Depository through DPs with timelines, Dos and DON'T's for Investors, Responsibilities of Investors, Code of Conduct for Depositories and DPs and Grievance Redressal Mechanism which is placed at **Annexure A**[13] along with the information to be provided in the links of the Investor Charter (Copy at **Annexure B**) SEBI advised Participants to bring the Investor Charter for Depositories and Depository Participants , to the notice of their clients (existing as well as new) by publishing the Investor Charter on their respective websites, , providing a copy of Investor Charter as a part of account opening kit to the clients, through e-mails / letters etc.

21. Furthermore, NSDL has uploaded the Investor Charter on its website. The same is available on link https://nsdl.co.in/publications/investor_charter.php. Additionally, in order to bring about transparency in the Investor Grievance Redressal Mechanism, all the Participants shall disclose on their respective websites, the data on complaints received against them or

[10] Circular No.: NSDL/POLICY/2017/0011 dated March 06, 2017.
[11] Circular No.: NSDL/POLICY/2023/0062 dated June 06, 2023.
[12] Circular No.: NSDL/POLICY/2021/0126 dated December 23, 2021, Circular No.: NSDL/POLICY/2024/0073 dated May 31, 2024
[13] Circular No.: NSDL/POLICY/2024/0089 dated June 25, 2024 and Circular No.: NSDL/POLICY/2024/0106 dated July 22, 2024

against issues dealt by them and redressal thereof, latest by 7th of succeeding month, as per the format enclosed at **Annexure C.**

REPORTING AND DISCLOSURES

22. Participants need to submit an IG Report, consisting of details about the nature of complaints received from Clients, status and manner of redressal etc.[14], on the e-PASS facility for a particular month by 10th of the following month.[15]

23. All Participants are directed to prominently display the following information regarding SCORES and grievance redressal mechanism on their websites:[16]

Filing complaints on SCORES – Easy & quick

(a) Register on SCORES portal.

(b) Mandatory details for filing complaints on SCORES:

(i) Name, PAN, Address, Mobile Number, Email ID

(c) Benefits:

(i) Effective communication
(ii) Speedy redressal of the grievance

Depository Nan	Web Address	Contact No.	Email ID
NSDL	www.nsdl.co.in	022 48867000	relations@nsdl.com

24. Participant / Depository shall update the ATR along with supporting documents, if any, electronically in SCORES, failing which the action taken will not be considered complete and the complaints will be treated as pending. The proof of dispatch of the reply of the Participant / Depository to the complainant should be uploaded on SCORES and preserved by the Participant / Depository, for future reference.

INVESTOR GRIEVANCE REDRESSAL MECHANISM - ESCALATION MATRIX[17]

25. All Participants are informed that to facilitate investor awareness about various activities, SEBI, in consultation with the market participants, has prepared an Investor Charter for Participants. Participants are advised to publish Investor Charter and disclose the Investor Complaints on their respective websites.

26. In order to further strengthen the process of handling Investors Grievances, Participants are advised to take the below measures:

[14] Circular No.: NSDL/PI/2003/1871 dated November 25, 2003.
[15] Circular No.: NSDL/POLICY/2015/0096 dated October 29, 2015.
[16] Circular No.: NSDL/POLICY/2019/0038 dated July 05, 2019; Circular No.: NSDL/POLICY/2014/0098 dated September 08, 2014.
[17] Circular No.: NSDL/POLICY/2022/122 dated September 01, 2022.

(a) Multiple modes of communication (online / offline) should be made available to the investors, with a view to ensure seamless process in raising the complaints.

(b) Strengthen the complaint redressal mechanism by hiring qualified / dedicated trained resource, impart adequate and timely trainings for better handling and closure of grievances.

(c) Escalation Matrix to be explicitly displayed on the Participant website under the 'Contact Us' page. The 'Contact Us' link should be placed on the index / homepage of the website. Upon clicking the same, it should display the details in format provided below:

Escalation Matrix:

Details of	Contact Pe	Address	Contact	Email I	Worki Hours
Customer care					

Head of Customer ca					
Compliance Officer					
CEO					

(d) Escalation Matrix should also be a part of the complaint redressal communications between Participants and Investors.

(e) Acknowledgment should be sent to the investor on receipt of grievance and should state the Complaint reference number in it. This will reduce the registration of duplicate complaints.

(f) Participants, who are also stockbrokers, shall provide separate escalation matrix for broking related queries. In case they have a common grievance handling unit, they may display the common escalation matrix as stated under point (c) above.

(g) Enhance Investor education through educational videos, webinars, flyers, bulletin and trainings, etc., at various centres.

(h) Provide regular updates to investors on changes in rules, regulations and guidelines through support portals and websites.

(i) Details of services provided by Participant / Depository to clients may be displayed on homepage of the website.

(j) Provision shall be made for online submission and acceptance of requests such as changes in demographic details, closure and KYC related matters.

[18] *For example, Mon – Sat; 9 a.m. to 12.30 pm and 2 p.m. to 6 p.m.*
Reference: Circular No.: NSDL/POLICY/2022/156 dated November 10, 2022

PENALTIES [19]

27. NSDL may impose a penalty on the Participant to the extent indicated for non-compliance as per provisions of Rule 18.1.1 of NSDL Business Rules.

COMPLIANCE OFFICER

28. The Compliance Officer appointed by the Participant shall ensure compliance with provisions of this Chapter and immediately and independently report to SEBI any non-compliance observed by him / her.

Miscellaneous

29. Participants are advised to keep themselves updated on the rules and provisions in the Bye Laws and Business Rules of Depository.

30. Participants are informed that the disclosure of details of complaints lodged by investors (Beneficial owners) against Participants including details pertaining to arbitration and penal action against the Participants is to be displayed on Depository's website.[20]

31. Depository has provided online mechanism for submission of Investor Grievance, on Depository's website. https://investor.nsdl.com/portal/en/home

ONLINE RESOLUTION OF DISPUTES (ODR) IN THE INDIAN SECURITIES MARKET[21]

32. The existing dispute resolution mechanism in the Indian securities market is revamped by establishing a common Online Dispute Resolution Portal ("ODR Portal") [22] which harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market.

33. The new SMART ODR (Securities Market Approach for Resolution Through ODR) Portal is established by Stock Exchanges and Depositories (collectively referred to as Market Infrastructure Institutions (MIIs) pursuant to aforesaid SEBI circular.

34. Participants, being Specified Intermediaries and SEBI regulated entities, shall register themselves on ODR Portal at [23].

35. An investor/client shall first take up his/her/their grievance with the market participants by lodging a complaint directly with the concerned market participant. If the grievance is not redressed satisfactorily, the investor/client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. After exhausting these options for resolution of the grievance, if the investor/client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal. [24]

36. All market participants are advised to display a link to the ODR Portal on the home page

[19] Chapter 18, Business Rules.
[20] Circular No.: NSDL/POLICY/2010/0018 dated February 23, 2010.
[21] Circular No.: NSDL/POLICY/2024/0001 dated January 01, 2024
[22] SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated July 31, 2023 (updated as on December 28, 2023)
[23] SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023
[24] SEBI Circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023.

of their websites and mobile apps. [25]

37. Furthermore, NSDL has updated the Investor Charter w.r.t steps to be followed in ODR for Review, Conciliation and Arbitration and Illustration of new grievance redressal mechanism on its website and the same is available on the below link: https://nsdl.co.in/publications/investor_charter.php

RESPONSIBILITIES OF THE MARKET PARTICIPANTS [26]

38. All agreements, contractual frameworks or relationships entered into by Market Participants with investors/clients in the Indian Securities market presently existing or entered into hereafter shall stand amended or be deemed to incorporate provision to the effect that the parties agree to undertake online conciliation and/or online arbitration by participating in the ODR Portal and/or undertaking dispute resolution in the manner specified in this Circular.

39. The Market Participants shall promptly attend to all complaints or disputes raised by its investors or clients in accordance with applicable SEBI rules, regulations and circulars. The communications shall clearly specify, the availability of the SCOREs portal and the ODR Portal to the investor/client and that the same could be accessed by such investor/client if unsatisfied with the response (or the lack thereof) of the Market Participant.

40. The Market Participants shall duly train their staff in attending to complaints/disputes and in handling the references arising from the SCOREs portal or the ODR Portal, and in participating in online conciliation and arbitration. Due cooperation and coordination with the MIIs and with the ODR Institutions shall be ensured by the Market Participants.

41. SEBI may require the Market Participants to maintain such level of interest-free deposit with the MIIs or with the concerned designated body identified vide the revised SCOREs guidelines and shall be such sums that it considers necessary and appropriate for honouring of any arbitral awards or amounts payable pending initiation of arbitration or challenge to an arbitral award. The amount of such deposit may vary depending on the category of Market Participant and may factor in the extent and nature of complaints or disputes against any specified Market Participant that are observable.

[25] SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated July 31, 2023 (updated as on December 28, 2023) regarding "Master Circular for Online Resolution of Disputes in the Indian Securities Market"
[26] SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated July 31, 2023 (updated as on December 28, 2023) regarding "Master Circular for Online Resolution of Disputes in the Indian Securities Market"

CHAPTER 5 – DP SERVICE CENTRES

1. Participants shall not assign or delegate their functions to any other person, without the prior approval of NSDL.[1]

FRANCHISEE/BRANCH/SERVICE CENTRE

2. Any depository related services offered to the investors whereby they can interact with a person (who could be an employee of the Participant or of an outside agency appointed by the Participant) for submitting various documents and receiving acknowledgment thereof, will be treated as a branch / franchisee / service centre.[2]

3. Participants are required to obtain the permission of NSDL prior to opening of a new branch or franchisee (whether offering the services as a service centre, collection centre or called by any other name). The details should be submitted through e-PASS portal. The Procedure for submission of the aforesaid details is enclosed as **Annexure A.**[3]

4. Codes will be assigned to every service centre at the time of its approval. Further, codes have also been assigned to the existing service centres of Participants. The information about the service centres and their assigned codes is available on the website of NSDL at https://nsdl.co.in/dps_search.php. Participants are requested to quote the code in all their communication related to the service centres such as closure, modification, etc.[4]

DISPLAY OF SERVICES AT SERVICE CENTRES[5]

5. NSDL has noticed that Participants provide depository services to their clients through their Service Centres located at different places and all centres do not provide similar services. These services are of various types, such as:

(i) Account Opening;
(ii) Dematerialisation / Rematerialisation;
(iii) Accepting debit / credit instruction forms;
(iv) Providing transaction statements; or
(v) Any other depository services.

6. In the interest of transparency, Participants have been advised that they should display the types of services provided by them at each Service Centre.[6] It is clarified that, in case Participants are providing all the depository services from a Service Centre, there is no need to display the type of depository services provided to clients.[7]

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[1] Regulation 69 of the DP Regulations; Bye Law 6.3.23 of NSDL Bye Laws.
[2] Circular No.: NSDL/PI/2003/1047 dated June 25, 2003.
[3] Circular No.: NSDL/POLICY/2025/0045 dated April 04, 2025
[4] Circular No.: NSDL/POLICY/2013/0106 dated September 10, 2013.
[5] Circular No.: NSDL/PI/2000/1531 dated August 24, 2000.
[6] For example, if the Kolkata service center of a Participant is providing only account opening and dematerialisation services, then it must be mentioned on the display board in the Kolkata office that only these two services are provided by the Participant at that office. The display board / chart should be prominently visible to the clients.
[7] Circular No.: NSDL/POLICY/2012/0089 dated September 5, 2012.

BRANCH CONNECTIVITY

7. With the introduction of T+1 & T+0 settlement, it is imperative that the transfer of securities takes place in an efficient and efficacious manner without any settlement failure. This requires that the Participants throughout the country should have technological compatibility with the existing infrastructure. Since they have their offices in various cities/towns, it is necessary that all the branches of a DP should be linked electronically to its head office. This would ensure that all the clearing and settlement instructions are communicated without fail. This would also mitigate risk of settlement failure.[8]

8. The branch offices of Participants that are handling more than 5000 accounts should have either direct electronic connectivity with the Depository or with the office of the Participant which is directly connected to the Depository (**Direct Connectivity**). All Participants are required to inform NSDL the number of branches which are handling more than 5000 accounts, how many of these are directly connected with NSDL and how many of these are connected with the office of the Participant which is directly connected to the Depository.[9] Non-compliance of this requirement of Direct Connectivity by branch/franchisee is required to be recorded by the Participant in the Compliance Certificate.[10]

9. In view of the increase in volume of transactions, number of accounts, dematerialisation requests and forthcoming rolling settlement, the Participants should open more branches, particularly in the cities where such services are still not available.[11]

APPOINTMENT OF QUALIFIED PERSONNEL

10. Participants are no longer mandated to appoint atleast one qualified person (NISM-DOCE or CPE) at every service centre.[12]

11. Associated Persons[13] engaged or employed by a registered Participant in certain specified activities (given below):

    (i) dealing or interacting with clients,
    (ii) dealing with securities of clients,
    (iii) handling redressal of investor grievances,
    (iv) internal control or risk management,
    (v) activities having a bearing on operational risk, and
    (vi) maintenance of books and records pertaining to the above activities.

    are required to have certification from NISM by passing the NISM-Series-VI: DOCE.

[8] Circular No.: NSDL/PI/2003/0392 dated March 6, 2003.
[9] Circular No.: NSDL/PI/99/689 dated August 27,1999.
[10] Circular No.: NSDL/POLICY/2007/0055 dated September 25, 2007.
[11] NSDL/PI/99/689 dated August 27,1999.
[12] Circular No.: NSDL/POLICY/2014/0118 dated November 3, 2014; Circular No.: NSDL/PI/99/637 dated August 13, 1999.
[13] Regulation 2(1)(c) of SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 defines "associated person" as a principal or employee of an intermediary (including a Participant) or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign portfolio investor or a foreign venture capital investor working in India.

Further, as per communiqué issued by NISM on July 9, 2012, Associated Persons belonging to certain specified categories, may obtain such qualification by successfully completing Continuing Professional Education (CPE) program.[14]

12. Passing NISM-DOCE may be optional for Associated Persons engaged / employed at service centres for carrying out only basic / elementary level / clerical level work and whose work is supervised by NISM - DOCE certified personnel.[15] The categorisation of activities falling under basic / elementary level / clerical level may be decided by depositories in co-ordination with each other.[16]

13. Passing DOCE will not be mandatory for persons engaged in the following activities whose work is supervised by NISM - Series VI – DOCE certified personnel:

(i) Collection of documents from the clients for onward transmission for processing;
(ii) Verification of copies with originals;
(iii) In-person verification to confirm presence of the individual;
(iv) Giving printouts and/or information from system to clients;
(v) Doing data entry at maker level; and
(vi) Entry in inward and outward system.

LIST OF HOLIDAYS

14. Participants are advised to send a communication to all the clients about the list of holidays for the calendar year. The list of holidays should be displayed in a prominent place, at each of the office from where the depository services are being provided.[17]

LIST OF COMPANIES WITH HIGH PENDING DEMAT REQUESTS

15. Participants are required to inform their clients suitably, while accepting demat requests of companies with highest number of pending demat requests beyond 21 days.[18]

16. NSDL has regularly been updating the list of such companies on its website. This list will be updated at regular intervals. Participants are advised to inform their clients suitably, while accepting demat requests of such companies.[19]

17. Participants are advised to maintain the aforesaid information at all their branches / franchisees / service centres.[20]

SUBMISSION OF SERVICE CENTRE DETAILS

18. Participants' service centre details and information is made available on website of NSDL. Any addition / deletion / modification should be intimated to NSDL within seven days of the change[21] through e-PASS portal and the same shall be updated on

[14] Circular No.: NSDL/POLICY/2014/0090 dated August 21, 2014.
[15] Circular No.: NSDL/POLICY/2014/0118 dated November 3, 2014.
[16] Circular No.: NSDL/POLICY/2014/0090 dated August 21, 2014.
[17] Circular No.: NSDL/POLICY/2006/0017 dated June 5, 2006.
[18] Circular No.: NSDL/PI/2001/1694 dated November 6, 2001.
[19] *Id.*
[20] Circular No.: NSDL/PI/2004/0391 dated March 1, 2004.
[21] Circular No.: NSDL/POLICY/2006/0036 dated September 7, 2006.

the NSDL website. The procedure for submission of the aforesaid details is enclosed as **Annexure A**.[22]

19. Participants are requested to verify the same on NSDL website and inform about discrepancies, if any.

20. Participants are not required to submit the full list of service centres every year. However, Participants must ensure to obtain prior approval of NSDL for opening new service centres.[23]

SUPERVISION OF BRANCHES OF DPS[24]

21. Participants are required to put in place appropriate mechanisms to ensure that their branches are carrying on the operations in compliance with the applicable regulations, bye-laws, etc.

22. Participants are also required to put in place suitable internal control systems to ensure that all branches exercise due diligence in opening accounts, complying with KYC requirements, in ensuring systems safety, in complying with client instructions, in manner of uploading client instructions, in verifying signatures and maintaining client records, etc. DPs shall also ensure that the branches are suitably integrated.

TERMINATION OF SERVICE CENTRES

23. Participants shall terminate a service centre only after giving notice of at least 30 days to all its clients who are availing depository services through the service centre and NSDL.

24. The Participant shall inform its clients who are being provided depository services through the franchisee, about the alternate arrangements made to service the clients.[25]

LIST OF PENALTIES[26]

Sr. No.	Nature of Non-compliance	Penal Action in ₹/ Action
	Operational Deviations	
1.	Termination / Closure of franchisee / branch services contrary to Depository instructions.	₹1000 per occasion.
2.	Depository services are offered through service centres without approval of Depository.	₹5000 per occasion.

[22] Circular No.: NSDL/POLICY/2025/0045 dated April 04, 2025
[23] Circular No.: NSDL/POLICY/2010/0006 dated January 13, 2010; Circular No. NSDL/POLICY/2007/0055 dated September 25, 2007.
[24] Circular No.: NSDL/POLICY/2007/0038 dated July 9, 2007; Circular No.: MIRSD/DPS-III/Cir-9/07 dated July 3, 2007.
[25] Circular No.: NSDL/PI/2002/0346 dated February 26, 2002.
[26] Rule 18.1.1, NSDL Business Rules.

3.	Dispatch of periodic transaction statements by Participant through its service centre (branch as well as franchisees) other than one which is directly connected to the Depository or through its centralised processing unit under the supervision of its head office.	Matter to be referred to Member Committee.

CHAPTER 6 – REGISTRATION FOR PARTICIPANTS

1. CERTIFICATE OF REGISTRATION

1.1. Section 12 of the SEBI Act requires any intermediary in the capital market to function as such only under a Certificate of Registration issued by SEBI.

1.2. Participants are to obtain a certificate for registration through any depository under Chapter VI of the DP Regulations.

1.3. If an entity is a Participant of both Depositories and has received or is under process of receiving a permanent registration through one Depository and only initial registration through the other Depository, then the entity is required to approach the other Depository for approval and satisfy the following eligibility requirements on Single Registration for DPs:[1]

1.3.1. The applicant is a fit and proper person as defined in the SEBI (Intermediaries) Regulations, 2008;

1.3.2. The applicant has taken satisfactory corrective steps to rectify the deficiencies or irregularities observed in the past inspections or in case of actions initiated / taken by SEBI / depository(s) or other regulators. The depository may also seek details whether the Board of the applicant is satisfied about the steps taken. They may also carry out inspection, wherever considered appropriate;

1.3.3. Recovery of all pending fees / dues payable to SEBI and depository; and

1.3.4. Payment of registration fees as prescribed in the DP Regulations.

1.4. The Participant, to keep the registration in force, shall pay registration fee as specified in Part A of the Second Schedule of the DP Regulations for every five years from the sixth year of the date of grant of certificate of registration.[2] The fee shall be paid one month prior to expiry of the block for which the fee has been paid.

1.5. Participants may refer NSDL Bye Laws 6.2.1 (Admission Criteria) and 6.7 (CC/CH Participant), and Form -1 (Computation of Net Worth) of NSDL Business Rules.

[1] Circular No.: NSDL/POLICY/2015/0006 dated January 8, 2015.
[2] Regulation 36(5), DP Regulations.

CHAPTER 7 – DEMATERIALISATION AND REMATERIALISATION

1. Any BO must inform the Participant of the details of the certificate of security which is to be dematerialised and must surrender the same to the Participant. The Participant then shall forward such details to NSDL. After receiving the relevant information from the Issuer, NSDL will enter the name of the person who has surrendered the certificate in its records, as the BO in its records and send an intimation to the Participant.[1]

2. The following securities are eligible for dematerialisation:[2]

   a) shares, scrips, stocks, bonds, debentures, debenture stock, Indian Depository Receipts, Electronic Gold Receipt or other marketable securities of a like nature in or of any incorporated company or other body corporate;

   b) units of mutual funds, rights under collective investment schemes and venture capital funds, commercial paper, certificates of deposit, securitised debt, money market instruments, Government securities and unlisted securities shall also be similarly eligible for being held in dematerialised form in a depository; and

   c) any other security as may be specified by the SEBI from time to time.

3. The Depository shall, from time to time, suitably publish the list of securities which have been permitted for the commencement of dematerialisation.[3]

4. **PROCEDURE FOR DEMATERIALISATION OF SECURITIES[4]**

   Credit of securities into the Depository shall be made either on account of dematerialisation of physical securities or on the fresh issue of securities in the dematerialised form. A Client may convert his physical holdings of securities into dematerialised form after following due process:[5]

   a) Every Client shall submit to the Participant the securities for dematerialisation along with the Dematerialisation Request Form (DRF)[6]. The specimen of the DRF is given in Form 4 of the Business Rules. Dematerialisation request shall only be entertained from a registered holder of securities.

   b) The Participant shall ensure that the DRF submitted by its Client is completely filled and duly signed, including verification of the signature of the client with its records.

   c) The Participant shall forward the DRF, along with the security certificates [7] to the Issuer or its Registrar & Transfer Agent (**RTA**) within seven days of accepting it from the Client[8] after ascertaining that the number of certificates annexed with the DRF tallies with the number of

[1] Regulation 74, D & P Regulations
[2] Regulation 42, D & P Regulations.
[3] Bye Law 8.3, NSDL Bye Laws.
[4] Regulation 74, D & P Regulations; Rule 11.1, NSDL Business Rules.
[5] Bye Law 9.2, NSDL Bye Laws.
[6] Annexure L, Form 4, NSDL Business Rules.
[7] Reference: Circular No.: NSDL/POLICY/2026/0015 dated February 02, 2026
[8] Bye Law 9.2.3, NSDL Bye Laws; Regulation 74(4), D & P Regulations.

certificates mentioned on the DRF.

d) The Issuer or its RTA shall verify the validity of the security certificates[9] as well as the fact that the DRF has been made by the person recorded as a member in its Register of Members[10].

[11]Participants must forward additional details of the client such as address and contact details of the client, status of the account, type and subtype of the account, PAN of all the holders and the bank account details captured in the demat account so as to assist the Issuers/RTA to carry out due diligence while processing the dematerialisation requests. Participants must enclose a duly certified Client Master Report printed either from the DPM system or from Participant's back-office system; or a covering letter generated from the DPM system or from Participant's back-office system which incorporates the aforesaid details along with the DRF Form while forwarding the demat requests.[12]

e) The Participant shall check the Distinctive Numbers of certificates of securities submitted by its Client for dematerialisation with the records of Distinctive Numbers made available by the depository and ensure that the appropriate International Securities Identification Number [ISIN] is filled in DRF, as applicable.

f) The Participant shall also verify the details of the certificates submitted for dematerialisation with the details filled up in the corresponding DRF.

g) The Participant shall ensure that the certificates submitted for dematerialisation are marked by the Client with the words "Surrendered for Dematerialisation" which should be at least four inches in length and one inch in width.

h) The Participant shall ensure the safety and security of the certificates submitted for dematerialisation till the certificates are forwarded to the Issuer or its RTA.

i) The Participant shall cancel the security certificates by drawing two parallel lines across the certificate and punch two holes on the company name in the manner laid down in Annexure A of the NSDL Business Rules before forwarding the same to the Issuer or its RTA.[13]

j) The Participant shall ensure that a separate DRF is filled in by the Client for securities having distinct International Securities Identification Numbers [ISINs].

k) The Participant shall ensure that a separate DRF is filled in by the Client for locked in and free securities having the same ISIN.

[9] Reference: Circular No.: NSDL/POLICY/2022/138 dated October 04, 2022; Circular No.: NSDL/POLICY/2026/0015 dated February 02, 2026
[10] Bye Law 9.2.5, NSDL Bye Laws.
[11] Reference: Circular No.: NSDL/POLICY/2026/0015 dated February 02, 2026
[12] Reference: Circular No.: NSDL/POLICY/2018/0045 dated August 16, 2018; Circular No.: NSDL/POLICY/2018/0049 dated September 14, 2018.
[13] Annexure A, NSDL Business Rules.

l) The Participant shall ensure that the Client submits a separate DRF for each of its accounts maintained with the Participant.

m) The securities which have been dematerialised shall be credited to the accounts maintained by a Participant only when the pattern of holdings in the account of the Client matches with the pattern of holdings as per the security certificates.

Provided however that in case where the names appearing on the certificates match with the names in which the account has been opened but are in a different order, the Client can get the security certificates dematerialised by submitting the security certificates alongwith the Transposition Form as per Form 31 of Business Rules and the Dematerialisation Request Form (DRF) to the Participant. The explanation of such pattern of holding is given in Annexure B of the NSDL Business Rules.[14]

n) In the case of securities which have been submitted for dematerialisation for which any objection memo has been received from the Issuer or its RTA, the Participant shall facilitate the correction of such objections on a timely basis.

5. REJECTION OF DEMATERIALISATION REQUEST

a) Where the Issuer or its RTA rejects any dematerialisation request, it shall electronically intimate the Depository regarding such rejection within a period of fifteen days.[15]

b) On the Issuer or its RTA intimating to the Depository in the manner specified,[16] the Issuer or its RTA shall return the DRF along with the relevant security certificates[17] unless the reasons for such rejections are:-

(i) the security certificates are stolen or;

(ii) the security certificates are fake or;

(iii) in the event of an order from a court or a competent statutory authority prohibiting the transfer of such securities or;

(iv) in case duplicate certificates have been issued in respect of the securities with the same distinctive numbers[18]

c) The Participant shall send back the documents to the clients within seven days from the date of receipt of documents from the RTA/Issuer for the rejected DRN.[19]

[14] Annexure B, NSDL Business Rules.
[15] Bye Law 9.2.8, NSDL Bye Laws.
[16] Bye Law 9.2.8, NSDL Bye Laws.
[17] Circular No.: NSDL/POLICY/2026/0015 dated February 02, 2026
[18] Bye Law 9.2.9, NSDL Bye Laws.
[19] Circular No.: NSDL/POLICY/2024/0045 dated April 10, 2024

6. REMATERIALISATION PROCESS

A Client may withdraw its security balances with the Depository at any point of time by making an application to that effect to the Depository through its Participant. A Participant holding its own securities in the Depository may withdraw its security balances with the Depository by making an application to that effect to the Depository.[20]

Following is the process to be followed for rematerialisation:[21]

a) Every Client shall submit to the Participant the securities for rematerialisation along with the Rematerialisation Request Form (RRF). The specimen of the RRF is given in Form 6 of the Business Rules.

b) The Participant shall ensure that the Client submits a separate RRF for each security and for each account maintained by the Client with the Participant.

c) The Participant shall ensure that the RRF submitted by its Client is completely filled and duly signed.

d) The Participant shall ensure that the Client has sufficient free holdings in its account maintained in electronic form and sufficient free relevant security balance before sending the RRF to the Issuer or its Registrar and Transfer Agent (RTA). Participant shall forward the RRF to the Issuer or its RTA within seven days of accepting such request from the Client.[22]

e) If there is sufficient balance, the Participant shall accept the said RRF and block the balance of the Client to the extent of the rematerialisation quantity and electronically intimate the request to the Depository.[23] On receipt of the request referred to in Bye Law 9.4.4, the Depository shall block the balance of the Participant to the extent of rematerialisation quantity in Depository system.[24]

f) The Participant shall verify the signatures on each rematerialisation request with the signatures on the records held with it and authorise each RRF before forwarding it to the Issuer or its RTA.

g) The Participant shall print the Client details from the DPM (DP) and enclose the same along with the RRF to the Issuer or its RTA.

h) The securities issued at the time of rematerialisation shall be in the name of the person(s) who held the account in respect of which such securities have been rematerialised, as explained in Annexure C to the NSDL Business Rules.

i) The Issuer or its RTA after validating the RRF will confirm electronically to the Depository that the RRF has been accepted. Thereafter the Issuer or its RTA shall despatch the share certificates arising out of the rematerialisation request within a period of thirty days from receipt of such RRF. On receipt of such

[20] Bye Laws 9.4.1 and 9.4.2, NSDL Bye Laws.
[21] Business Rule 11.2, NSDL Business Rules.
[22] Bye Law 9.4.7, NSDL Bye Laws.
[23] Bye Law 9.4.4, NSDL Bye Laws.
[24] Bye Law 9.4.5, NSDL Bye Laws.

acceptance from the Issuer or its RTA, the Depository shall remove the balances from the respective Participant's account and the Participant shall remove the balance from the respective Client's account.[25]

j) Every Issuer or its RTA shall issue the certificate of securities against receipt of the RRF from the Client through the Participant and on receipt of confirmed instructions from the Depository. Provided however that, in case of Government Securities, the procedure for opting out of the Depository shall be as per the provisions of Bye Laws 9.13.1 to 9.13.7.[26]

k) The Participant shall send back the documents to the clients within seven days from the date of receipt of documents from the RTA/Issuer for the rejected RRN.[27]

7. PROCESSING OF REQUEST FOR DEMATERIALIZATION OF SHARES VESTED WITH CUSTODIAN[28]

a) Custodians appointed under some special Acts such as Trial of Offences Relating to Transactions in Securities Act 1992 (TORTS), Enemy Property Act, 1968 etc. are also required to hold shares of listed companies. In such matters, the Custodians may be treated as holder / member in the Register of Member of the company. The Custodians may also hold such shares in dematerialised form in the Depositories Act, 1996 and accordingly clarifies that if any RTA / Company receives an application from such Custodians for dematerialisation of shares:-

(i) The Regulation 40(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which disallows transfer of physical shares from April 01, 2019, will not be applicable in such matters.

(ii) The shares after dematerialisation may be credited to the demat account of such Custodian.

8. TRANSFER OF SHARES TO DEMAT ACCOUNT OF IEPF AUTHORITY:[29]

a) As per Section 124 (6) of Companies Act, 2013 and the relevant notified Rules, the shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years or more, are required to be transferred by the company to the Investor Education and Protection Fund Authority (IEPF). All companies are required to transfer such shares to IEPF, whether held in dematerialized form or physical form, to the demat account of IEPF by way of corporate action.

[25] Bye Laws 9.4.7 and 9.4.8, NSDL Bye Laws.
[26] Bye Law 8.5.4, NSDL Bye Laws.
[27] Reference: Circular No.: NSDL/POLICY/2024/0045 dated April 10, 2024
[28] Reference: Circular No.: NSDL/POLICY/2021/0090 dated August 24, 2021.
[29] Reference: Circular No.: NSDL/POLICY/2017/0026 dated May 11, 2017.

b) NSDL added freeze reason codes to make the freeze reasons more specific and to facilitate transfer of securities to IEPF.

c) Participants were advised to take note of the following:

(i) When the company executes the corporate action for transfer of shares to IEPF Authority,

(I) In case there is a freeze under the freeze reason code "15" to "33", the transfer of shares will not be effected.

(II) In case there is a freeze other than the above freeze reason code, the transfer of shares will be effected.

(ii) In respect of those freeze where the debit will not be effected through corporate action i.e. freeze reasons "15" to "33", Participants are requested to ensure that the order of the court/tribunal/statutory authority is readily available with the Participant.

9. TRANSMISSION (NAME DELETION) AND DEMATERIALISATION OF SECURITIES[30]

In case of death of one or more of the joint holders, the surviving joint holder(s) can get the name(s) of the deceased deleted from the security certificate(s) and get them dematerialised by submitting the security certificates along with the Transmission Form as per Form 32[31] provided in Business Rules and the DRF to the Participant.

10. SIGNATURE VARIATION FORM ALONGWITH DEMATERIALISATION REQUEST[32]

In case the signature of the client recorded with the Issuer varies with thesignature of the client as recorded with the Participant, the client may submit to the Participant a Signature Variation Form as per Form 42[33] provided in Business Rules alongwith the DRF.

11. ACCEPTANCE OF SECURITY CERTIFICATES IN THE OLD NAME OF THE ISSUER FOR DEMATERIALISATION[34]

a) In case the certificates submitted by the client are in old name of the issuer, the Participant shall accept the requests for dematerialisation.
b) The Participant shall verify the name change information available on the NSDL website or Ministry of Corporate Affairs (MCA) website and if the name matches, the Participant can accept the certificate with old name for dematerialisation of securities.

[30] Rule 11.1.19, NSDL Business Rules; Bye Law 9.2.14, NSDL Bye Laws.
[31] Annexure L, Form 32, NSDL Business Rules.
[32] Rule 11.1.20, NSDL Business Rules.
[33] Annexure L, Form 42, NSDL Business Rules.
[34] Reference: Circular No.: NSDL/POLICY/2024/0065 dated May 22, 2024, Business Rule 11.1

12. DEMATERIALISATION OF GOVERNMENT SECURITIES[35]

a) Every Client desirous of getting the physical securities converted into dematerialised form shall submit the securities to the Participant along with the Dematerialisation Request Form (DRF-GS)[36] and the form of transfer prescribed by RBI are given in Form 23 and Form 24 of Business Rules respectively.

b) The Participant shall ensure that the DRF-GS submitted by its Client is duly filled and signed.

c) The Participant shall forward the DRF-GS to the Depository only after ascertaining that the face value of certificates annexed with the DRF-GS tallies with the face value of certificates mentioned on the DRF-GS.

d) The Participant shall execute and forward the request electronically for transfer of holdings held in other eligible SGL entity to an account held with the Participant in the DPM System and shall inform the SGL entity name and SGL account number of the other eligible entity to NSDL in such form and manner as may be prescribed.

e) The Participant shall also verify the details of the certificates submitted for dematerialisation with the details filled up in the corresponding DRF-GS.

f) The Participant shall ensure that the certificates submitted for dematerialisation are endorsed on the reverse, in the space provided, with the words "**Tendered for Cancellation and Credit to SGL A/c. No. SG020196 of National Securities Depository Limited, Mumbai**" in the manner laid down in Annexure I of the NSDL Business Rules**.**[37]

g) The responsibility to ensure safety and security of the certificates submitted for dematerialisation is on the Participant till the certificates are forwarded to the Depository.

h) The Participant shall not deface or mutilate the certificates either by punching holes or by any other means.

i) The Participant shall ensure that a separate DRF-GS is filled in by the Client for securities having distinct International Securities Identification Numbers [ISINs].

j) The Participant shall ensure that the Client submits a separate DRF-GS for each of its accounts maintained with the Participant.

k) The securities requested for dematerialisation are credited to the accounts maintained with a Participant only when the pattern of holding in the account of the Client matches with the pattern of holding as per the security certificates.

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[35] Rule 11.5, NSDL Business Rules; Bye Law 9.12, NSDL Bye Laws.

[36] Annexure L, Form 25, NSDL Business Rules.

[37] Annexure I, NSDL Business Rules.

The explanation of such pattern of holding is given in Annexure B of the NSDL Business Rules[38]. Provided however that, in case of transfer of holdings from an SGL account with other eligible entity, credit may be allowed when the securities are in the name of the other eligible entity.

l) In the case of securities which have been submitted for dematerialisation for which any objection memo has been received from the Depository, the Participant shall facilitate the correction of such objections on a timely basis.

m) In case of issue of securities in electronic form, the account of the Client maintained with the Participants shall be credited with such securities issued only when the pattern of holdings of such account matches with the pattern of holding given in the allotment statement. The pattern of such holding has been explained in Annexure B of the NSDL Business Rules[39].

n) Where any dematerialisation request is rejected by RBI, the Depository shall electronically intimate the Participant regarding such rejection within a period of seven days[40].

o) On receipt of rejection of the dematerialisation request, the Depository shall return the DRF along with the relevant security certificates and documents submitted by the Client unless the reasons for such rejections are:-

(i) the security certificates lodged by the Client are reported to be stolen;

(ii) the security certificates are reported to be forged or fake;

(iii) an order from a court or a competent statutory authority restraining the Depository from doing so;

(iv) any other reason which in the opinion of RBI, that it would not be proper to return the security certificates[41].

p) Dematerialisation of Treasury Bills (T-Bills). T-Bills are a form of G-Secs as per Government Securities Act, 2006, the operational procedure(s) in respect of T-Bills for transfer of securities from Subsidiary General Ledger (SGL) / Constituent Subsidiary General Ledger (CSGL) account to the depository account or vice versa, reimbursement of maturity proceeds to the investor(s) etc. is similar to the procedure(s) currently followed for dated G-Secs.[42]

13. REMATERIALISATION OF GOVERNMENT SECURITIES / WITHDRAWAL OF GOVERNMENT SECURITIES FROM THE DEPOSITORY[43]

A Client or a Participant holding its own securities in the Depository may withdraw the

[38] Annexure B, NSDL Business Rules.
[39] Annexure B, NSDL Business Rules.
[40] Bye Law 9.12.7, NSDL Bye Laws.
[41] Bye Law 9.12.8, NSDL Bye Laws.
[42] Reference: Circular No.: NSDL/POLICY/2014/0028 dated March 13, 2014.
[43] Bye Law 9.13, NSDL Bye Laws; Rule 11.6, NSDL Business Rules.

same and seek physical certificate or seek transfer to an SGL account of other eligible entity by making an application to that effect to the (i) Participant, in case of Client, and (ii) Depository, in case of Participant in the Rematerialisation Request Form (RRF-GS). The specimen of RRF- GS is given in Form 25 of the Business Rules.

a) The procedure to be followed for the same is as below:

(i) The Participant shall ensure that the Client submits a separate RRF-GS for each security and for each account maintained by the Client with the Participant, and also that the RRF-GS submitted by its Client is duly filled and signed.

(ii) The Participant shall further ensure that the Client has sufficient holdings free of encumbrances or lien in its account before sending the RRF-GS to the Depository.

(iii) The Participant shall also check whether sufficient free relevant security balance is available in the account of the Client. If there is sufficient balance, the Participant shall accept the said RRF-GS and block the balance of the Client to the extent of the requested quantity and electronically intimate the request to the Depository and on receipt of the said request, the Depository shall block the balance of the Participant to the extent of rematerialisation quantity in Depository system.

(iv) The Participant is required to verify the signatures on each rematerialisation request with the signatures on the records held with it and authorise each RRF- GS before forwarding it to the Depository.

(v) The Participant shall enclose the Client details printed from the DPM in case the request was for physical certificates, and forward the same alongwith the RRF-GS to the Depository.

b) In case the request was for physical certificates:

(i) the Participant shall forward the RRF-GS and documents so received to the Depository within seven days of accepting such request from the Client. The Depository shall forward the rematerialistion request to RBI in the form prescribed by RBI.[44]

(ii) the Depository shall receive, from RBI, the physical certificates in its name and execute a form of transfer as prescribed by RBI in favour of the Client. The Depository shall confirm the acceptance of RRF-GS electronically and forward the physical certificates along with the form of transfer to the Client directly.[45]

c) In case the request was for transfer to an SGL account with other eligible entity:

[44] Bye Law 9.13.4, NSDL Bye Laws.
[45] Rule 11.6.8, NSDL Business Rules; Bye Law 9.13.6, NSDL Bye Laws.

(i) the Participant shall register such request in the DPM electronically and execute and forward the request electronically for transfer of holdings held in dematerialised form to other eligible SGL entity.[46]

(ii) The Participant shall also inform the SGL entity name and SGL account number of the other eligible entity to the Depository in such form and manner as may be prescribed.[47]

(iii) the Depository shall confirm the acceptance of RRF-GS electronically to the Participant, after obtaining approval from RBI.[48]

d) On receipt of such confirmation from RBI as mentioned in clauses (b)(ii) and (c)(i) above, the Depository shall remove the balances from the respective Participant's account and the Participant shall remove the balances from the respective Client's account.

e) for transfer of Gsec from other SGL account to NSDL demat account and vice-versa, in addition to the making an electronic request in the DPM System, the Participants must provide the SGL entity name and SGL account number of the other eligible entity to NSDL in the format enclosed at **Annexure A** in .xls format by email to NSDL at ipay@nsdl.com.[49]

14. FACILITY FOR CANCELLATION OF PENDING DEMAT REQUESTS[50]

The procedure for cancellation of pending demat requests is given below;

(i) Client must submit a letter in the prescribed format requesting to cancel the pending demat request in respect of those demat requests which are pending for more than 60 days.

15. ENHANCEMENTS IN RESPECT OF DEMATERIALISATION OF PHYSICAL SECURITIES IN DPM SYSTEM[51]

SEBI has vide its Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 5, 2019 issued directions regarding Enhanced Due Diligence for Dematerialization of Physical Securities advising listed companies or their RTA to provide data of their members holding shares in physical mode (Static database) to the Depositories. Further, Depositories are advised to capture the relevant details from the static database and put in place systems to validate dematerialization request and generate an alert in case of mismatch of name on the share certificate(s) as provided by the Issuer/RTA vis-à-vis name of the demat account holder.

Participants attention is also invited to NSDL circular no. NSDL/POLICY/2015/0056 dated June 12, 2015 regarding SEBI circular no. CIR/MRD/DP/10/2015 dated June 5, 2015 regarding database of distinctive numbers of shares.

[46] Rule 11.6.7, NSDL Business Rules; Bye Law 9.13.5, NSDL Bye Laws.
[47] Rule 11.6.7, NSDL Business Rules.
[48] Rule 11.6.9, NSDL Business Rules; Bye Law 9.13.7, NSDL Bye Laws.
[49] Reference: Circular No.: NSDL/POLICY/2013/0092 dated July 17, 2013.
[50] Reference: Circular No.: NSDL/POLICY/2009/0086 dated September 19, 2009.
[51] Reference: Circular No.: NSDL/POICY/2020/0021 dated February 24, 2020.

In order to implement aforesaid SEBI directions, e-DPM system has been enhanced in respect of 'Dematerialisation of Securities' screen under 'Demat / Remat' module.

I. Dematerialisation of Securities' Screen of Demat /Remat module:

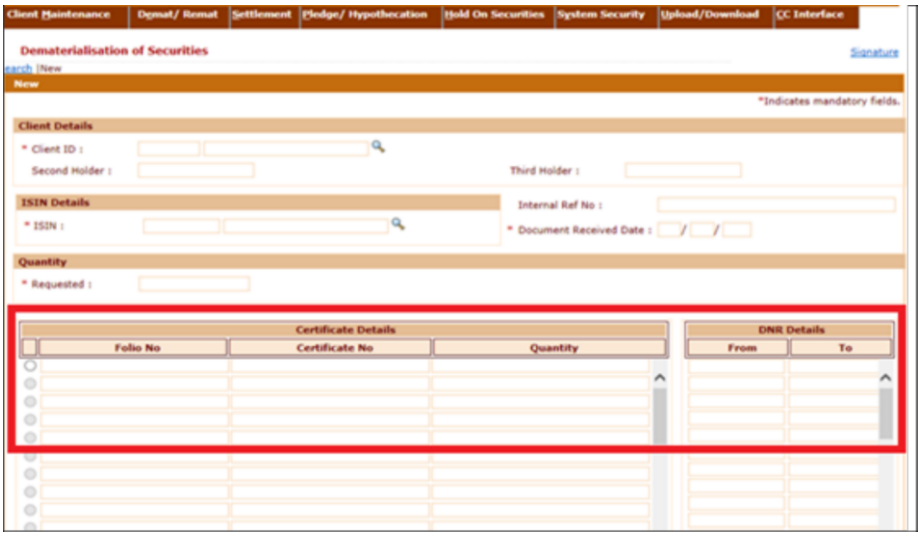
(a) The following fields are made mandatory for capturing the demat request as exhibited below:

(i) Folio No.

(ii) Certificate No.

(iii) Quantity

(iv) DNR Details – From and To



(b) Participant shall have the facility to capture multiple certificate numbers/ Distinctive Number (DN) ranges/ folio number details under one demat request.

(c) Participant may capture maximum 20 DN Ranges for single Certificate Detail i.e., Folio number and certificate number.

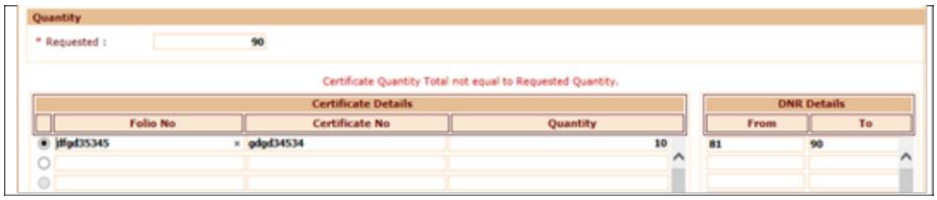
(d) Participant shall capture proper and unique DN ranges while generating the demat request. The system will not allow duplicate and overlapping DN ranges
e.g. one row with DN range **'From 1 To 50'** and other row with DN range **'From 30 to 50'** will not be allowed as these DN details are considered as duplicate / overlapping.

(e) The sum of total DN ranges under 'DNR Details' should match with Quantity mentioned under the field "Quantity" available under "Certificate Details". In case of mismatch in quantity, an error viz., **"DNR quantity does not match with Certificate Quantity for Certificate No. <<Certificate No>>"** as exhibited below will be

displayed.

(f) The certificate wise total **Quantity** under "Certificate Details" should match with the quantity captured in field viz., "Requested" Quantity of the demat

request. In case of mismatch, an error viz., **"Certificate Quantity Total not equal to Requested Quantity"** as exhibited below will be displayed.



(g) After clicking "Save" button, for generating the Demat request, distinctive numbers (DN) captured will be validated

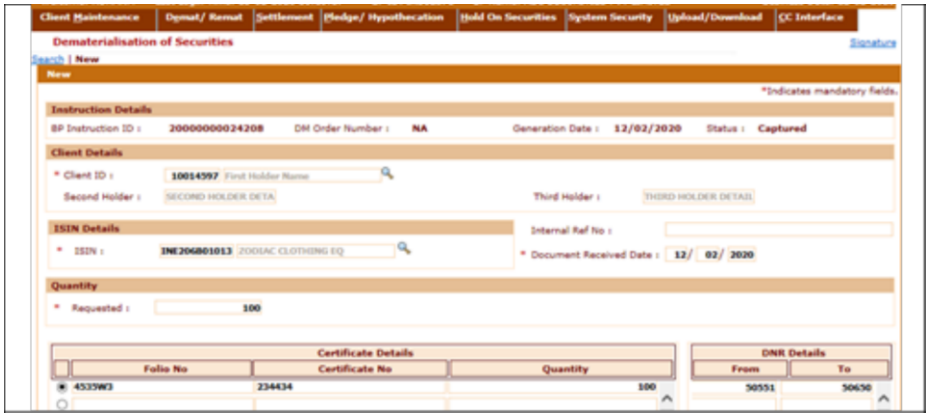
(i) If the DN range is not present in the DN database, the demat request will be rejected citing the error viz., **"Range does not exist for this ISIN".**

(ii) DN range is present in DN database but is not present in the Static Database, an alert message viz., **" Physical data not found for this ISIN "** will be displayed

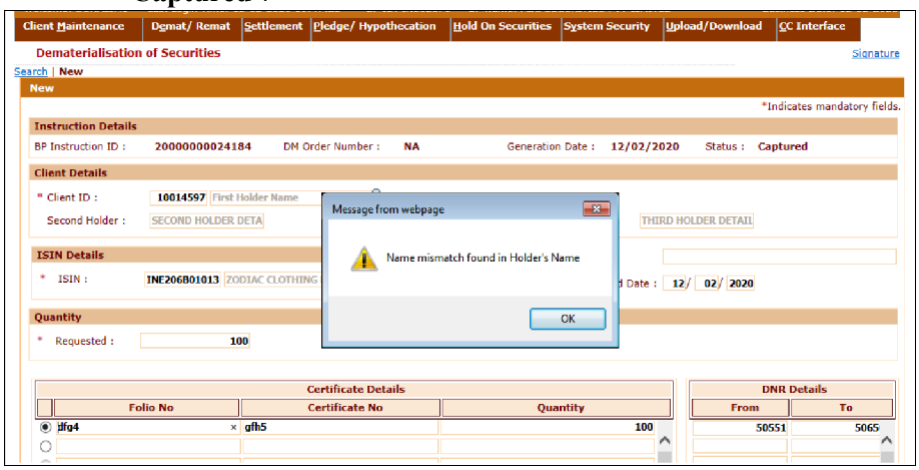
(h) If Participant is not able to process the demat request for the reasons mentioned above, Participant shall inform the accountholder suitably to enable the accountholder to approach Issuer/RTA for further action.

(i) If DN range as captured in the demat request is present in DN database as well as in the Static Database, then the depository system, based on these DN details, shall retrieve the name of the shareholder(s) as available in the Static Database (as provided by Issuer/RTA), and shall validate with the name of the demat account holder(s).

(j) If the name of the demat account holder(s) exactly matches with the name of shareholder(s) from Static Database (as provided by Issuer / RTA), the demat request will be submitted successfully and the status of demat request will be updated as '**Captured'** (as exhibited below).



(k) If the demat account holder name(s) is not matching with the shareholder(s) name in Static database (as provided by Issuer/RTA), an alert message viz., **"Name mismatch found in Holder's Name"** will be displayed and the status of demat request will be updated as '**Captured**'.



(l) Once the checker user Verify Release the demat request the order status will be updated as **'Pending with Issuer/RTA'** (as exhibited below). The Checker user will not be allowed to do any modification in respect of details captured by maker user. The checker user will be allowed to Cancel or Verify Release the request.

(m) The aforesaid screen based checks and validations will also be applicable for file upload mechanism. The upload of transaction file in respect of Demat instruction (i.e. Transaction Type: 901) has been **discontinued** from 'e-DPM Upload' link under 'Uploads & Downloads' menu and transaction file pertaining to Demat instruction shall be mandatorily uploaded from separate link i.e. **'Demat Instruction Upload'** which is made available under 'Uploads & Downloads' menu of e-DPM system.

Sr. No.	Type of document
1	Copy of Gazette Notification regarding change in name
2	Copy of legally recognized marriage certificate
3	Copy of Aadhaar Card
4	Copy of Passport

II. Shareholder Name Mismatch Report on e-DPM system:

A separate report is being made available providing the list of demat requests where name of demat account holder and name of the shareholder from Static Database (as provided by Issuer/RTA) were not exactly matched. The aforesaid report is made available (in .csv format) on e-DPM system under the link Uploads / Downloads □ Status Response □ Download with Transaction type as "Shareholder Name Mismatch". In case of such demat requests, Participant are advised to obtain any of the following additional documents explaining the difference in name and forward the same along with the demat request to Issuer/RTA for further processing.

16. PRECAUTION WHILE PROCESSING DEMAT AND CLIENT DETAIL MODIFICATIONS IN DPM[52]

Participants are advised to note the following:

[52] Reference: Circular No.: NSDL/PI/2001/1798 dated December 3, 2001.

a) Participants are required to exercise due care while processing dematerialisation requests by ensuring that the dematerialisation request forms alongwith the share

certificates are dispatched only at the address of the Issuer/RTA, as intimated by NSDL.

b) Participants, based on the request received from the Client, are required to capture the details or record changes in the address and/or bank details including MICR number in the DPM system as per the procedure communicated by NSDL in this regard.[53]

17. SUBMISSION OF ADDITIONAL INFORMATION ALONG WITH DEMAT REQUEST FORM & UPDATION OF BANK ACCOUNTS DETAILS OF CLIENTS[54]

All Participants are informed that Registrar and Transfer Agents have requested that at the time of receiving the physical requests for dematerialisation of securities, Participants must forward additional details of the client such as address and contact details of the client, status of the account, type and subtype of the account, PAN of all the holders and the bank account details captured in the demat account so as to assist the Issuers/Registrar and Transfer Agents to carry out due diligence while processing the dematerialisation requests. Accordingly, Participants are requested to take note of the following:

a) Participants must enclose following along with the Dematerialisation Request Forms:

(i) A duly certified Client Master Report printed either from the DPM system or from Participant's back-office system; OR

(ii) A covering letter generated from the DPM system or from Participant's back- office system which incorporates the aforesaid details while forwarding the demat requests.

b) The covering letter generated from the DPM system for forwarding the demat request has been enhanced to incorporate the aforesaid details.

18. ALTERNATIVE INVESTMENT FUNDS (AIFs) IN DEMATERIALISED FORM:[55]

a. SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"), have been amended and notified on June 15, 2023.[56]

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[53] Reference: Circular No.: NSDL/PI/2001/1442 dated September 21, 2001; Circular No.: NSDL/PI/2000/2295 dated December 20, 2000 and Circular No.: NSDL/POLICY/2025/0019 dated February 13, 2025

[54] Reference: Circular No.: NSDL/POLICY/2018/0072 dated December 21, 2018; Circular No.: NSDL/POLICY/2018/0045 dated August 16, 2018.

[55] Circular No.: NSDL/POLICY/2023/0072 dated June 22, 2023

[56] SEBI Circular no. SEBI/HO/AFD/PoD1/CIR/2023/96 dated June 21, 2023

b. In terms of Regulation 10(aa) of AIF Regulations, AIFs shall issue units in dematerialised form subject to the conditions specified by SEBI from time to time.

c. SEBI has issued guidelines regarding "Credit of units of AIFs in dematerialised form".[57]

d. Pursuant to SEBI directions about Issuance of units of AIFs in dematerialised form, standard operating procedure for conversion of existing Alternative Investment Fund (AIF) units represented by Statement of Account (SoA) into dematerialised form through Alternative Investment Fund (AIF), Investment Manager (IM) / Registrar and Transfer Agent (RTA) is given in the enclosed **Annexure B.**

19. **PENALTIES**

Sr. No.	**Nature of Non-compliance**	**Penal Action in ₹/ Action**
Operational Deviations		
1.	Delay in dispatch of demat requests beyond seven working days after receipt of Demat Request Form and certificates from the client.	₹500 per occasion.
2.	Sending securities for dematerialisation to Register & Transfer Agents / Issuers without defacing and mutilating certificates.	₹200 per occasion.
3.	Any type of transaction not executed as per the procedure prescribed by NSDL such as change in bank details, change in signature, transmission, account closure, freeze/unfreeze, pledge, remat etc. as prescribed under guidelines of NSDL / SEBI / PMLA.	₹1,000 per occasion.

[57] SEBI Circular No. SEBI/HO/AFD/PoD1/CIR/2023/186 dated December 11, 2023 (Ref. Circular No.: NSDL/POLICY/2023/0173 dated December 12, 2023.

CHAPTER 8 – FEES AND CHARGES

1. The Participant shall pay annual fees specified in Part A of the Second Schedule of the D&P Regulations in the manner specified in Part B thereof.[1] Fees shall be paid to NSDL which shall then forward the fees collected from participants to the SEBI, by way of direct credit in the bank account through online payment using SEBI payment gateway.[2]

2. In case the Participant also has entered into an agreement with CDSL, it shall pay annual fees for NSDL and CDSL separately.[3]

FEES PAYABLE TO NSDL

3. NSDL does not charge the investors directly but charges its Participants, who are free to have their own charge structure for their clients. The Participant shall pay such fees and charges that may be payable to NSDL in accordance with the schedule specified under the Business Rules and any deposits or other amounts payable in accordance with the Bye Laws and Business Rules.

   3.1 In case of any default on the part of the Participant to pay any of the amounts specified above within a period of 30 days from the date of demand, without prejudice to the rights of the Depository to take disciplinary action under Chapter 11 of the Bye Laws, the Participant will be liable to pay interest at such rate at the rate of not more than 24% or such other rate as may be specified by the NSDL from time to time on the amount from the due date of payment of such amount.

   3.2 However, the NSDL may permit the payment of such amount even without interest after such due date, provided it is satisfied that there exist sufficient grounds for such delayed payment.[4]

4. The Fees are payable by Participants to the Depository in accordance with Rule 21.2 of NSDL Business Rules.

5. A list of fees and charges charged by NSDL to the Participants is available at: https://nsdl.co.in/downloadables/charges/Fees_and_Charges_to_Depository_Participants.pdf

Fee for Dematerialisation[5] & Rematerialisation[6]

6. Participants must inform their charges for rematerialisation to their clients at the time of accepting requests for rematerialisation of securities (especially for large quantities).[7]

Annual Maintenance Fee for Corporate Accounts[8]

7. From April 1, 2014 onwards, Annual Maintenance Fee at Rs 500 per account will be charged every financial year from April 1st to March 31st in the bill for the preceding March based on number of

[1] Regulation 36(1)(g) of the D & P Regulations.
[2] The Participants may take a note that they shall pay GST @ 18% on the fees payable to SEBI as a Participant from July 18, 2022 onwards. Reference: Circular No. NSDL/POLICY/2022/101 dated July 18, 2022.
[3] Regulation 38(5) of the D & P Regulations.
[4] Clause 6 of NSDL – DP Agreement, Annexure A, NSDL Bye-Laws.
[5] No fee shall be charged by NSDL for dematerialisation of securities.
[6] Rule 21.2.4 of NSDL Business Rules.
[7] Circular No.: NSDL/POLICY/2009/0053 dated July 3, 2009.
[8] Rule 21.2.7 of NSDL Business Rules.

corporate accounts as at end of March.

8. For new corporate accounts opened during the month, the Annual Maintenance Fee will be billed in the month in which the accounts are opened on a pro-rata basis till the end of financial year. E.g., If an account is opened in October 2013, it will be charged in the bill for October 2013 for 5 months till March 31, 2014 (INR 500 / 12 months X 5 months). Similarly, if an account is opened in July 2014, it will be charged in the bill for July 2014 for 8 months till March 31, 2015 (Rs 500 / 12 months x 8 months).

9. For corporate accounts closed during the month, credit note will be issued till the end of financial year on a pro-rata basis. E.g., If an account is closed in December 2013, credit note for 3 months till March 31, 2014 will be issued (INR 500 / 12 months X 3 months) in December 2013. Similarly, if an account is closed in September 2014, credit note for 6 months till March 31, 2015 will be issued (INR 500 / 12 months x 6 months) in September 2014.

10. In respect of Annual Maintenance Fee levied to Corporate Accounts which are in "Suspended" status, credit note (along with service tax as applicable) will be issued till the end of financial year on a pro rata basis.[9]

11. NSDL shall have the right to call upon the Participant to make additional contributions towards funds, and to pay such fees, deposits, such additional security deposit in cash or kind, to furnish any additional guarantee or to require the deposit of any monies in respect of contribution to funds including building fund, computerisation fund, indemnity fund, insurance fund or such other funds as the NSDL may specify from time to time.[10]

12. Applicable GST would be charged on the fees / charges payable by Participants

Charges for Basic Services Demat Account (BSDA)[11]

13. Annual Maintenance Charges

Value of Holdings in the Demat Account (Debt as well as other than debt securitie combined)	**Maximum Annual Maintenanc Charges**
Up to ₹ 4 lakhs	NIL
More than ₹ 4 lakhs but up to ₹ 10 lakhs	₹ 100
More than ₹ 10 lakhs	Not a BSDA. Regular AMC may be levied.

14. In the case of BSDA, other than AMC as specified above, BSDA shall be treated at par with non-BSDA for the purpose of levying charges for various other services and Participants shall not levy higher charges to BSDA.

[9] Circular No. NSDL/POLICY/2013/0108 dated September 18, 2013; Circular No. NSDL/POLICY/2013/0142 dated December 24, 2013; Circular No. NSDL/POLICY/2014/0120 dated November 7, 2014.
[10] Bye Law 6.1.7 of NSDL Bye Laws.
[11] Circular No.: NSDL/POLICY/2024/0097 dated July 03, 2024 and SEBI Circular SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2024/91 dated June 28, 2024

Details of Monthly Bills

15. The Participants shall receive the bill details for a given month latest by 7th of the following month.

16. The detail bill file containing comprehensive descriptions of the above charges shall be made available on a monthly basis under 'I-Assist menu' on home page of e-PASS portal [12]under the option "DP Billing". NSDL shall send digitally signed bill, credit note and annexure (if any) to the email ID(s) of the compliance officer(s) and/or alternate compliance officer(s) of the Participants through email. Further, the digitally signed bill, credit note, annexure (if any) and detail bill file will be made available for the current month as well as for the last twelve months under the option "DP Billing" which can be downloaded by Participants from e-PASS portal.

17. New billing head i.e. "ES" is added in DP bill with respect to billing done for e-Sign facility. Currently, the said charges towards e-Sign facility (applicable for Insta Demat, Online Nomination, Account Closure cum Transfer and KYC attributes) is included under 'Miscellaneous' head in DP bill. [13]

The aforesaid changes incorporated in monthly DP billing effective from September 01, 2023. The separate detailed bill file will be provided to Participants on NSDL e-PASS portal.

FEES/CHARGES TO BE PAID BY CLIENTS

18. The Participant shall have the discretion to charge any fees to its Clients. Further, the Participant may charge different types of fees to its various Clients. In the event of the Client committing a default in the payment of any of the charges within a period of thirty days from the date of demand, without prejudice to the right of the Participant to close the account of the Client, the Participant may charge interest @ not more than 24% p.a. or such other rate as may be specified by NSDL from time to time for the period of such default.[14]

19. The Beneficial Owner/Client shall pay such charges to the DP for the purpose of holding and transfer of securities in dematerialized form and for availing depository services as may be agreed to from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP. It may be informed to the Beneficial Owner that *"No charges are payable for opening of demat accounts"*.

20. In case of Basic Services Demat Accounts, the DP shall adhere to the charge structure as laid down under the relevant SEBI and/or Depository circulars/directions/notifications issued from time to time.

21. The DP shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Beneficial Owner/Client regarding the same.[15]

[12] Circular No.: NSDL/POLICY/2024/0103 dated July 11, 2024
[13] Circular No.: NSDL/POLICY/2023/0088 dated July 25, 2023

[14] Rule 5.3 of NSDL Business Rules.
[15] "Rights and Obligations of the Beneficial Owner and Depository Participant", Annexure, Master Circular for Depositories; Annexure K of NSDL Business Rules.

Submission of Charge Structure[16]

22. Participants are informed that NSDL has developed a facility for submission of charge structure on yearly basis through online portal i.e., e-PASS (https://www.epass.nsdl.com/epass/). Accordingly, Participants are requested to take note to submit charge structure on yearly basis (latest by April 30 every year) through e-PASS platform.

23. Pursuant to SEBI Circular SEBI/HO/MRD/TPD-1/P/CIR/2024/92 dated July 01, 2024, regarding 'Charges levied by Market Infrastructure Institutions – True to Label,' Participants are advised to disclose the settlement fees charged by NSDL separately in their fee structure.[17]

24. The procedure for submitting the charge structure on yearly basis through e-PASS and its salient features are enclosed as **Annexure A**. For submitting the charge structure, the maker / checker user of Participants will be able to access e-PASS through their existing log-in IDs created for submission of other periodic compliances.

25. As per the prevailing guidelines, the Participants may increase any charges/tariff agreed upon by giving notice in writing of not less than thirty days to the Beneficial Owner (BO) regarding the same.

NSDL has enhanced the module for intimating the increase in charge structure and additional details to be captured. In this context, additional tab has been developed for intimating the increase in charges/fees along with 'date of issue of 30 days' notice to clients' and the 'effective date of new tariff' will be required to be captured at the time of submission through online portal i.e., NSDL e-PASS (https://www.epass.nsdl.com/epass/).[18]

The procedure for submitting the information of the increase in tariff, date of notice to BO and effective date of tariff on the e-PASS portal and salient features are enclosed as **Annexure A1**. The existing maker / checker user of Participants will be able to access aforesaid feature on e-PASS through their existing log-in IDs.

26. NSDL has further enhanced the e-PASS module for submission of the following:
    a) Subsequent changes to the charge structure (addition/ deletion/ modification)
    b) Capture the details of billing cycle
    c) Basic Services Demat Account (BSDA) tariff charges.
    d) Mandatory submission of BSDA tariff scheme
    e) Separately disclosing NSDL and DP charges in the tariff scheme, wherever applicable

Procedure for intimating the submission on the NSDL e-PASS portal and salient features are enclosed as **Annexure A2**[19]

Account Opening, Custody and Credit of Securities[20]

27. Participants to note that:

[16] Circular No. NSDL/POLICY/2023/0049 dated April 5, 2023 and Circular No.: NSDL/POLICY/2025/0020 dated February 13, 2025 & Circular No.: NSDL/POLICY/2025/0052 dated April 16, 2025
[17] Circular No.: NSDL/POLICY/2024/0153 dated October 14, 2024
[18] Circular No.: NSDL/POLICY/2023/0158 dated November 09, 2023
[19] Circular No.: NSDL/POLICY/2025/0020 dated February 13, 2025
[20] Circular No. MRD/DoP /SE/Dep/Cir-4/2005 dated January 28, 2005.

27.1 No investor shall pay any charge towards opening of a Beneficial Owner (BO) Account (including in case of transmission[21]) except for statutory charges as applicable;
27.2 No investor shall pay any charge for credit of securities into his/her BO account; and
27.3 No custody charge shall be levied on any investor who is opening a BO account.

28. Participants are aware that in terms of SEBI Circular No. CIR/MIRSD/12/2013 dated December 4, 2013, the agreement to be executed between the person seeking to open an account with the Participant and the Participant was replaced with a common document "Rights and Obligations of the Beneficial Owner and Depository Participant". Thus, no statutory charges related to execution of the Participant Client agreement are required to be incurred. Hence, No charges like welcome kit, internet kit, stationary charge, documentation charges, etc. shall be imposed by the Participants while opening an account with a client.[22]

Account Closure[23]

29. No Account closure charges shall be imposed on the closure of any Beneficial Owner accounts. However, the transaction charges as applicable may continue to be charged.[24]

Transfer of a BO Account[25]

30. No charges shall be levied by NSDL on any Participant and by a Participant on any Beneficial Owner when the BO transfers all the securities lying in his account to another branch of the same DP or to another DP under the same depository or another depository, provided the BO Account(s) at transferee DP and at transferor DP are one and the same, i.e., identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership.[26]

31. Settlement fee for instructions generated through Account Closure/ Transmission module for transfer of securities in case of account closure will not be billed from February 01, 2012. The fee will not be applicable on fulfilling the conditions mentioned in the circular.[27]

Account Maintenance Charges (AMC) collected upfront on annual/half yearly basis on Beneficial Owner (BO) accounts[28]

32. In the event of closing of the demat account or shifting of the demat account from one Participant to another, the Account Maintenance Charges collected upfront on annual/half yearly basis by the Participant, shall be refunded by the Participant to the BO for the balance of the quarter/s. For instance, in case annual AMC has been paid by the BO and if the BO closes/shifts his account in the first quarter, he shall be refunded the amount of the balance 3 quarters i.e. 3/4th of the AMC. Likewise, if a BO closes/shifts his account in the third quarter, he shall be refunded the amount for

[21] Circular No. NSDL/PI/2001/1623 dated October 23, 2001.
[22] Circular No. NSDL/POLICY/2015/0029 dated March 2, 2015; SEBI Circular No MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005; SEBI Circular No. CIR/MIRSD/12/2013 dated December 4, 2013.
[23] SEBI Circular no. D&CC/FITTC/CIR-12/2002 dated October 30, 2002.
[24] Circular No. NSDL/PI/2002/1895 dated November 1, 2002.
[25] Circular No. MRD/DoP/Dep/Cir-22 /05 dated November 9, 2005.
[26] Circular No.: NSDL/POLICY/2006/0001 dated January 5, 2006; Circular No. NSDL/POLICY/2006/0003 dated January 30, 2006.
[27] Circular No. NSDL/POLICY/2012/0013 dated January 27, 2012; Circular No. NSDL/POLICY/2012/0140 dated December 4, 2012.
[28] Circular No. MRD/DP/20/2010 dated July 1, 2010.

the balance one quarter i.e. 1/4th of the AMC.

33. For the purpose of the above requirement the year shall begin from the date of opening of the account in quarterly rests.

34. The above requirements shall be applicable to all existing and new accounts held with DPs which collect annual/half yearly upfront AMC. It is clarified that the above requirements shall not be applicable to those DPs who collect quarterly/ monthly AMC.[29]

35. If, a) Client has given an account closure request to the Participant; b) The Client account has only those ISIN(s) in the account which is/are in suspended status or illiquid or delisted for trading and/or pending rematerialisation request(s), and c) The Client authorises the Participant to remove the standing instruction to receive credits in the account; the Participants need not provide transaction and holding statement to the Client, provided the Participant waives all charges viz., annual maintenance charges etc. on such accounts from the date of such discontinuation.[30]

In view of the above, Participants are advised not to charge AMC to the clients in respect of demat account of the client(s) who has/have given an Account Closure request and have ISIN(s) which is/are in suspended status or illiquid or delisted for trading viz., having no economic value.[31]

Further, Participants are required to update status of such demat account of the client(s) as "To be Closed" in NSDL depository system. The status of such demat account of the client(s) can be changed to 'To Be Closed' in NSDL Depository system only after Participant has checked the following conditions before processing request from the client for waiver of the charges viz., AMC:

a. The demat account is holding ISIN(s) which is/are in suspended status or illiquid or delisted for trading. For Participants to identify and validate ISINs/securities in suspended, delisted and illiquid status held in such accounts, NSDL will be sharing the ISIN details at the end of every calendar month received from the stock exchanges (viz., NSE, BSE and MSEI) through NSDL e-PASS Portal starting from January 5, 2026.

b. The demat account is not frozen due to regulatory requirements such as deficiency in KYC, order passed by regulatory authorities, etc.

c. The client is not debarred from entering the securities market due to any statutory order.

d. The client is neither promoter nor person-acting-in-concert (PAC), whose securities held are suspended or illiquid or delisted for trading.

e. The securities held are not marked as 'pledged' or 'hold' or 'encumbered' in the demat account.

f. The issuer of ISIN(s) held in such demat account is not under insolvency or liquidation process under the Insolvency and Bankruptcy Code, 2016.

g. The client has no outstanding dues towards the Depository Participant.

[29] Circular No. NSDL/POLICY/2010/0078 dated July 2, 2010.
[30] Circular No. NSDL/PI/2005/1692 dated September 9, 2005.
[31] Circular No.: NSDL/POLICY/2025/0168 dated December 22, 2025

Further, Participants are advised to disable Standing Instruction (SI) indicator before initiating "To be closed" request.
The processing of the 'To Be Closed' request(s) in respect of Beneficiary demat accounts for which account closures have been initiated during the day would be processed at EOD of the execution day.

In the event when securities become liquid or client wishes to cancel the closure request of the demat account, the client needs to open a new demat account and initiate transfer of securities from the demat account in 'To Be Closed' status to the new demat account. The demat account in 'To Be Closed' status can subsequently be closed only.

PAYMENT OF BILL BY PARTICIPANT[32]:

36. To ensure proper credit of payments and tax deducted at source (TDS) in respect of payments made to NSDL, the Participants must provide the following details along with payments made to NSDL:

    (a) Name of the Participant

    (b) DP ID

    (c) TDS amount (if any)

    (d) Bill details (Bill Number and Date) against which payment is being made

    (e) Cheque / demand draft details (number, date and amount)

37. The aforesaid details can be mentioned in a separate letter or can be provided in the enclosed form (**Annexure B**). Further, Participants are advised to write the name of the Participant and DP ID on the reverse of cheque / demand draft. Participants can also make payments to NSDL electronically through RTGS or NEFT system.

38. For payments made electronically, a separate communication must be sent to NSDL at accounts@nsdl.com mentioning the date of payment, amount paid, bank name and account number to which it is being credited in addition to the details Mentioned at point nos.(a) to (d) above. A sample email is enclosed at **Annexure C**. For Participants desirous of making payments electronically to NSDL through RTGS or NEFT system, the bank details where payment is required to be made (bank name, bank account number and IFS code) can be obtained by sending an email to accounts@nsdl.com

REQUEST FOR WAIVER OF FEES

39. All Participants shall submit the requests for waiver of fees NSDL along with all the supporting documents within one month from the date of the bill. No request for waiver will be entertained thereafter.[33] Only one request per month per DPM set-up in respect of waiver of fees will be entertained by NSDL.[34]

40. The Participant shall provide the following documents along with a letter in the format as per **Annexure D** and **Annexure E** for availing the waiver:

[32] Circular No. NSDL/POLICY/2010/0099 dated August 31, 2010.

[33] Circular No. NSDL/PI/99/496 dated June 29, 1999.
[34] Circular No. NSDL/PI/2003/2103 dated December 29, 2003.

40.1 Copy of death certificate of the deceased;

40.2 Affidavit by the nominee/legal heir, as the case may, in case of single holder account.[35]

41. Facility to request for fee waivers electronically is available through e-PASS portal[36]. The waiver requests can be applied using interactive screens or through file upload. Participants are not required to send any documents in paper form to NSDL except in case of waiver requests for account closure upon inter-depository transfers where the number of instructions per client are more than 25.

42. For all other types of waiver requests i.e. (i) account closure and intra-depository transfers (irrespective of number of instructions per client), (ii) account closure and inter-depository transfers (limited to upto 25 instructions per client account) and (iii) transmission requests, Participants are not required to send any document in paper form to NSDL. However, Participants are required to maintain such documents and produce it to officials of NSDL on demand. Detailed procedure for applying for waiver requests through i-Assist is given at **Annexure F** with the format given under **Annexure G**.

UPLOADING OF PAYMENT DETAILS ON e-PASS PORTAL

43. Payment details against invoices raised by NSDL shall be immediately updated on e-PASS portal post payment, to facilitate in providing faster credit and avoid reconciliation issues.[37] The following payment details are required to be provided on e-PASS portal.

Bill no	Bill Da	Invoice Amount	Date of Payment	NEFT/RTGS /Cheque No	Amount I	TDS	Beneficia Bank Acc

CHARGES TO CLEARING MEMBERS (CM's) IN RESPECT OF NSDL SPICE FACILITY

44. The following charges will be levied to CMs in respect of SPICE functionalities viz., SPICE- POA, SPICE-eDIS, SPICE-Margin Pledge & SPICE-DDPI as per slabs mentioned below on a quarterly basis, applicable from October 1, 2022. The said charges will be included in the DP billing on a Quarterly basis (in advance). For this purpose, quarterly fee for the next quarter will be levied based on the number of instructions submitted by CM in respect of aforesaid SPICE functionalities during the previous quarter.[38]

[35] *Id.*
[36] Circular No.: NSDL/POLICY/2025/0043 dated April 03, 2025
[37] Circular No. NSDL/POLICY/2019/0084 dated November 28, 2019 and Circular No.: NSDL/POLICY/2025/0005 dated January 09, 2025
[38] Circular No. NSDL/POLICY/2022/118 dated August 25, 2022.

No. of instructions in a previous quarter	Amount (in INR)
=1 and <= 4,999	2,000
>= 5,000 and <= 49,999	3,000
>= 50,000 and <= 99,999	4,000
>= 1,00,000 and <= 2,99,999	5,000
>= 3,00,000 and <= 9,99,999	7,000
>=10,00,000	10,000

45. The said charges is levied on a Quarterly basis (in advance) and included in the monthly DP bill under billing head "SF" (for SPICE Facility). The same is provided to DPs on NSDL e-PASS portal.[39]

ADOPTION OF STANDARDISED, VALIDATED AND EXCLUSIVE UPI IDS FOR PAYMENT COLLECTION BY SEBI REGISTERED INTERMEDIARIES FROM INVESTORS[40]

46. As per the guideline issued by SEBI vide circular dated June 11, 2025, NSDL e-PASS Portal has been enhanced to facilitate the submission of request for obtaining 'At Valid' UPI handle through the e-PASS portal (https://www.epass.nsdl.com/).

The operational guidelines for obtaining valid UPI handles by Participants (DPs) from banks through the NSDL e-PASS portal is enclosed as Annexure A3. The existing checker users of Participants will be able to access this feature on e-PASS using their existing login IDs.

[39] Circular No. NSDL/POLICY/2022/129 dated September 20, 2022., Circular No.: NSDL/POLICY/2024/0103 dated July 11, 2024

[40] Circular No.: NSDL/POLICY/2025/0075 dated June 16, 2025, Circular No.: NSDL/POLICY/2025/0110 Participant Services Circular August 21, 2025

CHAPTER 9 – ANTI - MONEY LAUNDERING

1. The directives as outlined below provide a general background and summary of the main provisions of the applicable anti-money laundering and anti-terrorist financing legislations in India. They also provide guidance on the practical implications of the PMLA The directives also set out the steps that a Participant shall implement to discourage and to identify any money laundering or terrorist financing or activities related to proliferation financing.

POLICIES AND PROCEDURES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING[1]

2. In case there is a variance in Client Due Diligence (CDD)/ Anti Money Laundering (AML) standards specified by SEBI and the regulators of the host country, branches/overseas subsidiaries of registered intermediaries are required to adopt the more stringent requirements of the two.

   If the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, financial groups shall be required to apply appropriate additional measures to manage the ML/TF risks, and inform SEBI.[2]

3. Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that all registered intermediaries ensure the fulfilment of the aforementioned obligations.

   a. “group" shall have the same meaning assigned to it in clause (cba) of sub rule (1) of rule 2 of the Prevention of Money laundering (Maintenance Records) Rules, 2005 as amended from time to time.” Groups shall implement group-wide policies for the purpose of discharging obligations under Chapter IV of the PMLA.[3]

   b. Financial groups shall be required to implement group wide programmes for dealing with ML/TF, which shall be applicable, and appropriate to, all branches and majority owned subsidiaries of the financial group as under:

      i. policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management;

      ii. the provision, at group level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes. This shall include information and analysis of transactions or activities which appear unusual (if such analysis was

[1] Circular No.: NSDL/POLICY/2024/0077 dated June 07, 2024 and SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024

[2] Circular No.: NSDL/POLICY/2024/0077 dated June 07, 2024 and SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024

[3] Circular No.: NSDL/POLICY/2024/0077 dated June 07, 2024 and SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024

done); similar provisions for receipt of such information by branches and subsidiaries from these group level functions when relevant and appropriate to risk management; and

iii. adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

4. The senior management of the Participant shall be fully committed to establishing appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The Participant shall:

i. issue a statement of policies and procedures and implement, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements.
ii. ensure that the content of these directives are understood by all staff members;

iii. regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures;

iv. adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF;

v. undertake CDD measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction;

vi. have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and

vii. develop staff members' awareness and vigilance to guard against ML and TF.

5. Policies and procedures to combat ML and TF shall cover:

i. Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;

ii. Client acceptance policy and client due diligence measures, including requirements for proper identification;

iii. Maintenance of records;

iv. Compliance with relevant statutory and regulatory requirements;

v. Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and

vi. Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF,

including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard; and,

vii. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors.

6. Each Participant shall adopt written procedures to implement the anti-money laundering provisions as envisaged under the PMLA. Such procedures shall include, the following four specific parameters which are related to the overall 'Client Due Diligence Process':

i. Policy for acceptance of clients;

ii. Procedure for identifying the clients;

iii. Risk Management;

iv. Monitoring of Transactions.

7. Client Due Diligence:[4]

i. Client Due Diligence means due diligence carried out on a client referred to in clause (ha) of sub-section (1) of section 2 of the PMLA using reliable and independent sources of identification.

ii. The CDD shall have regard to the money laundering and terrorist financing risks and the size of the business and shall include policies, controls and procedures, approved by the senior management, to enable the reporting entity to manage and mitigate the risk that have been identified either by the registered intermediary or through national risk assessment.

The Client Due Diligence measure shall comprise of the following:

iii. Obtaining sufficient information in order to identify persons who beneficially owns or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party shall be identified using reliable and independent client identification and verification procedures.. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

iv. Identify the clients, verify their identity using reliable and independent sources of identification, obtain information on the purpose and intended nature of the

[4] Circular No.: NSDL/POLICY/2024/0077 dated June 07, 2024 and SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024

business relationship, where applicable.

v. Verify the client's identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, the registered intermediary shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person.

Provided that in case of a Trust, the reporting entity shall ensure that trustees disclose their status at the time of commencement of an account based relationship.

vi. Identifying beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted. The beneficial owner shall be determined as under.

(a) **Where the client is a company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

Explanation:- For the purpose of this sub-clause:-

i. "Controlling ownership interest" means ownership of or entitlement to more than ten per cent of shares or capital or profits of the company;

ii. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

(b) **Where the client is a partnership firm**, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of/ entitlement to more than ten percent of capital or profits of the partnership or who exercises control through other means.

Explanation:- For the purpose of this clause:- "Control" shall include the right to control the management or policy decision

(c) **Where the client is an unincorporated association or body of individuals**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen per cent. of the property or capital or profits of such association or body of individuals;

(d) where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the

position of senior managing official;

(e) **Where the client is a trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with ten per cent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership; and

(f) where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

(g) **Applicability for foreign investors**: Registered intermediaries dealing with foreign investors' may be guided by SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19,2022 and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client;

(h) NSDL shall monitor the compliance of the aforementioned provision on identification of beneficial ownership through half yearly internal audits.

vii. Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (iii);

viii. Understand the nature of business, ownership and control structure of the client;

ix. Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the Participants knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds;

x. Participants shall review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be, when there are suspicions of money laundering or financing of the activities relating to terrorism or where there are doubts about the adequacy or veracity of previously obtained client identification data; and

xi. Participants shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process such that the information or data collected under client due diligence is kept up-to-date and relevant, particularly for high risk clients.

A. No transaction or account-based relationship shall be undertaken without following the CDD

procedure."

xii. Participants shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later.

xiii. Where Participant is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, the registered intermediary shall not pursue the CDD process, and shall instead file a STR with FIUIND.

xiv. Participant shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later.[5]

xv. No transaction or account-based relationship shall be undertaken without following the CDD procedure.

POLICY FOR ACCEPTANCE OF CLIENTS

8. All Participants shall develop client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher-than-average risk of ML or TF. The following safeguards are to be followed by Participants while accepting the clients:

i. No Participant shall allow the opening of or keep any anonymous account or account in fictitious names or account on behalf of other persons whose identity has not been disclosed or cannot be verified;

ii. Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher; Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile;

iii. The Participants shall undertake enhanced due diligence measures as applicable for Clients of Special Category (CSC). CSC shall include the following:

(a) Non-resident clients;

(b) High net-worth clients;

[5] Circular No.: NSDL/POLICY/2024/0077 dated June 07, 2024 and SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024

(c) Trusts, Charities, Non- Governmental Organizations (NGOs) and organizations receiving donations;

(d) Companies having close family shareholdings or beneficial ownership;

Politically Exposed Persons" (PEPs). PEP shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. The additional norms applicable to PEP as contained in the subsequent paragraph 14 of the master circular shall also be applied to the accounts of the family members or close relatives / associates of PEPs;

(e) Clients in high risk countries- While dealing with clients from or situate in high risk countries or geographic areas or when providing delivery of services to clients through high risk countries or geographic areas i.e. places where existence or effectiveness of action against money laundering or terror financing is suspect, Participants apart from being guided by the FATF statements that inter alia identify such countries or geographic areas that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatfgafi.org) from time to time, shall also independently access and consider other publicly available information along with any other information which they may have access to. However, this shall not preclude the Participant from entering into legitimate transactions with clients from or situate in such high-risk countries and geographic areas or delivery of services through such high risk countries or geographic areas;

The intermediary shall specifically apply EDD measures, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) form countries for which this is called for by the FATF.

(f) Non face to face clients. Non face to face clients means clients who open accounts without visiting the branch/offices of the Participants or meeting the officials of the Participant. Video based customer identification process is treated as face-to-face onboarding of clients;

(g) Clients with dubious reputation as per public information available etc;

The above-mentioned list is only illustrative and the Participants shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

iv. Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to

the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.

v. Ensure that an account is not opened where the Participant is unable to apply appropriate CDD measures. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to the Participant is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. The Participant shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. The Participant shall be cautious to ensure that it does not return securities or money that may be from suspicious trades. However, the Participant shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

vi. The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent- client registered with the Participants, as well as the person on whose behalf the agent is acting shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.

vii. Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

viii. The CDD process shall necessarily be revisited when there are suspicions of ML/TF.

CLIENT INDENTIFICATION PROCEDURE

9. The KYC policy shall clearly spell out the client identification procedure (CIP) to be carried out at different stages i.e., while establishing the intermediary – client relationship, while carrying out transactions for the client or when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.

10. Participants shall be in compliance with the following requirements while putting in place a CIP**:**

i. They shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs.

ii. They are required to obtain senior management approval for establishing

business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, Participant shall obtain senior management approval to continue the business relationship.

iii. They shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.

iv. The client shall be identified by them by using reliable sources including documents / information. The Participant shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

v. The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the intermediary compliance with the directives. Each original document shall be seen prior to acceptance of a copy.

vi. Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within the intermediary.

11. SEBI has specified the minimum requirements relating to KYC for certain classes of registered intermediaries from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been specified or which may be specified by SEBI from time to time, all registered intermediaries shall frame their own internal directives based on their experience in dealing with their clients and legal requirements as per the established practices.

12. Further, the intermediary shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that the intermediary is aware of the clients on whose behalf it is dealing.

13. Every Participant shall formulate and implement a CIP which shall incorporate the requirements of the PML Rules (as amended from time to time), which notifies rules for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients of the banking companies, financial institutions and intermediaries of securities market and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.

14. It may be noted that there shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by the Participant. This shall be strictly implemented by all the Participants and non-compliance shall attract appropriate sanctions.

RELIANCE ON THIRD PARTY FOR CARRYING ON DUE DILIGENCE

15. A Participant may rely on a third party for the purpose of –

i. identification and verification of the identity of a client and

ii. Determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

16. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. In terms of Rule 9(2) of PML Rules:

i. They shall immediately obtain necessary information of such client due diligence carried out by the third party;

ii. They shall take adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements will be made available from the third party upon request without delay;

iii. They shall be satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the Act;

iv. The third party is not based in a country or jurisdiction assessed as high risk;

v. The Participant shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

RISK MANAGEMENT

17. Participant shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have policies approved by their senior management, controls and procedures in this regard. Further, they shall monitor the implementation of the controls and enhance them if necessary.

18. It is generally recognized that certain clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc. As such, the registered intermediaries shall apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the registered intermediaries shall adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries shall obtain necessarily depend on the risk category of a particular client.

19. Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk.

20. Registered intermediaries shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc

21. The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

22. Participant shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and existing products. The Participant shall ensure:

    i. To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and Adoption of a risk based approach to manage and mitigate the risks"

23. The risk assessment shall also take into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions.

24. The Participant shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. They may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIU-IND/ other relevant Authorities, during audit, inspection or as and when required.

25. The Participants shall apply client due diligence measures also to existing clients on the basis of materiality and risk, and conduct due diligence on such existing relationships appropriately. The extent of monitoring shall be aligned with the risk category of the client.

26. The Participant shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transactions of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. Suspicious transactions shall also be regularly reported to the higher authorities within the Participant.

27. Further, the compliance cell of the Participant shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.

28. Any suspicious transaction shall be immediately notified to the Designated/Principal Officer within the Participant. The notification may be done in the form of a detailed

report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Designated/ Principal Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

29. Participants shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, registered intermediaries shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

30. A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

i. Clients whose identity verification seems difficult or clients that appear not to cooperate;

ii. Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity;

iii. Clients based in high risk jurisdictions;

iv. Substantial increases in business without apparent cause;

v. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;

vi. Attempted transfer of investment proceeds to apparently unrelated third parties;

vii. Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services.

It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that Participants shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

This Circular categorizes clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'CSC'. Participants are directed that such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or

persons in that country etc.

PROCEDURE FOR FREEZING OF FUNDS, FINANCIAL ASSESTS OF ECONOMIC RESOURCES OR RELATED SERVICES

31. The Participants shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, they do not have any accounts in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

32. In order to ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, Government of India has outlined a procedure through an order dated February 02, 2021 for strict compliance. These guidelines have been further amended vide a Gazette Notification dated June 08, 2021 A corrigendum dated March15, 2023 and April 22, 2024 has also been issued in this regard. The list of Nodal Officers for UAPA is available on the website of MHA. The list of Nodal Officers for UAPA is available on the website of MHA.

PROCEDURE FOR IMPLEMENTATION OF SECTION 12A OF THE WEAPONS OF MASS DESTRUCTION AND THEIR DELIVERY SYSTEMS (PROHIBITION OF UNLAWFUL ACTIVITIES) ACT, 2005 – DIRECTIONS TO STOCK EXCHANGES AND REGISTERED INTERMEDIARIES

33. The Government of India, Ministry of Finance has issued an order dated January 30, 2023 vide F. No. P-12011/14/2022-ES Cell-DOR ("the Order") detailing the procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ("WMD Act"). The Order may be accessed by clicking on DoR_Section_12A_WMD.pdf.

34. In terms of Section 12A of the WMD Act, the Central Government is empowered as under:

"(2) For prevention of financing by any person of any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems, the Central Government shall have power to—

i. Freeze, seize or attach funds or other financial assets or economic resources—

   (a) owned or controlled, wholly or jointly, directly or indirectly, by such person; or

   (b) held by or on behalf of, or at the direction of, such person; or

   (c) derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;

ii. prohibit any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is

prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.

iii. The Central Government may exercise its powers under this section through any authority who has been assigned the power under sub-section (1) of section 7."

iv. Participants are directed to comply with the procedure laid down in the aforesaid Order.

v. Participants shall:

(a) Maintain the list of individuals/entities ("Designated List") and update it, without delay, in terms of paragraph 2.1 of the Order;

(b) verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of the Designated List and in case of match, stock exchanges and registered intermediaries shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer ("CNO"), without delay. The details of the CNO are as under:

The Director FIU-INDIA Tel.No.:011-23314458, 011-23314459 (FAX) Email: dir@fiuindia.gov.in

vi. Run a check, on the given parameters, at the time of establishing a relation with a client and on a periodic basis to verify whether individuals and entities in the Designated List are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, insurance policies etc. In case, the clients' particulars match with the particulars of Designated List, stock exchanges and registered intermediaries shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies etc., held on their books to the CNO, without delay;

vii. Send a copy of the communication, mentioned in paragraphs (ii) and (iii) above, without delay, to the Nodal Officer of SEBI. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the Nodal Officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051;

viii. Prevent such individual/entity from conducting financial transactions, under intimation to the CNO, without delay, in case there are reasons to believe beyond doubt that funds or assets held by a client would fall under the purview of Section 12A (2)(a) or Section 12A(2)(b) of the WMD Act;

ix. File a Suspicious Transaction Report (STR) with the FIU-IND covering all

transactions in the accounts, covered under paragraphs (ii) and (iii) above, carried through or attempted through.

x. Upon the receipt of the information above, the CNO would cause a verification to be conducted by the appropriate authorities to ensure that the individuals/entities identified are the ones in the Designated List and the funds, financial assets or economic resources or related services, reported are in respect of the designated individuals/entities. In case, the results of the verification indicate that the assets are owned by, or are held for the benefit of, the designated individuals/entities, an order to freeze these assets under section 12A would be issued by the CNO and be conveyed to the concerned reporting entity so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals/entities.

xi. Participants shall also comply with the provisions regarding exemptions from the above orders of the CNO and inadvertent freezing of accounts, as may be applicable.

- **LIST OF DESIGNATED INDIVIDUALS/ ENTITIES**

35. The Ministry of Home Affairs, in pursuance of Section 35(1) of UAPA 1967, declares the list of individuals/entities, from time to time, who are designated as 'Terrorists'. The Participants shall take note of such lists of designated individuals/terrorists, as and when communicated by SEBI.

36. All orders under section 35 (1) and 51A of UAPA relating to funds, financial assets or economic resources or related services, circulated by SEBI from time to time shall be taken note of for compliance.

37. An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at https://press.un.org/en/content/press- release. The details of the lists are as under:

The “ISIL (Da’esh) &Al-Qaida Sanctions List”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at: https://www.un.org/securitycouncil/sanctions/1267/press-releases.

The list issued by United Security Council Resolutions 1718 of designated Individuals and Entities linked to Democratic People's Republic of Korea www.un.org/securitycouncil/sanctions/1718/press-releases.

38. Participants are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Participants shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list.

39. Participants shall maintain updated designated lists in electronic form and run a

check on the given parameters on a regular basis to verify whether the designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of securities with them.

a) The Participants shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.

40. Participants shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions carried through or attempted in the accounts covered under the list of designated individuals/entities under Section 35 (1) and 51A of UAPA.

41. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also conveyed over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: jsctcr-mha@gov.in.

42. Participants shall also send a copy of the communication mentioned above to the UAPA Nodal Officer of the State/UT where the account is held and to SEBI and FIU-IND, without delay. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. The consolidated list of UAPA Nodal Officers is available at the website of Government of India, Ministry of Home Affairs.

Participants shall also comply with SEBI's directions on the Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005.

JURISDICTIONS THAT DO NOT OR INSUFFICIENTLY APPLY THE FATF RECOMMENDATIONS

43. FATF Secretariat after conclusion of each of it's plenary, releases public statements and places jurisdictions under increased monitoring to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing risks. In this regard, FATF Statements circulated by SEBI from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered by the Participansts.

44. Participants shall take into account the risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statements. However, it shall be noted that the regulated entities are not precluded from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statements.

REPORTING TO FINANCIAL INTELLIGENCE UNIT-INDIA

45. In terms of the PML Rules, Participants are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director,
Financial Intelligence Unit - India
6th Floor, Tower-2, Jeevan Bharati Building, Connaught Place, New Delhi-110001, INDIA
Telephone : 91-11-23314429, 23314459
91-11-23319793
(Helpdesk) Email: helpdesk@fiuindia.gov.in (For FINnet and general queries): ctrcell@fiuindia.gov.in
(For Reporting Entity / Principal Officer registration related queries): complaints@fiuindia.gov.in
Website: http://fiuindia.gov.in

46. Participants shall carefully go through all the reporting requirements (https://www.sebi.gov.in/sebi_data/commondocs/jun2024/Brochures on FIU_p.pdf) and formats that are available on the website of FIU – IND under the Section Obligation of Reporting Entity – Furnishing Information – Reporting Format (https://fiuindia.gov.in/files/downloads/ Filing_Information.html). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND.

47. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents. While detailed instructions for filing all types of reports are given in the instructions part of the related formats, Participants shall adhere to the following:

i. The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

ii. The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall, on being satisfied that the transaction is suspicious, furnish the information promptly in writing by fax or by electronic mail to the Director in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 of the PML Rules. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.

iii. The Non-Profit Organization Transaction Reports (NTRs) for each shall be submitted to FIU-IND by 15th of the succeeding month.

iv. The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;

v. Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU- IND.

vi. No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/non- profit organization transactions to be reported.

vii. Non-profit organization" means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013);

viii. Every Participant, its Directors, officers and all employees shall ensure that the fact of maintenance referred to in Rule 3 of PML Rules and furnishing of information to the Director is kept confidential. Provided that nothing in this rule shall inhibit sharing of information under Rule 3A of PML Rules of any analysis of transactions and activities which appear unusual, if any such analysis has been done.

48. Participants shall not put any restrictions on operations in the accounts where an STR has been made. Participants and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level.

49. It is clarified that the Participants, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime. It is further clarified that "proceeds of crime" include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence.

Confidentiality requirement does not inhibit information sharing among entities in the group.

DESIGNATION OF OFFICERS FOR ENSURING COMPLIANCE WITH PROVISIONS OF PMLA:

50. **Appointment of a Principal Officer**: To ensure that the registered intermediaries properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU-IND. In terms of Rule 2 (f) of the PML Rules, the definition of a

Principal Officer reads as under: Principal Officer means an officer designated by a registered intermediary; Provided that such officer shall be an officer at the management level.

51. **Appointment of a Designated Director**: In addition to the existing requirement of designation of a Principal Officer, the registered intermediaries shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under: "Designated director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes –

(a) the Managing Director or a Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a company,
(b) the managing partner if the reporting entity is a partnership firm,
(c) the proprietor if the reporting entity is a proprietorship firm,
(d) the managing trustee if the reporting entity is a trust,
(e) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
(f) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above".

In terms of Section 13 (2) of the PMLA, the Director, FIU – IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the DPs to comply with any of its AML/CFT obligations.

REGISTERED INTERMEDIARIES SHALL COMMUNICATE THE DETAILS OF THE DESIGNATED DIRECTOR, SUCH AS, NAME DESIGNATION AND ADDRESS TO THE OFFICE OF THE DIRECTOR, FIU – IND.

52. **Hiring and training of employees and investor education:**

(a) **Hiring of Employees:** Participants shall have adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

(b) **Training of Employees:** Participants shall have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements shall have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

(c) **Investor Education:** Implementation of AML/CFT measures requires Participants to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records

etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for Participants to sensitize their clients about these requirements as the ones emanating from AML and CFT framework. Participants shall prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme.

1. Participants are advised to inform NSDL about the number of STRs filed by the Participant with FIU-IND for the month by 7th of the following month to NSDL through ePass portal.[6]

   The procedure for submitting the information of number of STR filed with FIU-IND on e-PASS and salient features are enclosed as **Annexure B**. The existing maker / checker user of Participants will be able to access aforesaid feature on e-PASS through their existing log-in IDs.

   Participants may note that they need not submit a 'NIL' report to NSDL.

   Participants may note that aforesaid feature to submit number of STRs filed with FIU-IND to NSDL through e-PASS portal has been released on November 10, 2023.

   Accordingly, Participants can submit details of number of STRs for the month of November 2023, filed from December 2023 onwards on e-PASS portal. The current practice of submission of information by Participants through email (i.e. on email id: PrincipalOfficer-NSDL@nsdl.com) has been discontinued.

53. All Participants are requested to note that the criteria for generation of alerts to identify suspicious transactions[7]:

54. Details of **debits** due to off-market or IDT transfers, involving ***'x'*** or more shares or having value of **Rs. *'y'*** and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.

55. Details of **credits** due to off-market or IDT transfers, involving ***'x'*** or more shares or having value of **Rs. *'y'*** and above, whichever is smaller, in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.

56. Details of **debit** transactions involving ***'w'*** or more shares or having value of Rs. ***'y'*** and above, whichever is smaller, in a single transaction or series of transactions executed during the fortnight, in an account, in an ISIN, which exceed 10 times the average size of the transaction. For this purpose, average is calculated over the total number of securities in all ISINs **debited** in an account in the past 30 days.

57. Details of credit transactions involving ***'w'*** or more shares or having value of Rs. ***'y'*** and above, whichever is smaller, in a single transaction or series of

[6] Circular No.: NSDL/POLICY/2023/0153 dated November 08, 2023

[7] Circular No. NSDL/POLICY/2008/0028 dated April 23, 2008.

transactions executed during the fortnight, in an account, in an ISIN, which exceed 10 times the average size of the transaction. For this purpose, average is calculated over the total number of securities in all ISINs **credited** in an account in the past 30 days.

58. Details of all transactions involving **'w'** or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight, in respect of the following transactions:

    (a) Demat;

    (b) Remat and

    (c) Pledges.

59. Details of **credits** due to off-market or IDT transfers, for more than **'v'** transactions, in a single account executed during the fortnight.

60. Transactions in dormant accounts: Any **debit** transaction in the dormant account will be reported as alert. It may be mentioned that any account having no **'Debit'** transaction in the last 6 months will be considered as 'Dormant' account for this purpose.

61. Participants to take note of the letter by FIU-IND dated July 21, 2022 regarding supplemental guidelines for detecting suspicious transactions under rule 7(3) of Prevention of Money Laundering (Maintenance of Records) Rules, 2005.[8]

62. Principal Officer and Designated Director of Participants to take note of the email dated December 08, 2022, informing the operational guidelines with respect to implementation of the supplementary guidelines issued by the FIU-IND i.e. frequency for downloading the new additional alerts by Participants, parameters / criteria of alerts, format used by NSDL for providing the alerts etc., to the Participants.

63. Participants to also take note:

    Participants will be required to ascertain whether the transactions/alerts intimated by NSDL, on monthly and fortnightly basis, are of a suspicious nature and submit the report directly to The Director, FIU-IND, in the prescribed format, promptly on establishment of suspicion.

64. For the purpose of reporting suspicious transactions, Participants to follow formats enclosed with SEBI Circular No. ISD/CIR/RR/AML/2/06 dated March 20, 2006, which was circulated to DPs along with NSDL Circular no. NSDL/POLICY/2006/0025 dated July 17, 2006.

65. Participants are advised to keep FIU-IND informed about the name, address, email-id and contact details of Principal Officer and Designated Director. Any change therein must also be intimated to FIU-IND & NSDL.

[8] Circular No.: NSDL/POLICY/2022/173 dated December 13, 2022.

66. Participants are advised to refer the circular number NSDL/POLICY/2024/0166 dated November 7, 2024 informing about Facility for reporting of number of Non-Profit Organisation Transaction Report (NTR). Participants are requested to adhere to the circular and submit the details before timeline mentioned in the circular.

67. Participants are advised to generate the alerts basis the consolidated RFIs for detecting suspicious transactions by the Depository Participants (DPs) as intimated to Principal Officer of Participants through email on January 27, 2025.

68. Participants to download the transaction alerts based on the criteria mentioned above and alerts shared by NSDL on monthly basis, shall use the facility of e-PASS portal . Participants will be able to download these monthly alerts through their existing Principal Officer login on NSDL e-PASS portal. The procedure for downloading these alerts is enclosed as **Annexure A.**[9]

69. Participants to take note of the letter by FIU-IND dated March 03, 2022 on separate intimation of filing of important and urgent STRs to FIU India by reporting entities. This would help the law enforcement agency concerned to take prompt action in respect of reported suspicious transactions based on Participants understanding may require urgent action from the agency.[10]

Ground rules prescribed in respect of separate intimation to the FIU:

70. Only Batch ID and report serial number may be communicated.

71. The pattern may be communicated without any of the identifier in the form of name/ID or account. No identity must be revealed.

72. No reproduction in any form of GOS of reported STR.

73. Only the most important and urgent STRs filling may be intimated. The objective should be to use the process optimally and consciously avoid overwhelming of the process.

In order to streamline the communication process, you are requested to intimate the information related to filing of important and urgent STRs on the designated email IDs viz. addl- director1@fiuindia.gov.in and dydirector7@fiuindia.gov.in.

74. Further in accordance with notification dated March 30, 2024, issued by FIU-IND, through FINnet 2.0 portal, it was informed that feature has been developed in the portal itself, to report any STR as high priority STRs. Participants are advised to refer the notification and do the needful.

REGISTRATION UNDER FINNET 2.0[11]

75. All Participants registered in FINnet 1.0 are required to re-register themselves in FINnet 2.0 module.

[9] Circular No.: NSDL/POLICY/2023/0014 dated February 02, 2023.
[10] Circular No.: NSDL/POLICY/2022/035 dated March 10, 2022.
[11] Circular No.: NSDL/POLICY/2022/074 dated May 25, 2022.

76. As per section 2(wa) read with Section 2(n) of the PMLA covers Participants as Reporting Entities to FIU-INDIA. Further, it may please be noted that as part of the re-registration exercise, REs are required not only to register Principal Officer but the details of Designated Director also need to be provided.

77. Participants already registered in FINnet 2.0 system, were advised to furnish the details in the format provided below on email at pmla_nsdl@nsdl.com with subject name as "Registration of the Reporting Entities (REs) in FINnet 2.0 system of FIU-INDIA (DP ID. INXXXXXX)" by March 21, 2024.[12]

DP ID	**DP Name**	**Name of the Principal Officer**	**Compliance Requirement**	**Compliance Status (Yes / No)**	**Date of Registration on FINnet 2.0**
			Registration of the Reporting Entities (REs) in FINnet 2.0 system of FIU-INDIA		

78. **LIST OF PENALTIES[13]**

Sr. No.	**Nature of Non-compliance**	**Penal Action in ₹/ Action**
Operational Deviations		
1.	Anti Money Laundering (AML) policy not framed as required under PMLA and not intimated to FIU-IND.	₹5,000 per occasion.
2.	Non appointment of Principal officer/Non intimation of change of Principal Officer details to FIU - IND.	₹5000 per occasion.
3.	Suspicious Transaction Register not being maintained as prescribed by NSDL.	₹5000 per occasion.

[12] Circular No.: NSDL/POLICY/2024/0033 dated March 18, 2024
[13] Rule 18.1.1, NSDL Business Rules.

CHAPTER 10 – MUTUAL FUNDS

(1) INTRODUCTION

(I) Facility for holding Mutual Fund units in dematerialised form

The existing demat accounts can be used for holding Mutual Fund (MF) units in dematerialised form. In case an investor desires to convert their existing physical units (represented by statement of account) into dematerialized form and does not have a demat account, such an investor would be required to open a demat account with any Participant. In this regard, Participant should ensure to follow the guidelines mentioned in the Business Rules, Bye-Laws and the Master Circular at the time of opening demat account.

(II) Know your Client (KYC)

Where investor desires to hold units in dematerialised form, the KYC performed by Participant would be considered compliance with applicable requirements specified for MF / Asset Management Companies (AMCs).

(III) Code of conduct / AMFI – NISM certification

Participants will be eligible to be considered as official points of acceptance as per SEBI Circular No. SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006 and conditions stipulated in SEBI Circular No. SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009 for stock brokers viz. AMFI/ NISM certification, code of conduct prescribed by SEBI for Intermediaries of MF, shall be applicable for Participants as well.

(IV) Modules for processing instructions in e-DPM System

Security Type Code	Description	Manual processing of instructions in e-DPM System	Batch Upload of instructions in e-DPM System
13	Conversion of physical certificates into demat form.	Demat/Remat Demat	Upload/Download e-DPM Upload
13	Conversion of securities held in demat form into physical certificates.	Demat/Remat Remat/ Repurchase Remat	Upload/Download e-DPM Upload
	Repurchase of securities held in demat form.	Demat/Remat Remat/ Repurchase Repurchase	
13 / 20	Conversion of MF units represented by Statement of	Demat/Remat Conversion	

Security Type Code	Description	Manual processing of instructions in e-DPM System	Batch Upload of instructions in e-DPM System
	Account (SoA) into demat form.	of Units Represented by SOA	
13 / 20	Reconversion of MF units *(held in demat form)* into SoA.	Demat/Remat Reconversion of Units into SOA/Mutual Fund Redemption Reconversion of Units into SOA	
	Redemption of MF units *(held in demat form)* through Participants.	Demat/Remat Reconversion of Units into SOA/Mutual Fund Redemption MF Redemption	

(V) **Role of Depositories in facilitating RTA's for enhancing investor's experience in MF transactions[1]**

As per SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604 dated July 21, 2021, AMCs and Depositories together with the RTAs have engaged in development of common industry wide platform that delivers an integrated, harmonized, elevated experience to the investors across the industry. Through this platform, investors can access various services for all MF in an integrated manner. Investors can also access various services for all MF through NSDL eservices website. The AMCs, RTAs, and Depositories have adopted the data definitions and standards as provided / recommended by SEBI for data exchange amongst various participants.

(VI) **Depositories to facilitate recognised stock exchanges[2]**

As per SEBI Circular No. SEBI/IMD/ CIRNo.11/183204/ 2009 and SEBI/HO/MRD1/DSAP/CIR/P/2020/29 dated November 13, 2009 and February26, 2020 respectively, investors are allowed to access infrastructure of the recognised stock exchanges to purchase and redeem MF units directly from Mutual Fund/Asset Management Companies and Participants are to facilitate these recognised stock exchanges.

[1] Circular No.: NSDL/POLICY/2021/0083 dated August 06, 2021; SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604 dated July 26, 2021.

[2] Circular No. NSDL/POLICY/2020/0025 dated March 11, 2020.

(2) SECURITY MASTER (ISIN) DOWNLOAD

"Security Master (ISIN)" download is provided at Local DPM System Uploads/Downloads/Downloads/Master, which will facilitate Participants to download all the updated ISIN details including ISINs of MF units. The download will contain details viz., ISIN, ISIN name, the company for which the ISIN is created, the security type, the face value of the ISIN and the Registrar and Transfer Agent (RTA) associated with the ISIN etc.

(3) CONVERSION OF MF UNITS/ ALTERNATIVE INVESTMENT FUND (AIF) REPRESENTED BY SOA INTO DEMATERIALISED FORM THROUGH PARTICIPANTS

(I) Introduction

Facility for Clients to submit request for conversion of their MF units represented by SoA into dematerialised form is available through their Participants.

(II) Procedure[3&4]

(i) Every Client desirous of converting MF/AIF units represented by SoA into dematerialised form through a Participant shall submit to the Participant the Conversion Request Form along with the SoA evidencing the holding of MF/AIF units. The specimen of Conversion Request Form is given in Form 2 of Annexure L of NSDL Business Rules[5] *(enclosed at **Annexure A**)*.

(ii) The Client submitting the Conversion Request Form shall declare to the Participant that the units sought to be held in dematerialised form are in the name of the Client itself and are not already dematerialised and no certificates are issued against these units.

(iii) The Participant shall first ensure that the MF/AIF units submitted by its Client for conversion belong to the list of securities admitted by the Depository as eligible to be held in dematerialised form.

(iv) The Participant shall ensure that the Conversion Request Form submitted by its Client is completely filled and duly signed.

(v) The Participant shall verify the name and the pattern of holding of the Client's account with the name and the pattern of holdings as mentioned on the SoA and Conversion Request Form.

(vi) The Participant shall intimate the Conversion Request to the Depository within five days from the date of accepting the same from its Client by initiating the request in the DPM system.

(vii) Upon receipt of electronic conversion request from the Depository,

[3] Rule 11.7 of the NSDL Business Rules.
[4] Circular No.: NSDL/POLICY/2024/0055 dated May 02, 2024
[5] Annexure L -Form 2 of the NSDL Business Rules; Circular No.: NSDL/POLICY/2024/0055 dated May 02, 2024.

the Issuer or its Registrar and Transfer Agent shall after due verification including the verification of signature of Clients from the DPM (SHR) system with their records, confirm the conversion request to the Depository for credit of the units into the account of the Client within two days from the date of receipt of request.[6]

(viii) In case any objection memo has been received for such units from the Issuer or its RTA, the Participant shall facilitate the correction of such objections on a timely basis.

(III) **Conversion directly through AMC / RTA discontinued**

The procedure for conversion of MF units represented by SoA into dematerialised form – through AMC/ RTA for MF ISINs (S*ecurity Type Code '13' and '20'*) has been discontinued. As a result, conversion requests should be submitted only through Participants.

(IV) **Conversion of MF units based on different conversion types[7]**

The DPM System enables Participants to initiate request for conversion of MF units represented by SoA based on different conversion types viz., ISIN, Mutual Fund Folios and NSDL CAS (Consolidated Account Statement) into dematerialized form. Additionally, the existing functionality in respect of ISIN based conversion with the existing file formats is still in practice. Participants can initiate conversion request through file upload mechanism on e-DPM system under the menu viz., Demat/Remat→Mutual Funds Conversion – CAS / Folio / ISIN Level – Bulk upload.

(4) RECONVERSION OF MF UNITS INTO SOA

(I) **Introduction**

Facility for Clients to re-convert MF units (*held in demat form*) into SoA is available through their Participants.

(II) **Procedure**

(i) Every Client desirous of reconverting units held in dematerialized form to units in SoA, shall submit to the Participant Reconversion Request Form. The specimen of the same is given in Form 3 of Annexure L (**Form 3**) to Business Rules (*enclosed at **Annexure B***).The Client shall submit separate Reconversion Request Form (i.e. Form 3 of Business Rules) for each Issuer separately.

(ii) The Client shall submit a separate Reconversion Request Form for locked in and free units under the same ISIN.

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6 Circular No. NSDL/POLICY/2018/0034 dated January 23, 2020; Rule 11.7 of the NSDL Business Rules; Circular No. NSDL/POLICY/2020/0011 dated January 23, 2020; Circular No.: NSDL/POLICY/2018/0034 dated June 26, 2018.

7 Circular No. NSDL/POLICY/2021/0091 dated August 27, 2021.

(iii) The Participant shall ensure that the Reconversion Request Form submitted by its Client is completely filled and duly signed.

(iv) The Participant shall ensure that the Client has sufficient free or locked-in units in its account maintained in electronic form and also verify the signatures on each Reconversion Request Form with the signatures held with it and authorise each Reconversion Request Form before forwarding it to the Issuer or its RTA.

(v) The Participant shall intimate the Reconversion Request to the Depository. After writing the Reconversion Request Number on the Reconversion Request Form and retaining a copy of the form, forward the Reconversion Request Form to the Issuer or its RTA.

(vi) The Reconversion Request Form shall be forwarded by the Participant to the Issuer or its RTA within seven days of accepting the same from its Client.

(vii) Participants are informed that e-DPM system is enhanced for uploading the date(s) on when Reconversion Request Form (RRF) were dispatched to respective RTA[8]

(viii) The units issued at the time of reconversion of units into SoA form shall be in the name(s) of the person(s) who held the account in respect of such units. At the time of reconversion of units, the units in SoA form shall be issued to the persons as per the pattern of holdings in the account of the Participant from which such units are reconverted.

(ix) The Issuer or its RTA shall after due verification promptly confirm the reconversion request to the Depository for debit of units from the account of the Client.

(x) In case any objection memo has been received for such units from the Issuer or its RTA, the Participant shall facilitate the correction of such objections on a timely basis.

(5) OPTION TO HOLD MF UNITS IN DEMATERIALISED FORMWHILE SUBSCRIBING

As per SEBI Circular No. CIR/IMD/DF/9/2011 dated May 19, 2011, MFs/AMCs should provide an option to the investor to receive allotment of MF units in their demat account while subscribing to any scheme (*open ended/close ended/Interval*). Therefore, MFs/AMCs are required to invariably provide an option to the investors to mention demat account details in the subscription form, in case they desire to hold units in demat form.

Demat option for Systematic Investment Plan (SIP) is available in case of following scenarios:

8 Circular No.: NSDL/POLICY/2025/0014 dated February 04, 2025

(i) Conversion of mutual fund units into demat form in respect of existing SIPs.

(ii) New subscriptions of SIPs for mutual funds units in demat form.

For conversion of mutual fund units into demat form including SIP facility, Participants may guide their Clients to opt for "ALL" option for conversion instead of "quantity" option. In case the "ALL" option for conversion is selected, the R&T Agent/AMC would be able to credit all units held by the investor into demat form.

(6) SUBSCRIPTION OF MF UNITS IN DEMATERIALISED FORM THROUGH STOCK EXCHANGE PLATFORM

(I) Procedure

(i) Clients (*i.e., subscribers*) can subscribe to the MF units through their Stock Brokers as per the existing process.

(ii) The MF units will be credited by AMC / RTA into the Beneficiary Owner (BO) account of the AMC through credit corporate action under free balance.

(iii) The AMC would transfer MF units from its BO account to its AMC/MF Clearing Member (CM) Pool account as given below:

Sr. No.	Stock Exchange Name	CC Name	Market Type	Deadline time for execution of instructions in the e- DPM System	Deadline time for submission of instruction s on SPEED-e
1	National Stock Exchange of India Limited	NCL	Normal Subscripti On	2.30 pm on the next day of the order date (*i.e., by T+1 day*)	1.30 pm on the next day of the order date (*i.e., by T+1 day*)
			Liquid Subscripti On	4.30 pm on the same day of the order date (*i.e., on T Day*)	3.55 pm on the same day of the order date (*i.e., on T Day*)
2	BSE Limited	ICCL	Mutual Fund Subscripti On	2.30 pm on the next day of the order date (*i.e., by T+1 day*)	1.30 pm on the next day of the order date (*i.e., by T+1 day*)

			MF Subscription – Liquid	3.30 pm on the same day of the order date (*i.e., on T Day*)	2.55 pm on the same day of the order date (*i.e., on T Day*)

(iv) The AMC has to execute Delivery-out instructions from its CM Pool Account or avail Auto DO facility of NCL/ICCL to deliver the MF units [including ELSS (Equity Linked Saving Schemes)] for Pay-in.

(v) Upon execution of Pay-in of securities as per the settlement schedule declared by NCL/ICCL, the CM Pool Account of the AMC will be debited through the usual settlement process.

(vi) NCL/ICCL will credit the MF units into the respective subscriber account by Pay-out through usual settlement process.

(II) **Credit of MF units of ELSS under lock-in in BO accounts**

(i) The MF units of ELSS credited in the BO account of Clients would be locked- in for a period of three years from the date of allotment. The allotment date would be the

"Settlement Start Date", as informed by the Stock Exchange.

(ii) To identify the ISINs that are pertaining to MF units of ELSS as informed by the AMC, ISIN details would be made available at NSDL"s e-PASS portal. The ISIN list would be updated on a daily basis by 8.30 pm.

(iii) For ELSS CM Pool to CM Pool transfers, Inter Settlement transfers and Inter Depository transfers will not be permitted from the CM Pool account till the lock-in release date.

(iv) AMCs to take adequate precautions to mention correct settlement number and market type in the DIS / capture correct settlement number in case instructions are electronically submitted at the time of transferring MF units of ELSS from their BO accounts to their AMC CM Pool Accounts.

(III) **Credit of Mutual Fund Units pertaining to the *Retirement Savings Fund /Plan* under lock-in in BO accounts**[9]

Participants are required to note the following subscription process to be followed for subscribing to MF units for Retirement Savings Fund Plan(s)

9 Circular No.: NSDL/POLICY/2015/0053 dated May 18, 2015.

(RSFP) launched by AMC(s), through the Stock Exchange infrastructure:

1. The MF units of an RSFP credited in the BO account of Clients by their Clearing Members (CM) would be locked-in for a period of five years from the date of allotment or till retirement age/age of majority (whichever is earlier). The allotment date would be the 'Settlement Start Date', as informed by the Stock Exchange. Participants can ascertain the 'Settlement Start Date' from the 'CC Calendar' provided in Local DPM System.

2. To identify the ISINs that are pertaining to MF units of RSFP as informed by the AMC, ISIN details would be made available at NSDL's e-PASS portal. The ISIN list would be updated as and when AMC provides the ISIN pertaining to the RSFP units.

3. Upon receipt of MF units of RSFP into the CM Pool Account on Pay-out, these RSFP Units can be transferred only to the BO account. CM Pool to CM Pool transfers, Inter Settlement transfers and Inter Depository transfers will not be permitted from the CM Pool account till the lock-in release date. In view of this, Participants may inform their Clients viz;

(i) CMs to take adequate precautions such as mentioning the correct Client ID in the Delivery Instruction Slips (DIS) / capturing correct Client details in case instructions are electronically submitted, at the time of transferring MF units of RSFP from their CM Pool Accounts to BO accounts.

(ii) AMCs to take adequate precautions to mention correct settlement number and market type in the DIS / capture correct settlement number in case instructions are electronically submitted at the time of transferring mutual fund units to RSFP from their BO accounts to their AMC CM Pool Accounts.

(7) Redemption of MF units *held in dematerialised form* through Stock Exchange platform

(I) **Settlement details for submission of instructions**

In addition to the Client placing order through its Stock Broker, the Client will have to submit Delivery Instruction Slips to its Participant to transfer the MF units to the designated CM Pool account of NCL / ICCL, as given below:

Sr. No.	Stock Exchange Name	CC Name	CM BP ID	Market Type	Deadline time for execution of instructions in the e- DPM System	Deadline time for submission of instructions on SPEED-e
1	National Stock Exchange of India Limited	NCL	IN565576	Normal Redemption	07:15 pm[10]	Speed-e – Normal: 6:40 pm[11] Speed-e – Direct: 7:00 pm
				Liquid Redemption	4.30 pm on Trade Day (Order Day)	3.55 pm on Trade Day (Order Day)
				MFSS T+2		
				MFSS T+4		
2	BSE Limited	ICCL	IN640016	Mutual Fund Redemption	07:30 pm[12]	Speed-e – Normal: 6:55 pm[13] Speed-e – Direct: 7:15 pm

(II) **Submission of instructions through SPEED-e**

To facilitate SPEED-e Clients (*Password based Users*) to submit instructions pertaining to MF units (*for redemption purpose*) through SPEED-e facility, designated CM BP IDs viz., IN565576 and IN640016 of NCL and ICCL respectively have been incorporated as pre-notified accounts on SPEED-e facility. Clients can transfer only MF units into these designated pre-notified pool accounts through SPEED-e facility.

(III) **Enhancement in SPICE facility for settlement of MF redemption orders routed through stock exchange platform[14]**

Participants may note that NSDL SPICE facility available on SPEED-e is

[10] Circular No.: NSDL/POLICY/2025/0068 dated May 30, 2025
[11] Circular No.: NSDL/SPEED-e/POLICY/2025/0005 dated September 01, 2025
[12] Circular No.: NSDL/POLICY/2025/0113 dated September 01, 2025
[13] Circular No.: NSDL/SPEED-e/POLICY/2025/0005 dated September 01, 2025
14 Circular No.: NSDL/POLICY/2024/0104 dated July 12, 2024 and Circular No.: NSDL/POLICY/2024/0107 dated July 24, 2024

enhanced to facilitate TM/CM to submit instructions to debit MF units from client's demat account and credit to Designated Pool Accounts of CCs i.e NCCL and ICCL. This functionality can be availed by TM/CM who have POA/eDIS or DDPI mandates from their Clients.

In this regard, the changes in file formats in respect of the back-office interface with SPICE system are highlighted and enclosed at **Annexure E**.

(8) Redemption through Participants

(I) **Introduction**

To redeem the MF units through Participants, Clients are required to submit Repurchase / Redemption Form (RF) to Participants. Participants need not forward the physical copy of the RF to the Issuer / RTA. After due verification, the RF submitted by Clients will be retained by the Participants. Participants are required to only execute electronic redemption request in the e-DPM System.

At the time of initiating manual instruction for redemption, facility to mention "All Units" *(i.e., not entering number of units)* or "Amount" is also available for Participants. Participant will enable the radio button of instruction type – "MF Redemption", enter Locked-in details (if any), enter requisite details including the MF ISIN and select "ALL Units" option. Upon selecting "ALL Units" option, "Requested quantity" field would get disabled. Similarly, Participants will enable the radio button of "Amount" option, if the redemption request is "Amount" based. In such a case, "Amount" field would be enabled to facilitate entering of an amount.

(II) **Procedure**

(i) In case the Issuer gives an option to the Client for repurchase or redemption of securities held in dematerialised form, the Client on exercising his option, shall submit to the Participant the RF in the format given in Form 7 of Annexure L (**Form 7**) to Business Rules *(enclosed at **Annexure C**)*.

(ii) The Participant shall ensure that the Client submits a separate RF for each security and for each account maintained by the Client with the Participant.

(iii) The Participant shall ensure that the RF submitted by his Client is completely filled and duly signed. The Participant shall verify the details mentioned in the RF with the details of Clients account and ensure that the RF is in order.

(iv) The Participant shall verify the signatures on each RF with the signatures on the records held with it.

(v) The Participant shall, except in case of amount based redemption,

ensure that the Client has sufficient free holdings in his account before executing the instructions in the DPM (DP).

(vi) The Participant shall execute the instructions for Repurchase or Redemption of securities in the DPM (DP).

(vii) The Issuer or its RTA shall verify the request in the DPM (SHR), and if in order, confirm the request for Redemption or Repurchase in the DPM (SHR) and pay the proceeds directly to the Client.

(9) Redemption through NSDL Mobile App:[15]

(I) **Introduction**

Investors / Beneficial Owners of NSDL Mobile APP can redeem MF units, held in their demat account (free balance), through NSDL mobile application. To avail this facility, Clients must subscribe to SPEED-e facility. Further, they are not required to submit Redemption Form (RF) to Participants for redeeming their MF units.

(II) **Procedure**

(i) Clients registered for NSDL mobile application need to login using their existing credentials. Post login, Users need to click on the option – 'Mutual Fund Redemption'.

(ii) Client must be registered for SPEED-e facility.

(iii) The list of MF units held in demat accounts of the Client will be displayed. Client will be required to select the requisite MF they wish to intend to redeem. Client can redeem only those MF units that are held in free balance.

(iv) On selecting the requisite MF, Client will be required to click on 'Units' radio button. Units available in the free balance will be displayed to the Client. Client can either enter the units manually or click on 'Redeem All Units' checkbox and then click on 'Submit' button to proceed further.

(v) Post clicking on 'Submit' button, a confirmation screen will be displayed to the Client for confirming the redemption details.

(vi) Post clicking on 'Confirm' button, an OTP will be sent to Client's registered mobile number and email address.

(vii) On clicking the 'Submit' button, the redemption request will be submitted successfully.

(viii) Client will be able to ascertain the status of instruction at the link

15 Circular no. NSDL/POLICY/2022/006 dated January 13, 2022.

'View Status'.

(ix) Once the Client submits the instruction, the status will change to 'Released'. The status of the instruction will be 'Pending with Issuer/RTA' till the Issuer/RTA confirms the instruction. Further, once the instruction is confirmed by the Issuer/RTA, the status will change to 'Accept'. Client can track thestatus of the instruction under 'View Status' tab.

(10) Redemption through SPEED-e facility[16]

SPEED-e facility for Beneficial Owner (i.e., password users and e-token users) includes the feature of enabling clients to redeem MF Redemption Units. This facility allows both type of users viz., password and e-Token users to give request to redeem the MF units. The aforesaid facility eliminates the need for Clients to submit Redemption Form (RF) to Participants for redemption of MF units available in his/her demat account.

(11) Cut-off timings for applicability of NAV (Net Asset Value) for subscription and redemption of various categories of schemes[17]

The cut-off timings for applicability of NAV for various categories of schemes are as mentioned below:

Sr. No.	Scheme Category	Cut off timings in case of subscription (Both on e-DPM System and Speed-e)	Cut off timings in case of redemption (Both on e-DPM System and Speed-e)
1.	Liquid and Overnight Funds	12:30 pm	1:00 pm (Liquid Fund) 5:00 pm (Overnight Fund) [18]
2.	Debt Schemes and Conservative Hybrid Fund, other than Liquid and Overnight Funds	1:00 pm	1:00 pm
3.	All schemes other than those mentioned above at sr. no. 1 & 2	3.00 pm	3.00 pm

(12) Transferability of MF units

MF units held in dematerialised form can be transferred from one demat account to another demat account including inter-depository transfers.

(13) Transaction Statement

16 Circular No.: NSDL/POLICY/2017/0072 dated December 7, 2017.
17 Circular no.: NSDL/POLICY/2020/0141 dated October 28, 2020; NSDL/SPEED-e/POLICY/2020/0013 dated October 28, 2020.
18 SEBI Circular No.: SEBI/HO/IMD/PoD2/P/CIR/2025/56 dated April 22, 2025

Order of display of MF/non-MF ISINs in the Transaction Statement

- To facilitate Client to identify transactions carried out in MF based ISINs and non-MF based ISINs, the Transaction Statement will display the transactions / holdings of ISINs in the following order:
- Transactions and balances of non-MF based ISINs viz., equity, debentures, certificate of deposits etc.
- Transactions and balances of MF based ISINs [*activated under security type code '20'13' and '32' (if instructions are initiated through 'Conversion of Units represented by SOA' module in e-DPM System)*].
- Holdings of non-MF based ISINs viz., equity, debentures, certificate of deposits etc. where no transactions have been executed.
- Holdings of MF based ISINs [*activated under security type code '20' '13'and '32'* (*if instructions are initiated through 'Conversion of Units represented by SOA' module in e- DPM System)*] where no transactions have been executed.

(14) Additional facilities

(I) **SMS Alert for debits of MF units in demat accounts**

SMS Alert will be sent to the demat account holders for debits of MF units. A sample text of the SMS is as follows:

Debit of MF units

"_____units of _____ (Scheme Name / ISIN as the case may be) debited on " ....." (date, dd-mm-yy) from your demat a/c no xxxx5678 –
NSDL"

(II) **IDeAS facility – Display of MF holdings & NAV**

Clients availing IDeAS facility can view the latest balances of their demat accounts on the internet. IDeAS facility displays the values in respect of MF units held by the Clients in their demat accounts based on the NAVs *(i.e. Net Asset Value)*. The date of the NAV of MF units would also be displayed on IDeAS facility.

(III) **Daily Price file**

Facility is provided to Participants to download daily price file and NAV file for MF units (*Security Type Code '13' '20'and '32'*) in a single file with file name "Combined File" available at NSDL e-PASS portal.[19]

(15) Fee on transactions in MF units held in the depository system

The fee charged to Participants in respect of transactions in mutual fund units held in the depository system can be viewed on below link:

[19] Circular No.: NSDL/POLICY/2024/0084 dated June 14, 2024

https://nsdl.co.in/downloadables/charges/Fees_and_Charges_to_Depository_Participants.pdf

(16) Penalty to be levied in respect of MF units lying in CM Pool account:

This shall be calculated in accordance with the provisions of Rule 18.1.6 of the NSDL Business Rules.

(17) Discontinuation of usage of pool accounts for transactions in units of Mutual Funds on the Stock Exchange Platforms

SEBI has discontinued intermediate pooling of funds and/or units in Mutual Fund transactions by stock brokers / clearing members on Stock Exchange platforms and by other entities including online platforms, respectively.[20]

(18) Reports, downloads and back office file formats

(I) **Reports**

Participants can refer following reports made available at Local DPM System Reports Mutual Fund, which will provide instruction details:

(i) **Conversion of MF units represented by SoA into dematerialised form**

(a) Conversion of Units Represented by SOA – Request Form

(b) Conversion of Units Represented by SOA – Request Status Report

(c) Conversion of Units Represented by SOA – Request Rejection Memo

(ii) **Reconversion of MF units into SoA**

(a) Reconversion of Units into SOA – Request Form

(b) Reconversion of Units into SOA – Request Status Report

(c) Reconversion of Units into SOA – Request Rejection Memo

(iii) **Redemption through Participants**

(a) Redemption – Request Form

(b) Redemption – Request Status Report

[20] Circular No.: NSDL/POLICY/2022/055 dated April 08, 2022; Circular No.: NSDL/POLICY/2022/039 dated March 21, 2022; Circular No.: NSDL/POLICY/2021/0103 dated October 06, 2021.

(c) Redemption – Request Rejection Memo

Participants are requested to note that in case there are pending instructions to be confirmed/rejected by AMC/RTA with respect to Conversion instruction initiated with "ALL Units" option and/or Redemption instruction initiated with "Amount" option, Client account cannot be closed in such cases till the AMC/RTA fully confirms/rejects such instructions. To ascertain such cases, refer the above mentioned request status report [point no. 17(I)].

(II) **Downloads**

"Reports" and "Downloads" available in the Local DPM System is enclosed at **Annexure D**. Covering letters would also be generated for the aforesaid modules [mentioned point no. 17(I)] upon initiation of instructions.

(III) **Back office file formats**

File formats in respect of the back office batch interface with the e-DPM/Local DPM System are available on NSDL e-PASS portal.[21]

[21] Circular No.: NSDL/POLICY/2024/0084 dated June 14, 2024

CHAPTER 11 - INTERNAL CONTROLS/REPORTING TO NSDL / SEBI

1. INTRODUCTION

1.1. To ensure effective functioning of the Participants, NSDL and SEBI, over the years, have issued circulars, amended Bye Laws and Business Rules of NSDL governing the internal control/reporting requirements of the Participants.

1.2. This chapter focuses on the mechanism for the purpose of reviewing, monitoring and evaluating the Participant's internal accounting controls, operational risks and disclosure requirements from time to time.

1.3. A Participant shall ensure that it has satisfactory internal control procedures in place to ensure that all branches exercise due diligence in opening accounts, complying with KYC requirements, in ensuring systems safety in complying with client instructions, manner of uploading client instructions, in verifying signatures, etc.

2. CYBER SECURITY AND CYBER RESILIENCE FRAMEWORK[1]

2.1. The framework on cyber security and cyber resilience as prescribed by SEBI is required to be complied with by all Participants.

2.2. Cyber-attacks and threats attempt to compromise the Confidentiality[2], Integrity[3] and Availability[4] (CIA) of the computer systems, networks and databases. Cyber security framework includes measures, tools and processes that are intended to prevent cyber-attacks and improve cyber resilience. Cyber Resilience is an organization's ability to prepare and respond to a cyber-attack and to continue operation during, and recover from, a cyber-attack.

2.3. As part of the operational risk management framework to manage risk to systems, networks and databases from cyber-attacks and threats, Participants should formulate a comprehensive Cyber Security and Cyber Resilience policy document encompassing the framework mentioned hereunder. In case of deviations from the suggested framework, reasons for such deviations, technical or otherwise, should be provided in the policy document.

2.4. The policy document should be approved by the board / partners / proprietor of the Participants. The policy document should be reviewed by the aforementioned group at least annually with the view to strengthen and improve its Cyber Security and Cyber Resilience framework.

2.5. The Cyber Security Policy should include the following process to identify, assess, and manage Cyber Security risk associated with processes, information, networks and systems:

(a) 'Identify' critical IT assets and risks associated with such assets.

[1] Circular No.: NSDL/POLICY/2018/0069 dated December 6, 2018.
[2] Confidentiality refers to limiting access of systems and information to authorized users.
[3] Integrity is the assurance that the information is reliable and accurate.
[4] Availability refers to guarantee of reliable access to the systems and information by authorized users.

(b) 'Protect' assets by deploying suitable controls, tools and measures.

(c) 'Detect' incidents, anomalies and attacks through appropriate monitoring tools/processes.

(d) 'Respond' by taking immediate steps after identification of the incident, anomaly or attack.

(e) 'Recover' from incident through incident management and other appropriate recovery mechanisms.

2.6. The Cyber Security Policy of Participants should consider the principles prescribed by National Critical Information Infrastructure Protection Centre (NCIIPC) of National Technical Research Organization (NTRO), Government of India (titled 'Guidelines for Protection of National Critical Information Infrastructure') and subsequent revisions, if any, from time to time.

2.7. The Participants may refer to best practices from international standards like ISO 27001, COBIT 5, etc., or their subsequent revisions, if any, from time to time.

2.8. The Participants must designate a senior official or management personnel (henceforth, referred to as the Designated Officer) whose function would be to assess, identify, and reduce security and Cyber Security risks, respond to incidents, establish appropriate standards and controls, and direct the establishment and implementation of processes and procedures as per the Cyber Security Policy.

2.9. The board / partners / proprietor of the Participants shall constitute a Technology Committee5 comprising experts. This Technology Committee should on a half yearly basis review the implementation of the Cyber Security and Cyber Resilience policy approved by their board / partners / proprietor, and such review should include review of their current IT and Cyber Security and Cyber Resilience capabilities, set goals for a target level of Cyber Resilience, and establish plans to improve and strengthen Cyber Security and Cyber Resilience. The review shall be placed before the board / partners / proprietor of the Participants for appropriate action.

2.10. Participants should establish a reporting procedure to facilitate communication of unusual activities and events to the Designated Officer in a timely manner.

2.11. The Designated Officer and the Technology Committee of the Participants should periodically review instances of cyber-attacks, if any, domestically and globally, and take steps to strengthen Cyber Security and cyber resilience framework.

2.12. Participants should define responsibilities of its employees, outsourced staff, and employees of vendors, members or participants and other entities, who may have privileged access or use systems / networks of Participants towards ensuring the goal of Cyber Security.

[5] Circular No.: NSDL/POLICY/2019/0015 dated March 19, 2019.

Identification

2.13. Participants shall identify and classify critical assets based on their sensitivity and criticality for business operations, services and data management. The critical assets shall include business critical systems, internet facing applications /systems, systems that contain sensitive data, sensitive personal data, sensitive financial data, Personally Identifiable Information (PII) data, etc. All the ancillary systems used for accessing/communicating with critical systems either for operations or maintenance shall also be classified as critical system. The board / partners / proprietor of the Participants shall approve the list of critical systems. To this end, Participants shall maintain up-to date inventory of its hardware and systems, software and information assets (internal and external), details of its network resources, connections to its network and data flows.

2.14. Participants should identify critical assets based on their sensitivity and criticality for business operations, services and data management. To this end, Participants should maintain up-to-date inventory of its hardware and systems and the personnel to whom these have been issued, software and information assets (internal and external), details of its network resources, connections to its network and data flows.

2.15. Participants should accordingly identify cyber risks (threats and vulnerabilities) that it may face, along with the likelihood of such threats and impact on the business and thereby, deploy controls commensurate to the criticality.

Protection

Access controls

2.16. No person by virtue of rank or position should have any intrinsic right to access confidential data, applications, system resources or facilities.

2.17. Any access to Participants' systems, applications, networks, databases, etc., should be for a defined purpose and for a defined period. Participants should grant access to IT systems, applications, databases and networks on a need-to-use basis and based on the principle of least privilege. Such access should be for the period when the access is required and should be authorized using strong authentication mechanisms.

2.18. Participants should implement an access policy which addresses strong password controls for users' access to systems, applications, networks and databases.

2.19. All critical systems of the Participant accessible over the internet should have two-factor security (such as VPNs, Firewall controls etc.)

2.20. Participants should ensure that records of user access to critical systems, wherever possible, are uniquely identified and logged for audit and review purposes. Such logs should be maintained and stored in a secure location for a time period not less than two (2) years.

2.21. Participants should deploy controls and security measures to supervise staff with elevated system access entitlements (such as admin or privileged users) to

Participant's critical systems. Such controls and measures should inter-alia include restricting the number of privileged users, periodic review of privileged users' activities, disallow privileged users from accessing systems logs in which their activities are being captured, strong controls over remote access by privileged users, etc.

2.22. Employees and outsourced staff such as employees of vendors or service providers, who may be given authorized access to the Participants critical systems, networks and other computer resources, should be subject to stringent supervision, monitoring and access restrictions.

2.23. Participants should formulate an Internet access policy to monitor and regulate the use of internet and internet based services such as social media sites, cloud-based internet storage sites, etc. within the Participant's critical IT infrastructure.

2.24. User Management must address deactivation of access of privileges of users who are leaving the organization or whose access privileges have been withdrawn.

Physical Security

2.25. Physical access to the critical systems should be restricted to minimum and only to authorized officials. Physical access of outsourced staff/visitors should be properly supervised by ensuring at the minimum that outsourced staff/visitors are accompanied at all times by authorized employees.

2.26. Physical access to the critical systems should be revoked immediately if the same is no longer required.

2.27. Participants should ensure that the perimeter of the critical equipment room, if any, are physically secured and monitored by employing physical, human and procedural controls such as the use of security guards, CCTVs, card access systems, mantraps, bollards, etc. where appropriate.

Network Security Management

2.28. Participants should establish baseline standards to facilitate consistent application of security configurations to operating systems, databases, network devices and enterprise mobile devices within their IT environment. The LAN and wireless networks should be secured within the Participants' premises with proper access controls.

2.29. For algorithmic trading facilities, adequate measures should be taken to isolate and secure the perimeter and connectivity to the servers running algorithmic trading applications.

2.30. Participants should install network security devices, such as firewalls, proxy servers, intrusion detection and prevention systems (IDS) to protect their IT infrastructure which is exposed to the internet, from security exposures originating from internal and external sources.

2.31. Adequate controls must be deployed to address virus / malware / ransomware attacks. These controls may include host / network / application based IDS systems, customized kernels for Linux, anti-virus and anti-malware software etc.

Data security

2.32. Critical data must be identified and encrypted in motion and at rest by using strong encryption methods. Illustrative measures in this regard are given in Annexure A and Annexure B.

2.33. Participants should implement measures to prevent unauthorized access or copying or transmission of data / information held in contractual or fiduciary capacity. It should be ensured that confidentiality of information is not compromised during the process of exchanging and transferring information with external parties. Illustrative measures to ensure security during transportation of data over the internet are given in Annexure B.

2.34. The information security policy should also cover use of devices such as mobile phones, faxes, photocopiers, scanners, etc., within their critical IT infrastructure, that can be used for capturing and transmission of sensitive data. For instance, defining access policies for personnel, and network connectivity for such devices etc.

2.35. Participants should allow only authorized data storage devices within their IT infrastructure through appropriate validation processes.

Hardening of Hardware and Software

2.36. Participants should only deploy hardened hardware / software, including replacing default passwords with strong passwords and disabling or removing services identifiedas unnecessary for the functioning of the system.

2.37. Open ports on networks and systems which are not in use or that can be potentially used for exploitation of data should be blocked and measures taken to secure them.

Application Security in Customer Facing Applications

2.38. Application security for Customer facing applications offered over the Internet such as IBTs (Internet Based Trading applications), portals containing sensitive or private information and Back office applications (repository of financial and personal information offered by Brokers to Customers) are paramount as they carry significant attack surfaces by virtue of being available publicly over the Internet for mass use. An illustrative list of measures for ensuring security in such applications is provided in Annexure C.

Certification of off-the-shelf products

2.39. Participants should ensure that off the shelf products being used for core business functionality (such as Back office applications) should bear Indian Common criteria certification of Evaluation Assurance Level 4. The Common criteria certification in India is being provided by (STQC) Standardisation Testing and Quality Certification (Ministry of Electronics and Information Technology). Custom developed / in-house software and components need not obtain the certification, but have to undergo intensive regression testing, configuration testing etc. The scope of tests should include business logic and security controls.

Patch management

2.40. Participants should establish and ensure that the patch management procedures include the identification, categorization and prioritization of patches and updates. An implementation timeframe for each category of patches should be established to apply them in a timely manner.

2.41. Participants should perform rigorous testing of security patches and updates, where possible, before deployment into the production environment so as to ensure that the application of patches do not impact other systems.

Disposal of data, systems and storage devices

2.42. Participants should frame suitable policy for disposal of storage media and systems. The critical data / Information on such devices and systems should be removed by using methods such as crypto shredding / degauss / Physical destruction as applicable.

2.43. Participants should formulate a data-disposal and data retention policy to identify the value and lifetime of various parcels of data.

Vulnerability Assessment and Penetration Testing (VAPT)

2.44. Participants shall carry out periodic Vulnerability Assessment and Penetration Tests (VAPT) at least annually which, *inter-alia*, include critical assets and infrastructure components like Servers, Networking systems, Security devices, load balancers and other IT systems pertaining to the Participant's activities, in order to detect security vulnerabilities in the IT environment and in-depth evaluation of the security posture of the system through simulations of actual attacks on its systems and networks. Participants should regularly conduct vulnerability assessment to detect security vulnerabilities in their IT environments exposed to the internet.

2.45. Participants shall conduct VAPT at least once in a financial year. All Participants are required to engage only CERT-In empanelled organizations for conducting VAPT. The final report on said VAPT to be carried out and completed half yearly and annually of every financial year and the final report shall be submitted to NSDL within 1 month from the date of completion of VAPT after approval from Technology Committee [6].

2.46. In addition, Participants shall perform vulnerability scanning and conduct penetration testing prior to the commissioning of a new system which is a critical system or part of an existing critical system.

2.47. In case of vulnerabilities discovered in off-the-shelf products (used for core business) or applications provided by exchange empanelled vendors, Participants should report them to the vendors and the exchanges in a timely manner.

2.48. Any gaps/vulnerabilities detected shall be remedied on immediate basis and compliance of closure of findings identified during VAPT shall be submitted to NSDL within 3 months post the submission of final VAPT report.

[6] Circular No.: NSDL/POLICY/2025/0121 dated September 15, 2025

2.49. Submission of VAPT Compliance Report[7]

The guidelines for conducting VAPT and submission timelines for the VAPT report were provided [8]. Participants are advised to ensure that the VAPT be carried out and completed Half yearly and annually of every financial year and the final report on said VAPT shall be submitted to NSDL within one month from the date of completion of VAPT after approval from its Technology Committee.

2.50. Facility for submission of VAPT compliance Report in electronic form through e-PASS[9]

NSDL has developed a facility for online submission of VAPT report through e-PASS portal. Accordingly, Participants shall be required to submit VAPT report online through e-PASS platform. Additionally, Participants shall also email a copy of their VAPT reports at dpaudit@nsdl.com. [10]

The procedure for submission of VAPT Report through e-PASS portal is enclosed in Annexure Z.

2.51. The broad area/scope (not limited to) for conduct of VAPT shall include the following activities:[11]

a) Grey box assessment of web applications, mobile applications, APIs & thick client application.
b) Authenticated (wherever possible) vulnerability assessment of infrastructure (operating systems, databases & middleware, endpoint device, network device, security devices and cloud).
c) External penetration testing of all public facing URL/IPs. ✓ Review of network architecture of critical infrastructure.
d) Firewall rule review.
e) Configuration audit of infrastructure (operating systems, databases & middleware, endpoint devices, network devices, security device and cloud).
f) Wireless penetration testing.

2.52. Participants are requested to fix all the vulnerabilities reported in the initial VAPT report and conduct revalidation assessment. The compliance of closure of findings identified during VAPT shall be submitted to NSDL within 3 months post the submission of initial VAPT report.

2.53. The detailed scope of the audit, findings & outcomes of these activities shall be provided in comprehensive VAPT report along with checklist of test cases providing "FAIL" & "PASS" status[12]. The guidelines for submitting the VAPT revalidation report are given in Annexure Z1.

[7] Circular No.: NSDL/POLICY/2025/0121 dated September 15, 2025
[8] , Circular No.: NSDL/POLICY/2025/0121 dated September 15, 2025
[9] Circular No.: NSDL/POLICY/2024/0148 dated October 10, 2024
[10] Circular No.: NSDL/POLICY/2026/0044 dated March 27, 2026
[11] Circular No.: NSDL/POLICY/2024/0148 dated October 10, 2024
[12] Id

2.54. Implementation of SEBI CSCRF circular for VAPT Audit Report Submission [13]

As per guidelines for submission of VAPT Audit Reports as part of the cybersecurity compliance requirements mandated under the CSCRF in the aforesaid circular, Participants are advised to adhere to the following guidelines concerning VAPT Audit Report submission to ensure compliance with SEBI's cybersecurity framework.

i. Timeline/Periodicity: - As per point no 4.3.2. of the SEBI circular SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 - REs shall plan their VAPT activity in the beginning of the financial year. REs shall ensure that no audit cycle shall be left unaudited (if any) due to the change in category. In all such cases, the unaudited period shall be included in the current audit cycle. Based on the same and as per discussion with all Exchanges/Depositories the new periodicity is as below: -

Table - 1 **Yearly Submission – DP who is a Non - Qualified Stock Brokers (QSBs) members**	**Existing Due Date**	**New Due Date**
Conduct of VAPT through Cert-in Auditor.	30th November	30thJune
VAPT report shall be submitted to Exchange/Depositories after approval from respective IT Committee.	31st December	31st July
Submission of ATR (revalidation report) through Cert-in Auditor providing closure status after approval from respective IT Committee.	31st March	30th November

Table - 2

VAPT for First Half Yearly ending March 31 Submission - DP who is a Qualified Stock Brokers (QSBs) members	**Existing Due Date**	**New Due Date**
Conduct of VAPT through Cert-in Auditor and report shall be submitted to Depository after approval from respective IT Committee.	30th June	30th June
Submission of ATR (revalidation report) through Cert-in Auditor providing closure status after approval from respective IT Committee.	30th September	30th September

[13] Circular No.: NSDL/POLICY/2025/0121 dated September 15, 2025

Table - 3

VAPT for Second Half Yearly ending September 30 Submission - DP who is a Qualified Stock Brokers (QSBs) members	**Existing Due Date**	**New Due Date**
Conduct of VAPT through Cert-in Auditor and report shall be submitted to Depository after approval from respective IT Committee.	31st December	31st December
Submission of ATR (revalidation report) through Cert-in Auditor providing closure status after approval from respective IT Committee.	31st March	31st March

The modified timelines mentioned above for conduct of VAPT & Closure of vulnerabilities along with approval by IT Committee are as per Pt no- 4.3.4 (Page No-49) of CSCRF, which states that "any open vulnerabilities after 3 months of VAPT activity shall be approved by IT Committee for REs and shall be closed before start of next VAPT exercise".

Monitoring and Detection

2.55. Participants should establish appropriate security monitoring systems and processes to facilitate continuous monitoring of security events / alerts and timely detection of unauthorised or malicious activities, unauthorised changes, unauthorised access and unauthorised copying or transmission of data / information held in contractual or fiduciary capacity, by internal and external parties. The security logs of systems, applications and network devices exposed to the internet should also be monitored for anomalies.

2.56. Further, to ensure high resilience, high availability and timely detection of attacks on systems and networks exposed to the internet, Participants should implement suitable mechanisms to monitor capacity utilization of its critical systems and networks that are exposed to the internet, for example, controls such as firewalls to monitor bandwidth usage.

Response and Recovery

2.57. Alerts generated from monitoring and detection systems should be suitably investigated in order to determine activities that are to be performed to prevent expansion of such incident of cyber attack or breach, mitigate its effect and eradicate the incident.

2.58. The response and recovery plan of the Participants should have plans for the timely restoration of systems affected by incidents of cyber-attacks or breaches, for instance, offering alternate services or systems to Customers. Participants should have the same Recovery Time Objective (RTO) and Recovery Point Objective (RPO) as specified by SEBI for Market Infrastructure Institutions vide SEBI circular CIR/MRD/DMS/17/20

dated June 22, 2012 as amended from time to time.

2.59. The response plan should define responsibilities and actions to be performed by its employees and support / outsourced staff in the event of cyber-attacks or breach of Cyber Security mechanism.

2.60. Any incident of loss or destruction of data or systems should be thoroughly analysed and lessons learned from such incidents should be incorporated to strengthen the security mechanism and improve recovery planning and processes.

2.61. Participants should also conduct suitable periodic drills to test the adequacy and effectiveness of the aforementioned response and recovery plan.

Sharing of Information

2.62. All Cyber-attacks, threats, cyber-incidents and breaches experienced by Participants shall be reported to NSDL and SEBI within 6 hours of noticing / detecting such incidents or being brought to notice about such incidents.[14]

Submission of Incident Report and Root Cause Analysis in electronic form through e-PASS portal.[15]

2.63. NSDL has developed a facility for online submission of 'Incident report and Root Cause Analysis (RCA)' through NSDL e-PASS portal. Accordingly, Participants shall be required to submit Incident report and Root cause analysis online through e-PASS platform.

2.64. Participants shall report about any such incidents to NSDL through the dedicated e-mail ID: dpincidents@nsdl.com and submit the details of the incidents on the e-PASS portal as per the reporting timelines:

Sr. No.	Particulars	Reporting Timelines
1.	Incident reporting with details on Cyber Incident	Within 6 hours of noticing / detecting such incidents
2.	Root cause analysis (RCA)	Within 14 days of reporting the incident

2.65. The quarterly reports containing information on cyber-attacks, threats, cyber-incidents and breaches experienced by Participants and measures taken to mitigate vulnerabilities, threats and attacks including information on bugs / vulnerabilities, threats that may be useful for other Depository Participants and SEBI shall be submitted to Depositories within 15 days from the quarter ended June, September, December and March of every year. The above information shall be shared to SEBI

[14] Circular No.: NSDL/POLICY/2022/096 dated July 06, 2022 and SEBI circular No: SEBI/HO/MIRSD/TPD/P/CIR/2022/93 dated June 30, 2022

[15] Circular No.: NSDL/POLICY/2024/0072 dated May 31, 2024 and Circular No.: NSDL/POLICY/2024/0119 dated August 27, 2024

through the dedicated e-mail id: sbdp-cyberincidents@sebi.gov.in.[16]

2.66. For NSDL, the quarterly format prescribed at **Annexure D** needs to be filled and submitted to NSDL on the online portal i.e., e-PASS (https://www.epass.nsdl.com/). The procedure for submission of the report on e-PASS is enclosed at **Annexure E**.[17] The time period for submission of the report shall be 15 days after the end of the quarter. Participants who have not faced any cyber-attack/breach would also be required to submit quarterly report with NIL observation in the prescribed format enclosed at **Annexure D**.[18]

(a) NSDL has also issued a standard operating procedure (SOP) with respect to handling cyber security incidents.[19] Participants are required to maintain the following Standard Operating Procedure (SOP) with respect of handling of Cyber Security Incidents: To document Cyber Security incident handling process document i.e., Standard Operating Procedure (SOP) in place, defining Actions/Response Mechanisms for the incident based on severity.

(b) To examine the incidents and classify the incidents into High / Medium / Low as per their cyber security incident handling document.

(c) To provide the reference details of the reported incident to the Depository and SEBI.

(d) Participants shall also provide details regarding whether CERT-In team is in touch with them for any assistance on reported incident. If the incident is not reported to CERT- In, Participants shall submit the reasons for the same to the Depository and SEBI.

(e) Participants shall communicate with CERT-In / MHA / Cybercrime police for further assistance on the reported incident.

(f) To submit details on whether the incident has been registered as a complaint with law enforcement agencies such as Police or cyber security cell. If yes, details need to be provided to Depository and SEBI. If not, reason for not registering complaint should also be provided to Depository and SEBI.

(g) The details of reported incidents and submission to various agencies by the member shall also be submitted to Division Chiefs (in charge of divisions at the time of submission) of DOS-MIRSD and CISO of SEBI.

2.67. The incident shall also be reported to Indian Computer Emergency Response team (CERT-In) in accordance with the guidelines / directions issued by CERT-In from time to time. Additionally, the Participants, whose systems have been identified as "Protected system" by National Critical Information Infrastructure Protection Centre (NCIIPC) shall also report the incident to NCIIPC. [20]

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[16] *Id.*
[17] Circular No.: NSDL/POLICY/2020/0069 May 15, 2020.
[18] Circular No.: NSDL/POLICY/2019/0076 dated November 13, 2019.
[19] Circular No.: NSDL/POLICY/2021/0047 dated May 10, 2021, Circular No.: NSDL/POLICY/2026/0001 dated January 05, 2026
[20] Circular No.: NSDL/POLICY/2022/096 dated July 06, 2022.

Training and Education

2.68. Participants should work on building Cyber Security and basic system hygiene awareness of staff (with a focus on staff from non-technical disciplines).

2.69. Participants should conduct periodic training programs to enhance knowledge of IT / Cyber Security Policy and standards among the employees incorporating up-to-date Cyber Security threat alerts. Where possible, this should be extended to outsourced staff, vendors etc.

2.70. The training programs should be reviewed and updated to ensure that the contents of the program remain current and relevant.

Systems managed by vendors

2.71. Where the systems (IBT, Back office and other Customer facing applications, IT infrastructure, etc.) of a Participants are managed by vendors and the Participants may not be able to implement some of the aforementioned guidelines directly, the Participants should instruct the

vendors to adhere to the applicable guidelines in the Cyber Security and Cyber Resilience policy and obtain the necessary self-certifications from them to ensure compliance with the policy guidelines.

Systems managed by MIIs

2.72. Where applications are offered to customers over the internet by MIIs (Market Infrastructure Institutions), for eg.: NSE's NOW, BSE's BEST etc., the responsibility of ensuring Cyber Resilience on those applications reside with the MIIs and not with the Participant. The Participant is exempted from applying the aforementioned guidelines to such systems offered by MIIs such as NOW, BEST, etc.

Periodic Audit

2.73. Auditors qualified in following certifications can audit the systems of depository participants to check the compliance of Cyber Security and Cyber Resilience provisions: CERT-IN empanelled auditor, an independent DISA (ICAI) Qualification, CISA (Certified Information System Auditor) from ISACA, CISM (Certified Information Securities Manager) from ISACA, CISSP (Certified Information Systems Security.

2.74. The periodicity of audit for the purpose of compliance with Cyber Security and Cyber Resilience shall be Half yearly and annually depending on the category of RE under self-declaration[21]

2.75. The Participants shall arrange to have their systems audited on an annual basis by a CERT-IN empanelled auditor to check compliance with the above areas and shall submit the report to Depositories along with the comments of the board / partners /

[21] Circular No.: NSDL/POLICY/2025/0163 dated December 12, 2025

proprietor of Participant within three months of the end of the financial year.[22]

2.76. **Submission of Half yearly and Annual Cyber Audit Report.[23]**

Participants are mandated to conduct a comprehensive cyber security audit at least once in a financial year.

Pursuant to guidance received from SEBI, w.e.f. FY 2024-25, Participants shall be required to submit two separate reports, i.e. One for Cyber Security Audit and One for System Audit.

The qualification, criteria for selection and appointment of auditor for conducting cyber security audit is attached as Annexure Z2. [24] The terms of reference for cyber security audit report is attached as Annexure Z3.

CERT-In has published Comprehensive Cyber Security Audit Policy Guidelines, as these guidelines are intended to serve as a reference to empaneled auditing and auditee organizations. Accordingly, to ensure consistent, effective and secure approach to Cyber Security Audits (as prescribed in SEBI circular dated August 28,2025), REs shall follow Comprehensive Cyber Security Audit Policy Guidelines as published by CERT-In on July 25, 2025. The said CERT-In guidelines are available on CERT-In website & on following link:

https://www.certin.org.in/PDF/Comprehensive_Cyber_Security_Audit_Policy_Guidelines.pdf

The Cyber audit which shall indicate the scope/perimeter of the coverage of the systems audited in the cyber audit report regarding the compliances checked including areas (but not limited to) computer hardware, business applications, software, cyber governance, linkage with vendor systems.

The updated formats of Cyber Audit report, Executive Summary, Auditor Declaration, Scope of Audit, Methodology/ Audit approach, Summary of findings, Control-wise compliance status of SEBI CSCRF and Conclusion of cyber audit has been enclosed as Annexure Z15 [25]

Participants shall also submit a declaration from its MD/ CEO/ Partners/ Proprietors certifying compliance by Participants with all SEBI Circulars and advisories related to Cyber security from time to time, along with the Cyber Security Audit report.

Cyber audit shall cover 100% of the critical systems and 25% of non-critical systems chosen on a sample basis for which the rationale of checking on sample basis (non-critical systems) and the chosen sample size shall be explicitly mentioned in the audit report by auditor.[26]

All Participants are requested to take note of the periodicity and due date of submission

[22] Circular No.: NSDL/POLICY/2019/0076 dated November 13, 2019.
[23] Circular No.: NSDL/POLICY/2024/0133 dated September 18, 2024
[24] Circular No.: NSDL/POLICY/2025/0136 dated October 10, 2025
[25] Circular No.: NSDL/POLICY/2025/0163 dated December 12, 2025
[26] Circular No.: NSDL/POLICY/2025/0163 dated December 12, 2025

as mentioned in the table given below. Moreover, for each non-compliance reported by the auditor, Participants are required to submit corrective Action Taken Report (ATR) as per below mentioned timelines:

Report	**Periodicity/ Frequency**	**Due date of submission**	**Action Taken Report (ATR) Submission (if applicable)**
Cyber Security Audit Report	Half Yearly	31st January 2026	Within three months from the due date of submission.

Additionally, Participants are advised to take note of the following.

- For each instance of non-compliance reported, auditors must assign a risk rating of 'High', 'Medium', or 'Low'.
- Participants are advised to schedule the audit at such a time that the Cyber Security Audit report can be shared with the auditor conducting System Audit.
- A facility for submitting the Half yearly Cyber Audit Report through e-PASS portal is enclosed in Annexure Z16 [27]

3. **SEBI ADVISORY ON CYBER SECURITY**

3.1. Due to outbreak of COVID-19, Government of India had issued an order for lockdown/curfew in whole nation and requested organisations (Government/Private) for use of "work from home" in order to maintain business continuity. A cyber-attack on critical sector organisations to access to their devices, data or the internet could be devastating. In this regard, National Critical Information Infrastructure Protection Centre (**NCIIPC**) has issued Cyber Security Advisory: Precautions for CII in COVID-19.[28] These precautions include the following:

Precautions for Cyber Security:

Organisational Policy measures:

i. Remote login for maintenance tasks to be enabled only after proper authentication and session management. Monitoring of all such sessions pertaining to critical resources.

[27] Circular No.: NSDL/POLICY/2025/0077 dated Circular June 17, 2025, Circular No.: NSDL/POLICY/2025/0078 dated June 17, 2025, Circular No.: NSDL/POLICY/2026/0013 dated January 28, 2026
[28] Circular No.: NSDL/ POLICY/2020/0047 dated April 9, 2020

ii. Secure systems that enable remote access.

iii. Ensure Virtual Private Network and other remote access systems are fully patched.

iv. Enhance system monitoring to receive early detection and alerts on abnormal activity.

v. Implement multi-factor authentication.

vi. Ensure all machines have properly configured firewalls policies.

vii. Implementation of anti-malware and anti-intrusion prevention.

viii. Test remote access solutions capacity or increase capacity as per assessment.

ix. Ensure continuity of operations/ plans or business continuity plans are up-to-date.

x. Increase awareness of information technology support mechanisms for employees who work remotely.

xi. Update incident response plans to consider workforce changes in a distributed environment.

Individual Protection Measures:

i. Change default passwords on you home Wi-Fi router to prevent hackers accessing your network.

ii. Ensure not to reuse passwords across the various web portals.

iii. Don't click on links from unknown emails or download free software. When signing up to new services, verify the source of every URL and ensure the programmes or applications installed are the original versions from a trusted source.

iv. Use strong and unique passwords on every account and device.

v. Keep all devices, apps and operating systems updated.

vi. In case of working in public place use a privacy screen and tether using a 3G/4G connection instead of an untrusted Wi-Fi hotspot.

vii. Only use authorised and licensed software /trusted source to share files. Refrain from using personal email or 3rd party services unless reliably informed otherwise.

viii. Use separate logins for home system and for work purpose.

ix. Before using own device for work, install antivirus/EDR software.

x. Disk encryption is an option available in most operating systems. In many cases it is optional that can be enabled as and when required.

xi. Encrypt sensitive data in emails and on devices.

xii. Don't use random USB of Hard drives for official work at home.

3.2. This has also led to NSDL issuing an Advisory on Cyber Security for Prevention of DDoS Cyber-Attacks and Cyber Security preparedness which Participants are required to adhere to.[29] These include:

(a) Systems to be put in place for creating a robust cyber security and cyber resilience framework in order to counter various types of cyber-attacks.

(b) Review cyber security safeguards put in place for protecting the business operations and fix the identified gaps on priority.

(c) Review security of communication links like MPLS lines, point to point leased lines, Internet leased lines etc. provisioned for depository operations, trading, communications and other services exposed to the customers and partners on the internet/private networks.

(d) Ensure all the internet links and services are adequately protected from cyber-attacks including DoS/DDoS attacks.

(e) Ensure enough safeguards are put in place to protect private networks from man in the middle type of attacks and use end to end encryption for communication channels/protocols.

(f) Ensure adequate redundancy and high availability for private networks provisioned for business operations availing services from multiple service providers.

(g) Review vulnerabilities of business applications and ensure enough safeguards for targeted application attacks.

(h) Ensure adequate safety and security measures (like intrusion detection/prevention system, antivirus/EDR, firewall, etc.) are in place to protect the critical data, infrastructure and applications.

(i) If employees/outsourced staff managing business operations are working from home, ensure adequate safety and security measures (such as hardening of employees home PCs/laptops, ensuring licensed version of anti-virus, NAC, secure VPN access with 2 FA etc.) before providing access to corporate network/office systems.

(j) Continuously monitor applications and services for their availability and good response time.

(k) Any cyber security incident is to be promptly reported to the relevant authorities.

[29] Circular No.: NSDL/POLICY/2020/0126 dated September 20, 2020 and Circular No.: NSDL/POLICY/2021/0124 dated December 17, 2021.

4. CYBER SECURITY BEST PRACTICES TO BE ADOPTED BY SEBI REGULATED ENTITIES (REs)[30]

4.1. For ensuring an efficient and effective response to and recovery from a cyber incident by an RE, the Financial Computer Security Incident Response Team (CSIRT-Fin) has provided important recommendations to SEBI. The applicable recommendations are enclosedin the form of **Annexure F** of this Master Circular.

4.2. Participants are required to provide the status of compliance with such advisory along with their cyber security audit report to be conducted in accordance with the Cyber Security and Cyber Resilience framework.

5. CYBERSECURITY AND CYBER RESILIENCE FRAMEWORK (CSCRF) FOR SEBI REGULATED ENTITIES (REs);[31]

SEBI has issued a circulars regarding "Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)", further, clarification in this regard vide its circular dated December 31, 2024 and May 12, 2025

In light of the queries and suggestions received, and based on consultation held with REs, SEBI has issued the Frequently Asked Questions (FAQs) on CSCRF and Framework for Adoption of Cloud Services by SEBI REs. The FAQs are available on 'SEBI Website → FAQs → Frequently Asked Questions (FAQs) on CSCRF and Framework for Adoption of Cloud Services by SEBI REs'.[32]

FRAMEWORK FOR ADOPTION OF CLOUD SERVICES[33]

5.1. SEBI has prescribed a cloud framework to provide baseline standards of security and for the legal and regulatory compliances by the Participant i.e., an RE to address the new cyber security risks and challenges which cloud computing introduces.

5.2. The major purpose of this framework is to highlight the key risks, and mandatory control measures which REs need to put in place before adopting cloud computing. The document also sets out the regulatory and legal compliances by REs if they adopt such solutions.

5.3. Participants are required to comply with these guidelines for all new or proposed cloud onboarding assignments/ projects of the REs w.e.f. March 6, 2023 (**Effective Date – Cloud Services**).

5.4. Participants currently availing cloud services shall ensure compliance to the Cloud Service Framework not later than 12 moths from the date of issuance of the framework(i.e., March 08, 2023). Such Participants are also required to provide milestone based updates in the following manner:[34]

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[30] Circular No.: NSDL/POLICY/2023/0027 dated February 23, 2023.
[31] Circular No.: NSDL/POLICY/2024/0118 dated August 27, 2024 and Circular No.: NSDL/POLICY/2025/0001 dated January 03, 2025 and Circular No. NSDL/POLICY/2025/0046 dated April 07, 2025, Circular No.: NSDL/POLICY/2025/0060 dated May 12, 2025
[32] Circular No.: NSDL/POLICY/2025/0080 dated June 20, 2025
[33] Circular No.: NSDL/POLICY/2023/0033 dated March 08, 2023 & Circular No.: NSDL/POLICY/2025/0080 dated June 20, 2025
[34] Circular No.: NSDL/POLICY/2024/0117 dated August 27, 2024 and SEBI/HO/ITD/ITD_VAPT/P/CIR/2023/033' dated March 06, 2023.

Sr. No.	Timeline	Milestone
1.	Within one (1) month of issuance of framework	Details of cloud services, if any, currently deployed. Kindly Refer Appendix-A - Format for Submission of Details of Cloud Deployments[35]
2.	Within three (3) months of issuance of framework	A roadmap (including details of major activities, timelines, etc.) for the implementation of the framework
3.	From three (3) to twelve (12) months of issuance of framework	Quarterly progress report as per the roadmap submitted
4.	After 12 (twelve) months of issuance of framework	Compliance with respect to the framework to be reported regularly

In view of the aforesaid, Participants who have already submitted Appendix-A - details of cloud deployments, roadmap and quarterly progress report shall also required to submit the compliance report as applicable within the specified timelines, at dpaudit@nsdl.com[36]

5.5. As per NIST, cloud computing has four types of deployment models viz public cloud, community cloud, private cloud and hybrid cloud:

(a) This cloud framework is applicable for adoption of public cloud and community cloud. Consequently, REs are permitted to deploy public cloud and community cloud models, subject to the conditions specified herein.

(b) A private cloud shall be considered as an on-premise deployment model and consequently, private cloud deployments shall be governed by SEBI circulars (for example cybersecurity circular, outsourcing circular, BCP-DR, etc.), guidelines, advisories, etc. issued from time to time. Therefore, private cloud deployments (by REs) are permitted, however, such deployments may not be governed by this cloud framework.

(c) A hybrid cloud is a combination of two or more out of public cloud, community cloud and private cloud. Therefore, this cloud framework as well as the relevant SEBI circulars/ guidelines/ advisories shall be applicable for hybrid cloud deployments. In view of the above, hybrid cloud deployment is permitted, subject to the conditions specified herein.

5.6. Deployment of any other cloud model is prohibited unless explicitly permitted under this framework. However, as the field of cloud computing is a dynamic and emerging area, SEBI may allow deployment of other models after due consultations.

5.7. The cloud framework is a principle based framework which covers Governance, Risk

[35] SEBI/HO/ITD/ITD_VAPT/P/CIR/2023/033' dated March 06, 2023.
[36] Circular No.: NSDL/POLICY/2024/0117 dated August 27, 2024

and Compliance (GRC), selection of Cloud Service Providers (CSPs), data ownership and data localization, due- diligence by REs, security controls, legal and regulatory obligations, DR & BCP, and vendor lock-in risk. The principles are broadly stated guidelines to set the standards by which RE must comply with while adopting cloud services. The principles are stated below:

(i) Principle 1: Governance, Risk and Compliance Sub-Framework

(ii) Principle 2: Selection of Cloud Service Providers

(iii) Principle 3: Data Ownership and Data Localization

(iv) Principle 4: Responsibility of the Regulated Entity

(v) Principle 5: Due Diligence by the Regulated Entity

(vi) Principle 6: Security Controls

(vii) Principle 7: Contractual and Regulatory Obligations

(viii) Principle 8: BCP, Disaster Recovery & Cyber Resilience

(ix) Principle 9: Vendor Lock-in and Concentration Risk Management

5.8. Participants are directed to maintain compliance with provisions of SEBI Cloud Framework.\

5.9. SEBI has issued Technical Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs) vide its circular dated August 28, 2025[37]

6. ENHANCED SUPERVISION OF DEPOSITORY PARTICIPANTS[38]

6.1. Some of the key guidelines issued by SEBI[39] for enhanced supervision of Participants covers the following broad areas:

(a) Uniform nomenclature to be followed by stock brokers for Naming/Tagging of Bank and Demat Accounts and the reporting of such accounts to the NSDL.

(b) Imposition of uniform penal action on Participants by NSDL in the event of non- compliance with specified requirements.

Tagging of account of stock broker[40]

6.2. A facility to be provided to appropriately tag various demat account of Stock Brokers opened for different purposes by using separate sub-types. The list of such sub – types

[37] Circular No.: NSDL/POLICY/2025/0112 dated August 29, 2025

[38] Circular No.: NSDL/POLICY/2016/0101 dated December 16, 2016.

[39] Circular No.: NSDL/POLICY/2016/0083 dated October 4, 2016 and Circular No.: NSDL/POLICY/2017/0040 dated June 30, 2017.

[40] Circular No.: NSDL/POLICY/2016/0101 dated December 16, 2016.

along with the purpose for which the account can be used is given below:[41]

Sr. No.	Demat Account Category	Purpose of Demat Account	Permitted type subtype in NSDL system	
			Type	Sub-Type
1.	Proprietary Account	Hold Own Securities	Resident / Body Corporate	Stock Broker – Proprietary
2.	Pool Account	Settlement Purpose	CM	-
3.	Client Unpaid Securities Account	Hold Unpaid Securities of Clients	CM	-
4.	Client Securities Margin Pledge Account	For Margin obligations to be given by way of Pledge / Re-pledge	Stock Broker (Corporate / Individual / PCM)	TM – Client Securities Margin Pledge Account CM – Client Securities Margin Pledge Account TM/CM – Client Securities Margin Pledge Account
5.	Client Securities under Margin Funding Account	Hold funded securities in respect of margin funding		TM - Client Securities under Margin Funding Account
6	Client Nodal MFOS Account[42]	For subscription/ redemption of MFOS units	Stock Broker (Corporate / Individual)	TM - Client Nodal MFOS Account/ CM - Client Nodal MFOS Account/ TM/CM - Client Nodal MFOS Account

6.3. Stock Brokers maintaining demat accounts other than the above mentioned 5 categories, would be considered as 'untagged' accounts except demat accounts which are used exclusively for banking activities by stock brokers which are also banks. However, stock broker which is also a bank, are required to tag those demat accounts that are used for their stock broking activities.[43]

6.4. The provisions with respect to tagging of stock brokers shall not be applicable for the demat accounts which are used exclusively for banking activities by stock brokers which are also banks. However, Participants are advised to open those demat accounts

[41] Circular No.: NSDL/POLICY/2022/112 dated August 11, 2022 and SEBI master circular to stock brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated May 22, 2024
[42] Circular No.: NSDL/POLICY/2023/0068 dated June 14, 2023
[43] Circular No.: NSDL/POLICY/2022/090 dated June 29, 2022.

under Bank category.[44]

6.5. No changes are required for tagging of existing Clearing Member accounts opened by stock broker for the purpose of settlement of market trades.

6.6. Debit & Credit of securities shall not be allowed in any demat account of a stock broker left untagged. Such restriction on debit & credit of securities has been effected in the untagged demat accounts by NSDL. If any tagging is required to be done in 'untagged' accounts, following procedure need to be followed: [45]

(a) Stock Broker shall obtain permission from concerned Stock Exchange to allow tagging of untagged demat accounts.

(b) A request should be made by Stock Broker to its Participants along with copy of exchange permission.

(c) Upon receipt of request from their Stock Broker client, Participant may send the request to NSDL on email SurveillanceCell@nsdl.com with subject name "Tagging of demat accounts maintained by Stock Brokers" for necessary modification by providing the required details in below format in excel:

Sr. No.	***Account Number***		***Existing Type & Sub-type***		***New Type & Sub - type***	
	DP ID	*Client ID*	*Type*	*Sub-type*	*Type*	*Sub-type*

(d) Based on the request received from Participant, NSDL will facilitate modification of sub-type and subsequently remove restrictions on such demat accounts.

6.7. Penalty for non – compliances with provisions pertaining to enhanced supervision may be computed in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.

7. RISK BASED SUPERVISION OF PARTICIPANTS[46]

7.1. Participants to take note the supervision model developed by SEBI in order to better regulate marketplace and strengthen the surveillance system.[47]

7.2. Information related to the Participants is required to be provided by the Participant in a Risk Assessment Template (**RAT**) on half-yearly basis to depositories.

7.3. The Participants can fill and submit the RAT through e-PASS platform with their login credentials. The procedure for submission of RAT through e-PASS is enclosed at

[44] Circular No.: NSDL/POLICY/2022/112 dated August 11, 2022.
[45] Circular No.: NSDL/POLICY/2022/090 dated June 29, 2022.
[46] Circular No.: NSDL/POLICY/2018/0019 dated March 30, 2018.
[47] Circular No.: NSDL/POLICY/2014/0129 dated December 26, 2014.

Annexure H.

7.4. The information for the half-year ending March 31 and September 30 must be provided in RAT on or before April 30 and October 31 respectively.[48]

7.5. RAT is required to be submitted to NSDL through the online platform e-PASS using login credentials.

7.6. The information being provided by the Participant would have to be digitally signed by Compliance Officer and Internal Auditor of the Participant. In case of change in digital signature certificate of compliance officer, inform the same to NSDL by email at helpdesk@nsdl.com

7.7. If Compliance Officer and / or Internal Auditor of Participant is / are not having a Class 2 or Class 3 Digital Signature Certificate (DSC) issued by a licensed Certifying Authority (CA) (list of approved CAs is available at www.cca.gov.in), they are requested to obtain the same. Participants are requested to submit the following details to NSDL through e-PASS under e-information menu.:[49]

Sr. No.	Details required	Compliance Officer	Internal Auditor
1.	Name of DSC holder		
2.	Name of certifying authority		
3.	Serial no. of DSC		
4.	Class of DSC (2 or 3 only)		

7.8. The information which is provided by NSDL on behalf of the Participant will be made available on the e-PASS separately and intimation about the same will be sent by email.

7.9. Submission of information for risk assessment after due date will be treated as non-submission of information.

7.10. The Participants will be responsible for accuracy of all the information which will be provided in Risk Assessment Template. Therefore, Participants should ensure that correct information is provided and verify the information being provided by NSDL on behalf of the Participant.

7.11. In the event of non - submission of data for risk based supervision in Risk Assessment Template (RAT) within the prescribed time period, a penalty will be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[50]

[48] Circular No.: NSDL/POLICY/2019/0076 dated November 13, 2019.
[49] Circular No. NSDL/POLICY/2015/0007 dated January 13, 2015.
[50] Para 24 of Rule 18 of the NSDL Business Rules.

8. GUIDELINES ON OUTSOURCING OF ACTIVITIES BY PARTICIPANTS[51]

8.1. Outsourcing may be defined as the use of one or more than one third party – either within or outside the group - by a Participant to perform the activities associated with services which the Participant offers. Participants resort to outsourcing with a view to reduce costs, and at times, for strategic reasons.

Principles for Outsourcing

8.2. The risks associated with outsourcing may be operational risk, reputational risk, legal risk, country risk, strategic risk, exit-strategy risk, counter party risk, concentration and systemic risk. In order to address the concerns arising from the outsourcing of activities by Participants based on the principles advocated by the IOSCO and the experience of Indian markets, SEBI had prepared a concept paper on outsourcing of activities related to services offered by the Participants.

8.3. Based on the feedback received on the discussion paper and also discussion held with various Participants, stock exchanges and depositories, the principles for outsourcing by Participants have been framed (**Annexure I**). These principles shall be followed by all Participants registered with SEBI.

Activities that shall not be outsourced

8.4. The Participants desirous of outsourcing their activities shall not, however, outsource their core business activities and compliance functions. A few examples of core business activities may be - execution of orders and monitoring of trading activities of clients in case of stock brokers; dematerialisation of securities in case of depository participants; investment related activities in case of Mutual Funds and Portfolio Managers. Regarding Know Your Client (KYC) requirements, the Participants shall comply with the provisions of SEBI KYC (Know Your Client) Registration Agency Regulations, 2011, CKYCR and Guidelines issued thereunder from time to time.

Other Obligations

8.5. Reporting To Financial Intelligence Unit of India (FIU-IND) - The Participants shall be responsible for reporting of any suspicious transactions / reports and details of entity whose match found during the screening of the details with sanctions list, to FIU-IND and any other competent authority as guided by PML Act, Rules and SEBI circular SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 6, 2024 in respect of activities carried out by the third parties / demat account holder(s).

9. CHANGE IN CONTROL

9.1. The term 'control' shall have the following meaning:[52]

(i) in case of a body corporate whose shares are listed on any recognised stock exchange:

"*"control" includes the right to appoint majority of the directors or to control*

[51] Circular No.: NSDL/POLICY/2011/0107 dated December 17, 2011

[52] Regulation 2(e) of the D&P Regulations.

the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or

management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position."[53]

(ii) if its shares are not listed on any recognised stock exchange:

"*"control" shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner."*[54]

(iii) in a case other than that of a body corporate, 'control' shall be construed as any change in its legal formation or ownership or change in controlling interest.[55]

9.2. Participants are required to take prior approval from SEBI for continuing to act as a Participant after effecting a change in control.[56]

9.3. ***Procedure for Change in Control***[57]

9.3.1. The Participant shall make an online application through the SEBI Intermediary Portal (**SI Portal**) (https://siportal.sebi.gov.in).

9.3.2. The online application on the SI portal shall be accompanied by the following information / declaration / undertaking about (i) the Participant (in this case referred to as the **Applicant**), (ii) the acquirer(s)/the person(s) who shall have the control and (iii) the directors/partners of the acquirer(s)/ the person(s) who shall have the control:

(a) Current and proposed shareholding pattern of the Applicant.

(b) Whether any application was made in the past to SEBI seeking registration in any capacity but was not granted? If yes, details thereof.

(c) Whether any action has been initiated / taken under the SCRA / the SEBI Act or rules and regulations made thereunder? If yes, the status thereof along with the corrective action taken to avoid such violations in the future. The acquirer/ the person who shall have the control shall also confirm that it shall honour all past liabilities / obligations of the Applicant, if any.

[53] Regulation 2(e) of the SAST Regulations.
[54] Section 2(27) of the Companies Act.
[55] The term 'controlling interest' shall mean an interest, direct or indirect, to the extent of not less than fifty percent of voting rights or interest.
[56] Regulation 36(2)(d) of the D&P Regulations and Circular No.: NSDL/POLICY/2011/0052 dated June 24, 2011.
[57] Circular No.: NSDL/POLICY/2022/169 dated December 01, 2022.

(d) Whether any investor complaint is pending? If yes, steps taken and confirmation that the acquirer/ the person who shall have the control shall resolve the same.

(e) Details of litigation(s), if any.

(f) Confirmation that all the fees due to SEBI have been paid.

(g) Declaration cum undertaking of the Applicant and the acquirer/ the person who shall have the control (in a format enclosed at **Annexure J**), duly stamped and signed by their authorized signatories that:

(i) there will not be any change in the Board of Directors of incumbent, till the time prior approval is granted;

(ii) pursuant to grant of prior approval by SEBI, the incumbent shall inform all the existing investors/ clients about the proposed change prior to effecting the same, in order to enable them to take informed decision regarding their continuance or otherwise with the new management; and

(iii) the 'fit and proper person' criteria as specified in Schedule II of SEBI (Intermediaries) Regulations, 2008 are complied with.

(h) In case the incumbent is a registered stock broker, clearing member, Participant, in addition to the above, it shall obtain approval / NOC from all the stock exchanges/clearing corporations/depositories, where the incumbent is a member/Participant and submit self-attested copy of the same to SEBI.

(i) The prior approval for change in control granted by SEBI shall be valid for a period of 6 months from the date of such approval within which the Applicant shall file application for fresh registration pursuant to change in control.

9.3.3. To streamline the process of providing approval to the proposed change in control of a Participant in matters which involve scheme(s) of arrangement which needs sanction of the National Company Law Tribunal (NCLT) in terms of the provisions of the Companies Act, 2013, the following has been decided:

(a) The application seeking approval for the proposed change in control of the Participant shall be filed with SEBI prior to filing the application with NCLT.

(b) Upon being satisfied with compliance of the applicable regulatory requirements, an in-principle approval will be granted by SEBI;

(c) The validity of such in-principle approval shall be 3 months from the date issuance, within which the relevant application shall be made to NCLT.

(d) Within 15 days from the date of order of NCLT, the Participant shall

submit an online application in terms of paragraph 9.3.2 of this Chapter along with the following documents to SEBI for final approval:

(i) Copy of the NCLT Order approving the scheme;

(ii) Copy of the approved scheme;

(iii) Statement explaining modifications, if any, in the approved scheme
vis-à-vis the draft scheme and the reasons for the same; and

(iv) Details of compliance with the conditions/ observations, if any, mentioned in the in-principle approval provided by SEBI.

9.4. ***Transfer of a SEBI Regulated Business Activity by a Participant to Other Legal Entity***[58]

All Participants shall note the following with respect to transferring a SEBI regulated business activity to another legal entity i.e., the transferee:

9.4.1. The transferee shall obtain fresh registration from SEBI in the same capacity before the transfer of business if not already registered.

9.4.2. SEBI shall issue new registration number to transferee different from transferor's registration number in the following scenario i.e., business is transferred through regulatory process (pursuant to merger / amalgamation / corporate restructuring by way of order of primary regulator / Government / NCLT, etc.) or non-regulatory process (as per private agreement / memorandum of understanding pursuant to commercial dealing / private arrangement) irrespective of transferor continues to exist or ceases to exist after the said transfer.

9.4.3. In case of change in control pursuant to both regulatory process and non-regulatory process, prior approval and fresh registration shall be obtained. While granting fresh registration to same legal entity pursuant to change in control, same registration number shall be retained.

9.4.4. If the transferor ceases to exist, its certificate of registration shall be surrendered.

9.4.5. In case of complete transfer of business by transferor, it shall surrender its certificate of registration.

9.4.6. In case of partial transfer of business by transferor, it can continue to hold certificate of registration.

9.5. ***Transfer of Shareholdings among Immediate Relatives and Transmission of Shareholdings***[59]

Transfer /transmission of shareholding in case of body corporate type intermediary

[58] Circular No.: NSDL/POLICY/2021/0030 dated March 31, 2021.
[59] Circular No.: NSDL/POLICY/2021/0029 dated March 31, 2021.

9.5.1. Transfer of shareholding among immediate relative[60] i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse, shall not result into change in control.

9.5.2. Transfer of shareholding by way of transmission to immediate relative or not, shall not result into change in control.

Transfer /transmission of shareholding in case of a proprietary firm type intermediary

9.5.3. In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and hence by the definition of change in control, such transmission or transfer shall be considered as change in control.

9.5.4. The legal heir / transferee in such cases is required to obtain prior approval and thereafter fresh registration shall be obtained in the name legal heir/transferee.

Transfer / transmission of ownership interest in case of partnership firm type intermediary–

Change in partners and their ownership interest of the partnership firm type intermediary

9.5.5. Transfer of ownership interest in case of partnership firm: In case a SEBI registered entity is registered as a partnership firm with more than two partners, then inter-se transfer amongst the partners shall not be construed to be change in control. Wherethe partnership firm consists of two partners only, the same would stand as dissolved upon the death of one of the partners. However, if a new partner is inducted in the firm, then the same would be considered as a change in control, requiring fresh registration and prior approval of SEBI.

9.5.6. Transmission of ownership interest in case of partnership firm: Where the partnership deed contains a clause that in case of death of a partner, the legal heir(s) of deceased partner be admitted, then the legal heir(s) may become the partner (s) of the partnership firm. In such scenario the partnership firm will continue to exist and bequeathing of partnership right to legal heir(s) by way of transmission shall not be considered as change in control.

9.5.7. Incoming entities/ shareholders becoming part of controlling interest in the intermediary pursuant to transfer of shares from immediate relative / transmission of shares (immediate relative or not), need to satisfy the fit and proper person criteria stipulated in Schedule II of SEBI (Intermediaries) Regulations, 2008.

9.6. ***Integration of Broking Activities in Equity Markets and Commodity Derivatives***

[60] Regulation 2(l) of the SAST Regulations.

Markets under a Single Entity[61]

9.6.1. A Participant registered as a stock broker intending to integrate broking activities in equity markets and commodity derivatives markets into a single entity shall be required to take prior approval from SEBI.

10. REPORTING OF ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING (ML) APPLICATIONS AND SYSTEMS

10.1. There is increasing usage of Artificial Intelligence (AI) and Machine Learning (ML) as product offerings by market intermediaries and participants (e.g.: "robo advisors") in investor and consumer facing products. SEBI is conducting a survey and creating an inventory of the AI / ML landscape in the Indian financial markets to gain an in-depth understanding of the adoption of such technologies in the markets and to ensure preparedness for any AI / ML policies that may arise in the future.

10.2. As most AI / ML systems are black boxes and their behaviour cannot be easily quantified, it is imperative to ensure that any advertised financial benefit owing to these technologies in investor facing financial products offered by intermediaries should not constitute to misrepresentation.

Scope of definition

10.3. Any set of applications / software / programs / executable / systems (computer systems) – cumulatively called application and systems:

(i) that are offered to investors (individuals and institutions) by market intermediaries to facilitate investing and trading; OR
(ii) to disseminate investments strategies and advice, OR
(iii) to carry out compliance operations / activities, where AI / ML is portrayed as a part of the public product offering or under usage for compliance or management purposes, is included in the scope of this circular.

Here, "AI" / "ML" refers to the terms "Artificial Intelligence" and "Machine Learning" used as a part of the product offerings. In order to make the scope of this Master Circular inclusive of various AI and ML technologies in use, the scope also covers Fin-Tech and Reg-Tech initiatives undertaken by market participants that involves AI and ML.

10.4. Technologies that are considered to be categorized as AI and ML technologies in the scope of this circular, are explained in **Annexure L**.

Regulatory requirement

10.5. All Participants offering or using applications or systems as defined in **Annexure L**, should participate in the reporting process by completing the AI / ML reporting form (see **Annexure K**).

10.6. Participant using AI / ML based application or system as defined in **Annexure K**, are

[61] Circular No.: NSDL/POLICY/2017/0056 dated September 26, 2017.

required to fill (in excel format) information provided in **Annexure L** and make submissions Annually i.e. within three months of the end of the financial year. The schedule to be followed for submission of AI and ML related reporting to NSDL is as under: [62]

Report	Timeline
Depository Participants using AI and ML based application or system as defined in Annexure K, are required to fill in the form (Annexure L).	Annually, within three months of the end of the financial year.

10.7. The AI / ML report shall be submitted through NSDL's online portal i.e., e-PASS (https://www.epass.nsdl.com/). The procedure for submission of the report on e-PASS is enclosed at **Annexure M**.[63]

Participants who are not offering or using the applications or systems as defined in **Annexure L** are required to submit AI/ML 'NIL' Report through online portal i.e. e-PASS as per the procedure mentioned at enclosed Annexure BB [64].

11. SURVEILLANCE OBLIGATIONS FOR DEPOSITORY PARTICIPANTS [65]

11.1. In order to further strengthen the Surveillance framework for the Securities Market, all Participants are advised to put in place a surveillance framework, which shall cover the following:

11.2. *Obligation of the Participants to frame a Surveillance Policy*:

Participants shall frame a surveillance policy based on nature of their depository business, type of clients, number of demat accounts, number of transactions etc. which shall, inter alia, cover the following:

a) Generation of suitable surveillance alerts which may be guided by indicative themes given in point no. 11.3 below (the list is inclusive and not exhaustive).

b) Review and disposal of transactional alerts provided by NSDL (Transactional alerts provided by NSDL are based on certain thresholds. Participants may have their own different thresholds or own parameters to generate additional alerts of their own in clause '(i)' above so as to detect any abnormal activity).

c) Disposal of alerts within 30 days from the date of alerts generated at Participants end and alerts provided by NSDL.

d) Reporting to NSDL and other authorities as applicable in case of any abnormal activity.

[62] Circular No.: NSDL/POLICY/2024/0003 dated January 05, 2024
[63] Circular No.: NSDL/POLICY/2021/0102 dated October 04, 2021.
[64] Circular No.: NSDL/POLICY/2023/0142 dated October 05, 2023
[65] Circular No.: NSDL/POLICY/2021/0072 dated July 15, 2021.

e) Documentation of reasons for delay, if any, in disposal of alerts.

f) Framework of appropriate actions that can be taken by the Participant as per obligations under Prevention of Money Laundering Act (PMLA).

g) Record maintenance for the period as stipulated under applicable statutes.

h) The surveillance policy of the Participants shall be reviewed once in a year.

i) Provision for a comprehensive SOP that draws from the surveillance policy, extant SEBI regulations, circulars issued by SEBI and NSDL from time to time, internal processes & systems used by the Depository Participants, etc. [66]

j) SOP approval mechanism.

k) The surveillance policy must also be reviewed on a periodic basis under circumstances where changes are warranted on account of revision in regulations, circulars issued by NSDL, etc.

l) A provision for segregation of duties related to approvals, reporting purpose, etc. i.e. the need for maker / checker mechanisms.

m) Emphasis on adequacy of resources in the form of suitably qualified & trained personnel, systems and technology.

n) Review mechanisms for alerts and their parameters.

o) Introduction of new alerts based on day-to-day experiences.

p) Staff training on a periodic basis.

The creation of surveillance policy and periodic updates must be reflected in the revision history. The surveillance policy of the Participant shall be approved by its Board of Directors. In case, the Participant is incorporated outside India, then the surveillance policy of the Participant may be approved by a Committee constituted to oversee its Indian Operations.

In the event a surveillance policy is not framed or not reviewed periodically then a penaltywill be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[67]

***Obligation of the Participants to generate Surveillance Alerts*:**

Participants are required to generate appropriate surveillance alerts at their end, to enable them to effectively monitor the transactions of their clients as per the laid down

[66] Circular No.: NSDL/POLICY/2026/0047 dated March 30, 2026
[67] Para 31 of Rule 18 of the NSDL Business Rules.

surveillance policy. The indicative themes on which Participants may formulate their own alerts are as under. The Participants also need to analyse patterns and trends with respect to different themes.

Sr. No.	Indicative themes:
1.	Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email ID/ bank account no. / address considering the existing demat accounts held with the Participant.
2.	Alert for communication (emails/letter) sent on registered Email ID/address of clients are getting bounced.
3.	Frequent changes in details of demat account such as, address, email ID, mobile number, Authorized Signatory, POA holder etc.
4.	Frequent Off-Market transfers by a client in a specified period
5.	Off-market transfers not commensurate with the income/Networth of the client.
6.	Pledge transactions not commensurate with the income/Networth of the client.
7.	Off-market transfers (High Value) immediately after modification of details in demat account
8.	Review of reasons of off-market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g., transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales
9.	Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10.	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients

Sr. No.	Additional Indicative themes: [68]
1	Off-market transfer of securities from one demat account to many demat accounts without any economic rationale.
2	Off-market receipt of securities from multiple demat accounts to one demat account without any economic rationale.
3	Multiple demat accounts opened with noticeably short / incomplete address.
4	Different demat accounts of same persons with different PANs.
5	Demat accounts of a person used by another person for deceptive purposed.

[68] Circular No.: NSDL/POLICY/2026/0047 dated March 30, 2026

6	Multiple off-market transfers (value and volume based) with potentially incorrect off-market reason code declared.
7	Shifting of ownership of securities to avoid attachment of securities by government authorities or under IBC / NCLT.
8	Fraudulent / unauthorised transfers in dormant demat accounts.

Participants should note that the above-mentioned alerts may be generated based on some threshold/parameters and are illustrative and not exhaustive. Participants need to review these alerts based on facts and verification of relevant documents including income/net worth as provided by Client. Further, Participants are required to exercise their independent judgment and take appropriate action in order to detect any abnormal or suspicious transactions.

11.3. *Obligation of Participants regarding client due diligence*:

The following activities required to be carried out by Participant for client due diligence is being reiterated:

(i) Participants are required to carry out the Due Diligence of their client(s) on an on-going basis.

(ii) Participants shall ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in Depository System.

In order to sharpen the surveillance measures, it is emphasised that client due diligence and KYC are up to date which can minimize false positives, provide meaningful alerts and help identify related parties who are possibly (mis)using same details such as mobile number, email id, etc. Also, in terms of other information, the Participants may attempt to obtain latest information about income ranges, bank details, address, nomination, etc. [69]

11.4. ***Obligation of Participants w.r.t. Processing of Alerts*:**

(i) Participants are required to maintain register (electronic/physical) for recording of all alerts generated.

(ii) While reviewing alerts, Participant shall obtain transaction rationale, verify demat account statement and also obtain supporting documents as required from the client.

(iii) After verifying the documentary evidences, Participants shall record its observations for such identified transactions of its Client.

(iv) With respect to the transactional alerts to be provided by NSDL, Participants shall ensure that all alerts are reviewed and status thereof (Verified & Closed/Verified & Reported to Depository) including action taken is updated within 45 days, on the NSDL e-PASS portal. The procedure for the same is

[69] Circular No.: NSDL/POLICY/2026/0047 dated March 30, 2026

enclosed as **Annexure N**.[70]

(v) With respect to the alerts generated at the Participants end, Participants shall report instances with adverse observation, along with details of action taken, to NSDL within 7 days of the date of identification of adverse observation, on the NSDL e-PASS portal. The procedure for the same is enclosed as **Annexure N**.[71]

(vi) Participants are advised to refer alerts wise guidelines provided in the NSDL e-PASS portal while reviewing the alerts. [72]

(vii) Participants are required to adhere to the guidelines in letter and spirit in terms of resolving the alerts in a timely manner that is complete and does not result in rejection of the responses to the alert.

(viii) Any supporting document that is necessary to corroborate the responses by way of evidence i.e., copy of the account opening form, correspondence with the client, internal investigation reports etc. may also be provided.

11.5. ***Obligation of Compliance officer and Internal Auditor/Concurrent Auditor of the Participants*:**

(i) The surveillance activities of Participant shall be conducted under overall supervision of its Compliance Officer.

(ii) A quarterly MIS shall be put up to the board of directors of the Participant on the number of alerts pending at the beginning of the quarter, generated during the quarter, processed and acted upon during the quarter and cases pending at the end of the quarter along with reasons for pendency and action plan for closure. Also, the Board shall be apprised of any exception noticed during the disposal of alerts.

(iii) Internal auditor of Participant shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report.

(iv) Internal Auditor shall verify that the quarterly MIS is prepared and placed before the Board of the Participant.

(v) The compliance officer to ensure timely generation and disposal of internal surveillance alerts. [73]

(vi) The compliance officer of the Depository Participant shall ensure the quality of responses for closure of alerts using sampling method, in terms of completeness.

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[70] para 12 under chapter 'Internal Controls' of NSDL Master Circular for Participants and Circular No.: NSDL/POLICY/2025/0031 dated March 11, 2025

[71] *Id*

[72] Circular No.: NSDL/POLICY/2026/0047 dated March 30, 2026

[73] Circular No.: NSDL/POLICY/2026/0047 dated March 30, 2026

(vii) The compliance officer and internal auditor may provide their suggestions to improve the overall quality and effectiveness of surveillance operations, where necessary.

11.6. ***Obligation of Quarterly reporting of status of the alerts generated by Participants*:**

Participants are also required to provide duly approved status of the alerts on a quarterly basis, in the following format to NSDL within 15 days from end of the quarter.

(i) Status of Alerts generated by the Participant:[74]

Name of Alert [A]	No. of alerts pending at beginning of quarter [B]	No. of new alerts generated during the quarter [C]	No. of alerts Verified & closed in the quarter [D]	No. of alerts reported to Depository [E]	No. of alerts pending for process at the end of quarter (If any) [F] = [B+C]-[D+E]	Ageing analysis of the alerts pending at the end of the Quarter (since alert generation date) (Segregation of F column)					Reason for pendency
						< 1 month	1-2 months	2-3 months	3-6 months	> 6 months	

In addition to aforesaid obligations, Participants are required to:[75]

Prepare and implement Standard Operating Procedure (SOP) for processing of surveillance alerts. The same needs to be reviewed on a periodic basis by the compliance officer. Participants shall ensure that the SOP shall include alert generation parameters, establishing timelines for response, outlining escalation procedures, and any other essential processes related to alert handling.

Ensure that Maker-Checker mechanism is followed during processing and disposal of surveillance alerts.

(ii) Details of any major surveillance action taken (other than alerts reported to NSDL), if any, during the quarter:

Sr. No.	Brief action taken during the quarter

(iii) Participant who does not have anything to report, need to submit 'NIL Report' within 15 days from end of the quarter.

[74] *Id.* and Circular No.: NSDL/POLICY/2024/0146 dated October 03, 2024
[75] Circular No.: NSDL/POLICY/2024/0146 dated October 03, 2024

(iv) The above details shall be uploaded by the Participants on NSDL e-PASS Portal. The procedure for the same is enclosed as **Annexure N**.[76]

11.7. ***Penalty in case of late / non-submission of Quarterly Reporting of status***

In case of late / non-submission of quarterly report of the alerts generated by Participant within 15 days from the end of the quarter, penalty will be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[77]

11.8. **Disciplinary action for non-fulfilment of Surveillance obligation by Participant:**

(i) Participant may note that during inspection, if it is observed that the Participant has not fulfilled their surveillance obligations, then appropriate disciplinary action shall be initiated against the concerned Participant.

(ii) Any non-compliance with respect to surveillance obligations which may inter alia include delay in processing of alerts generated by Participant / provided by NSDL and repeated instances of delay in reporting of the status of alerts, may result in further disciplinary action as deemed fit in terms of Business Rules and Bye-laws.

(iii) It may further be noted that aforesaid measure does not preclude SEBI / Depository to take any further action(s), if the facts and circumstances so demand.

11.9. Participants shall also be required to comply with the surveillance related obligations issued by SEBI.[78]

11.10. With effect from April 1, 2025, the timelines for participants to review and provided satisfactory responses to surveillance alerts sent by NSDL will be 45 days instead sof 30 days. Further, to encourage timely responses, the following penalty is introduced and applicable from April 01, 2025 for not submitting satisfactory responses within 45 days (stipulated time) of receipt of surveillance alerts.[79]

Nature of Non-compliance	Penal Action
Depository Participant has not submitted response for the surveillance alerts shared by depository within stipulated time.	₹500 per alert plus additional ₹1500 for any delay per fortnight. If total monetary penalty imposed under this head is equal to or higher than ₹15,000/- during last consecutive six-month, matter would be referred to Member Committee.

This penalty structure and the revised timelines for satisfactory response will be applicable for alerts send by NSDL to Participants with effect from April 1, 2025.

[76] Circular No.: NSDL/POLICY/2022/001 dated January 03, 2022
[77] Para 32 of Rule 18 of the NSDL Business Rules.
[78] Circular No.: NSDL/POLICY/2024/0139 dated September 25, 2024
[79] Circular No.: NSDL/POLICY/2025/0031 dated March 11, 2025

12. SUBMISSION OF REGULATORY FREEZE AND UNFREEZE ORDER DETAILS BY PARTICIPANTS THROUGH NSDL E-PASS PORTAL[80]

12.1. NSDL has introduced a facility in e-PASS portal for uploading details of orders issued by Law enforcement agencies/courts/regulators/Statutory authorities (Authorities) along with the respective order copy, supported by a maker-checker functionality. Participants are requested to use this facility to ensure accurate reporting of all the regulatory orders as and when received and acted by them.

12.2. Further, in case of no orders received from these Authorities during the reporting month, Participants are required to submit a 'NIL' report by 7th of the following month. The e-PASS portal includes a provision for submitting NIL compliance report for the month.

12.3. Participants are advised to note that orders exclusively pertain to freeze or unfreeze of demat accounts issued to them by the Authorities (e.g. ED, EOW, State Tax, Court, Police, Income Tax, NCLT, SEBI etc.) against a specific PAN, person or entity for specific matters are to be uploaded. Any instructions for freezing or unfreezing due to non-compliance with SEBI/NSDL circulars are not required to be uploaded under this facility.

The procedure for submitting the information/order details on the e-PASS portal and its salient features are enclosed as Annexure Z17. Existing maker/checker users of Participants can access this feature through their current e-PASS login IDs.

13. MOBILE NUMBER REVOCATION LIST (MNRL) PUBLISHED BY TELECOM REGULATORY AUTHORITY OF INDIA (TRAI)[81]

13.1. Participants to note that TRAI has made available the list of disconnected mobile numbers, i.e., MNRL on its website to enable the interested parties to clean up their databases thereby not sending further communication to persons other than their clients. The URL to access the MNRL is https://mnrl.trai.gov.in/. This list is updated on a monthly basis.

In view of the above, Participants are requested to take note as under:

13.2. To facilitate Participants, NSDL shall make available the DP ID wise details of mobile numbers appearing in MNRL which match with the mobile number in the existing demat accounts held by the concerned Participant. This shall be provided by **15th of every month** on NSDL e-PASS portal on **monthly basis.**

13.3. Participants are advised to check the above-mentioned report and take up the matter with all such respective clients. Wherever necessary, update the mobile number in demat account after obtaining request from client(s) so that the correct mobile numbers are maintained in demat accounts.

13.4. Further, Participants were intimated vide NSDL Circular No.: NSDL/POLICY/2021/0036 dated April 07, 2021 that the *valid mobile number is one of the mandatory attributes of KYC of clients*. In this regard, in case of non-receipt of

[80] Circular No.: NSDL/POLICY/2026/0004 dated January 09, 2026
[81] Circular No.: NSDL/POLICY/2023/0015 dated February 02, 2023.

response from the clients, Participants may consider removing SMS alert flag for such mobile number in DPM system after satisfying themselves.

13.5. Furthermore, Participants are requested to note that the demat accounts for which response is not received from concerned clients will become 6 KYC non-complaint (due to invalid mobile). Hence, Participants are advised to give 30 days' notice to concerned clients for providing valid mobile number stating that in case valid mobile number is not updated, then such account will be suspended for debit. All such accounts need to be suspended (suspended for debit) by Participants under freeze reason code 37 – (Non-Compliant - 6 KYC Attributes) in e-DPM until the valid mobile number is updated in clients account.

13.6. Participants are advised to send intimation to clients after removal of SMS flag and suspension of demat accounts via letter/ email or any other mode which the Participant may deem fit

13.7. FIU-IND has issued advisory in respect of Mobile Number Revocation List (MNRL) and Fraud Risk Indicator (FRI) of Department of Telecommunication.[82]

14. MAINTENANCE OF A WEBSITE BY DEPOSITORY PARTICIPANTS[83]

14.1. Participants are mandated to maintain a designated website.

14.2. Such website shall mandatorily display the following information, in addition to all such information, which have been mandated by SEBI/NSDL from time to time.

(a) Basic details of Participants such as registration number, registered address of Head Office and branches, if any.

(b) Names and contact details such as email IDs etc. of all key managerial personnel (KMPs) including compliance officer.

(c) Step-by-step procedures for opening an account, filing a complaint on a designated email ID, and finding out the status of the complaint, etc.

14.3. The provisions of this circular has come into effect from August 16, 2023. The URL to the website of a Participant shall be reported to the NSDL..

14.4. Any modification in the URL shall be reported to NSDL within 3 days of such changes.

14.5. Participants are informed that the NSDL e-PASS Portal has been enhanced to facilitate the submission of the website URL of Participants through the e-PASS portal (https://www.epass.nsdl.com/).[84]

14.6. The procedure for submitting modifications to the website URL of Participants is enclosed as Annexure Z4. The existing maker/checker users of Participants will be able to access this feature on e-PASS using their existing login IDs..85

[82] Circular No.: NSDL/POLICY/2025/0105 dated August 08, 2025
[83] Circular No.: NSDL/POLICY/2023/0025 dated February 17, 2023.
[84] Circular No.: NSDL/POLICY/2025/0036 dated March 24, 2025
[85] Circular No.: NSDL/POLICY/2025/0036 dated March 24, 2025

Ticker on Website for SMS Alerts Facility[86] & Investor Awareness[87]

14.7. Participants which have their own website, should display the below mentioned ticker on their website in order to create awareness among Clients to subscribe for SMS alerts:

ATTENTION INVESTORS (Static Text)

TICKER

"Prevent Unauthorized Transactions in your demat account --> Update your Mobile Number with your Depository Participant. Receive alerts on your Registered Mobile for ***all debit and other important transactions*** *in your demat account directly from NSDL on the same day* ***issued in the interest of investors****."*

14.8. Participants which have their own website, should display the below mentioned ticker on their website in order to create awareness among Clients that ASBA has been made mandatory payment mechanism for all investors including retail individual investors for all public issues:

ATTENTION INVESTORS (Static Text)

TICKER

"No need to issue cheques by investors while subscribing to IPO. Just write the bank account number and sign in the application form to authorise your bank to make payment in case of allotment. No worries for refund as the money remains in investor's account."

15. INSURANCE POLICY

15.1. Every depository shall take adequate measures including insurance to protect the interests of the beneficial owners against risks likely to be incurred on account of its activities as a depository.[88] Participants shall also be required to maintain such insurance mechanism and coverage, as NSDL may require of its Participants from time to time.[89]

15.2. NSDL obtains a comprehensive insurance policy to cover NSDL and its Participants against risks viz.; Crime and Professional Indemnity. This policy is due for renewal on a yearly basis.

15.3. The terms and conditions of the policy are as follows:[90]

[86] Circular No. NSDL/POLICY/ 2014/0094 dated August 28, 2014.
[87] Circular No.: NSDL/POLICY/2015/0104 dated November 23, 2015.
[88] Regulation 52 of the D&P Regulations.
[89] Para 14 of the Agreement between Participant and NSDL – Annexure A of the NSDL Byelaws.
[90] Circular No.: NSDL/POLICY/2022/157 dated November 11, 2022.

Sr. No.	Parameter	Details
1.	Scope of Cover	Crime Professional Indemnity
2.	Limit of Indemnity	Rs. 200 crore - any one claim/loss and in the annual aggregate with a provision of one reinstatement of Rs. 100 crores after paying proportionate premium.
3.	Self-excess (DP's own share of loss in case of claim)	Rs. 1,00,000 except for forged transfer where it will be Rs. 2,00,000 for each and every loss. Participants who have availed of reduced self-excess limit of Rs. 50,000 or Rs.25,000 in the previous year will continue to enjoy such limits without paying additional premium; this is available for perils other than forgery. Participants who have not availed of reduced self-excess in the expiring policy, may avail reduction upto Rs. 50,000 (Reduction of self-excess for forged transfer is not provided) at an additional cost of Rs. 17,700 (Rs.15,000 plus 18% Goods and Services Tax).
4.	Reduced self-excess (optional)	Participants who have not availed of reduced self-excess in the expiring policy, may avail reduction of self-excess upto Rs. 25,000 (Reduction of self-excess for forged transfer is not provided) at an additional cost of Rs. 23,600 (Rs. 20,000 plus 18% Goods and Services Tax). Participants who have availed of reduced self-excess of Rs.50,000 in the expiring policy, may avail a further reduction of self-excess up to Rs.25,000 (Reduction of self-excess for forged transfer is not provided) at an additional cost of Rs.11,800 (Rs.10,000 plus 18% Goods and Services Tax).
5.	Deductibles (DP's own share of loss in case of claim)[91]	5% of claim amount subject to minimum of INR 1,00,000 for all DPs.

15.4. The premium paid by the Participants for this insurance policy is in proportion to their aggregate custody, transaction volumes and certain other factors. The incidences of insurance claims would be considered while computing the premium payable by Participants. The computation methodology is as follows:[92]

[91] Circular No.: NSDL/POLICY/2025/0145 dated October 08, 2025
[92] Circular No.: NSDL/POLICY/2023/0133 dated September 27, 2023

(i) The insurance premium to be paid by each Participant will be first computed on the basis of custody and transaction volume of each Participant, subject to a minimum value.

(ii) There will be a loading on the premium for Participants who have lodged claim(s) in the previous years.

(iii) A Participant closing its depository operations, will be required to pay the annual premium for the succeeding year, in order to cover the claims (if any) arising in the year immediately following the year of closure.

(iv) Since NSDL includes the premium in the monthly bill for October, it is not necessary to send the premium amount to NSDL separately and must be paid as mentioned in the monthly bills.

(v) The insurance policy certificate will be dispatched by the insurance company directly to the Participants.

15.5. The insurance premium payable by Participants (including additional premium, if any, for the option of reduction of self-excess limit as explained in Para 14.3, in the option sheet enclosed herewith as **Annexure O** and which has been communicated to NSDL) has been included in the bill. The insurance premium is added to the monthly bill and it is not necessary to send this amount to NSDL separately and must be paid along with the monthly bills. No action is required in case Participants do not opt to change your self-excess limit.

Insurance Claims

15.6. In order to monitor the outstanding claims amount for a policy on an ongoing basis, any insurance claims from Participants are routed through NSDL to the insurance company.[93] Participants must intimate the incident that results into a claim within 7 working days from identification of such incident.

15.7. The following documents to be submitted within two weeks of reporting the incident of NSDL:

(i) Incident Note describing the incident;

(ii) Claim form duly filled (enclosed as **Annexure P**);

(iii) Details of the estimated loss;

(iv) FIR copy (needed in case of crimes such as frauds, infidelity of employees etc.); and

(v) Contact details of the person of Participant in context of the insurance claims.

15.8. NSDL upon receipt of the requisite documents will lodge the claim on behalf of its Participants with insurance company. In case of any additional documents required by the insurance company, insurance company will inform the Participant under

[93] Circular No. NSDL/POLICY/ 2014/0012 dated February 5, 2014.

intimation to NSDL.

15.9. Participants must send the additional documents to the insurance company under intimation to NSDL. The insurance company will process the claim after receipt of the additional documents from Participant.

16. SEBI NOTIFICATION- NISM CERTIFICATION FOR ASSOCIATED PERSONS OF PARTICIPANTS

16.1. Participants to note SEBI Notification No. LAD-NRO/GN/2010-11/26/10252 dated March 29, 2011 regarding NISM-Series-VI: Depository Operations Certificate Examination (DOCE) launched by NISM and Continuing Professional Education (CPE) programmes for associated persons of market intermediaries who are holding valid certificates.[94]

16.2. It is mandatory for associated persons engaged or employed by a Participant in: (i) Dealing or interacting with clients; (ii) Dealing with securities of clients; (iii) Handling redressal of investor grievances; (iv) Internal control or risk management; (v) Activities having a bearing on operational risk, or (vi) Maintenance of books and records pertaining to the above activities to have certification from the National Institute of Securities Markets (NISM) by passing the NISM-Series-VI: Depository Operations Certification Examination (hereinafter referred to as **DOCE**) as mentioned in the NISM communiqué/Press Release NISM/Certification/Series-VI: DOCE/2011/01 dated February 10, 2011 and Circular No. NISM/Certification/DOCECPE/2012/1 dated July 9, 2012:[95] Further, as per communiqué issued by NISM on July 9, 2012, Associated Persons belonging to certain specified categories, may obtain such qualification by successfully completing Continuing Professional Education (CPE) program. [96]

16.3. Any Participant, who engages or employs any such associated person shall ensure that such person obtains DOCE within one year from the date of his employment.

16.4. There is a requirement to appoint at one qualified person (NISM – DOCE or CPE) at every service centre of the Participant. However, the requirement of appointing one qualified person at every service centre is withdrawn and it has been clarified that for associated persons doing basic / elementary level / clerical level work and whose work is supervised by NISM - DOCE certified personnel, passing NISMDOCE may be optional. The passing of DOCE will not be mandatory for persons engaged in the following activities whose work is supervised by NISM - Series VI – DOCE certified personnel:[97]

(a) Collection of documents from the clients for onward transmission for processing,

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[94] Circular No.: NSDL/POLICY/2011/0040 dated May 3, 2011; Circular No.: NSDL/POLICY/2011/0096 dated November 23, 2011; Circular No. NSDL/POLICY/2012/0069 dated July 12, 2012; Circular No.: NSDL/POLICY/2013/0035 dated March 4, 2013.

[95] Circular No. NSDL/POLICY/2012/0069 dated July 12, 2012 read with Circular No. NISM/Certification/DOCECPE/2012/1 dated July 9, 2012 and SEBI Notification No. LAD-NRO/GN/2010-11/26/10252 dated March 29, 2011.

[96] Circular No. NSDL/POLICY/ 2011/0050 dated June 14, 2011.

[97] Circular No.: NSDL/POLICY/2014/0118 dated November 03, 2014 and Circular No.: NSDL/POLICY/2014/0090 dated August 21, 2014.

(b) Verification of copies with originals,

(c) In-person verification to confirm presence of the individual,

(d) Giving printouts and/or information from system to clients,

(e) Doing data entry at maker level, and

(f) Entry in inward and outward system.

SEBI NOTIFICATION- NISM CERTIFICATION FOR ASSOCIATED PERSONS FUNCTIONING AS COMPLIANCE OFFICERS[98]

16.5 Participants to note that it is mandatory for the associated persons functioning as compliance officers of Participants to obtain certification from NISM by passing the NISM-Series-III-A: Securities Intermediaries Compliance (Non-Fund) Certification Examination ("SICCE") [99].

A Participant who engages or employs any such associated persons functioning as compliance officer, shall ensure that such person obtains certification by passing SICCE within one year from the date of his employment.

16.6 Facility for submission of NISM Certification details of Compliance Officers by Participants through NSDL e-PASS Portal.[100]

Participants are informed that NSDL has developed a facility for submitting aforesaid details through online portal i.e., NSDL e-PASS (https://www.epass.nsdl.com/epass/).

Participants are advised to submit the information of NISM-Series-III-A (SICCE) certification details of existing compliance officers and alternate compliance officers by February 25, 2025 through NSDL e-PASS portal. Subsequently, the NISM details in respect of compliance officers and alternate compliance officers shall be updated whenever there is a change in compliance officer and alternate compliance officer or whenever the NISM certification expires.

The procedure for submitting the NISM-Series-III-A (SICCE) certification details on e-PASS and salient features are enclosed as Annexure Z5. The existing maker / checker user of Participants are able to access aforesaid feature on e-PASS through their existing log-in IDs.

16.7 Facility for reporting of details of NISM qualified Associate persons by DPs through NSDL ePASS Portal.[101]

Attention of Participants is invited to Circular no. NSDL/POLICY/2014/0090 dated April 21, 2014 wherein the Associated Persons engaged or employed by a registered Participant in certain specified activities are required to have certification from

[98] Circular No.: NSDL/POLICY/2013/0040 dated March 13, 2013.
[99] Circular No.: NSDL/POLICY/2025/0017 dated February 12, 2025
[100] Circular No.: NSDL/POLICY/2025/0017 dated February 12, 2025
[101] Circular No.: NSDL/POLICY/2025/0007 dated January 23, 2025

National Institute of Securities Markets (NISM) by passing the NISM-Series-VI: Depository Operations Certification Examination (DOCE).

In this context, Participants shall be required to submit the information of NISM certification details of the eligible associated persons engaged or employed in DP operations on a half yearly basis within stipulated timeline as per the table below

Eligible associated person as on	Due date of submission
June 30th	July 31st
December 31st	January 31st

The procedure for submitting the NISM details of eligible associated persons on e-PASS and salient features for update and bulk upload[102] are enclosed as Annexure Z6. The existing maker / checker user of Participants will be able to access aforesaid feature on e-PASS through their existing log-in IDs.

17. COMPLIANCE OFFICER & CERTIFICATE

17.1. A Participant shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued thereunder and for redressal of investors' grievances.[103]

17.2. The compliance officer shall immediately and independently report to the Board any non- compliance observed by him.

17.3. The compliance officer shall submit a report of any non-compliance of the Act, the Depositories Act, 1996, rules, regulations, circulars or directions issued thereunder and for the redressal of investors' grievances, to SEBI on a quarterly basis in the manner as may be specified by SEBI.

17.4. Participants to note that all communications to NSDL should be written either by the Compliance Officer or by any other senior official of the Participant, clearly mentioning the name & designation of such person. [104]

17.5. In case of change of Compliance Officer, Participants are advised to update the details of Compliance officer through e-PASS. Detailed procedure is enclosed as **Annexure Q.**

17.6. Participants to submit a 'Compliance Certificate' to NSDL in the format given under **Annexure R (1)** (applicable for half year ended December 31, 2020 and onwards), duly signed and stamped by the Compliance Officer of the Participant, at half yearly intervals (January to June and July to December to be submitted by July 31st and January 31st of every year respectively).[105]

17.7. The Compliance Officer will be required to submit the digitally signed Compliance Certificate online through e-PASS platform using its login credentials, the detailed

[102] Circular No.: NSDL/POLICY/2026/0008 dated January 16, 2026
[103] Regulation 81 of the D&P Regulations.
[104] Circular No. NSDL/POLICY/2002/1528 dated September 9, 2002.

[105] Circular No. NSDL/POLICY/2006/0023 dated July 6, 2006; Circular No.: NSDL/POLICY/2009/0066 dated July 28, 2009; Circular No.: NSDL/POLICY/2018/0028 dated May 21, 2018; Circular No.: NSDL/POLICY/2020/0152 November 19, 2020, Circular No.: NSDL/POLICY/2025/0061 dated May 13, 2025

procedure of which is enclosed at **Annexure R (2)**.

17.8. Participants are also required to report compliance with the advisory issued by Indian Computer Emergency Response Team (CERT-IN) for availing Software as a Service (SaaS) based solution for managing their Governance, Risk & Compliance (GRC) functions so as to improve their cyber Security Posture in the half yearly report by Participants to NSDL with an undertaking, "Compliance of the SEBI circular for Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions has been made". The format of the report is enclosed at **Annexure R (1)**.

17.9. For all the reports submitted by Participants to different departments of NSDL, the recipient department of NSDL shall give an acknowledgment about the receipt of the report(s) at the email address of the Compliance Officer. Participants are requested to submit the email ID(s) of the Compliance Officer, if not submitted earlier or if there are any changes at participant-interface@nsdl.com.[106]

17.10. In the event half yearly compliance certificate is not submitted within the stipulated time and 30 days have elapsed after stipulated time and the certificate is not submitted, Participant will be advised to stop opening fresh demat accounts. If the delay is beyond 60 days from the stipulated time, matter to be referred to Member Committee.[107]

18. HARDWARE AND NETWORK EQUIPMENT DETAILS (FORM B)[108]

18.1. The Participant shall install the hardware and software which shall be in conformity with the configurations specified by NSDL from time to time.

18.2. NSDL shall provide an application software called the Depository Participant Module [DPM (DP)][109] to the Participant and an application software called the Depository Participant Clearing Corporation Module [DPM(CC)][110] to the Participant which is a Clearing Corporation, and any up gradations or modifications to such software on payment of such fees as may be determined by NSDL.[111]

18.3. A User of the depository system shall carry out transactions relating to the depository only through the approved User Hardware System (**UHS**)[112] located at approved locations of the office of the User. No other workstation, computer system or hardware may be connected to the User Hardware System without the prior approval of NSDL.[113]

18.4. Participants are required to submit the information about the hardware and network equipment, etc. used for depository operations under 'Form B' on the NSDL e-PASS portal. In case of any change in information furnished, Participants are required to submit a modified 'Form B'.

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[106] Circular No. NSDL/POLICY/2006/0050 dated October 19, 2006.
[107] Para 28 of Rule 18 of the NSDL Business Rules.
[108] Circular No. NSDL/POLICY/ 2014/0055 dated May 2, 2014; Circular No.: NSDL/POLICY/2009/0070 dated August 17, 2009.
[109] means the software relating to the Depository operations installed on the hardware system of the Participant.
[110] means the software relating to the Depository operations installed on the hardware system of the Participant which is a Clearing Corporation.
[111] Rule 9 of the NSDL Business Rules.
[112] Means the hardware set up of the User based on the hardware specifications supplied by the Depository. This shall include the UHS (DP). UHS (DP) means the hardware set up of the Participant relating to Depository operations
[113] Rule 4.1.1 of the NSDL Business Rules.

18.5. The procedure for online facility and manual for using the facility are attached as **Annexure S** and **Annexure T** respectively.

19. UNAUTHENTICATED NEWS CIRCULATED BY SEBI REGISTERED MARKET INTERMEDIARIES THROUGH VARIOUS MODES OF COMMUNICATION[114]

19.1. It has been observed by SEBI that unauthenticated news related to various scrips are circulated through social media platforms/ instant messaging services/ VoIP/ blogs/chat forums/e-mail or any such medium by employees of Broking Houses/other intermediaries without adequate caution as mandated in the Code of Conduct for Stock Brokers and respective regulations of various intermediaries registered with SEBI.

19.2. It is observed that due to lack of proper internal controls and poor training, employees of such intermediaries are sometimes not aware of the damage which can be caused by circulation of unauthenticated news or rumours. It is a well-established fact that market rumours can do considerable damage to the normal functioning and behaviour of the market and distort the price discovery mechanisms.

19.3. Participants to ensure compliance of the following SEBI directions:

(a) Proper internal code of conduct and controls should be put in place.

(b) Employees/temporary staff/voluntary workers etc. employed/working in the Offices of market intermediaries do not encourage or circulate rumours or unverified information obtained from client, industry, any trade or any other sources without verification.

(c) Access to Blogs/Chat forums/Messenger sites etc. should either be restricted under supervision or access should not be allowed.

(d) Logs for any usage of such Blogs/Chat forums/Messenger sites (called by any nomenclature) shall be treated as records and the same should be maintained as specified by the respective Regulations which govern the concerned intermediary.

(e) Employees should be directed that any market related news received by them either in their official mail/personal mail/blog or in any other manner, should be forwarded only after the same has been seen and approved by the concerned Intermediary's Compliance Officer. If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for action. The Compliance Officer shall also be held liable for breach of duty in this regard.

20. AUDIT AND INSPECTION

20.1. To ensure clarity and provide a centralized source for all circulars and directions regarding maintenance of Audit Report system, the NSDL has consolidated all

[114] Circular No.: NSDL/POLICY/2023/0042 dated March 24, 2023.

pertinent circulars and directions within this section of the Master Circular, aiming to facilitate easy and reliable access.

20.2. The books of accounts and records of the Participant relating to the operations of the Depository shall be open for inspection and audit to the officers of the Depository or their representatives. Such books of accounts and records shall be subjected to annual audit. [115] Such inspection shall be permitted during normal office hours.[116]

20.3. Every Participant shall ensure that following items are placed before its Board of Directors in respect of its depository operations:[117]

(i) Internal audit findings along with management comments

(ii) Inspection findings of NSDL along with management comments

20.3.1. In case the Participant is incorporated outside India, then such findings may be placed before a Committee constituted to oversee its Indian operations.

20.3.2. In this regard, NSDL has clarified that internal audit findings (including those made by concurrent auditor) and findings of NSDL inspection may be reported to the Audit Committee, instead of Board of Directors, provided:

(a) the Audit Committee comprises of members who are also on the Board and

(b) the minutes of the Audit Committee are placed before the Board.

20.3.3. If there was no adverse finding in NSDL inspection / Internal Audit, then it is not mandatory for the Participant to report to its Board of Directors.

20.4. *Internal and Concurrent Audit of Depository Operations*[118]

20.4.1. Every Participant is required to ensure that an internal audit in respect of its depository operations is conducted at intervals of not more than six months by a qualified Chartered Accountant or a Company Secretary or a Cost and Management Accountant, holding a Certificate of Practice and a copy of the internal audit report to be furnished to the Depository.[119]

20.4.2. The Chartered Accountants, Company Secretaries or Cost and Management Accountants so appointed for the Internal Audit or Inspection of the Participant in respect of its depository operations, should not have any conflict of interest with the said Participant.[120]

20.4.3. NSDL has the power to direct an audit of the records maintained by the Participant, to be conducted by an auditor appointed by the Depository in relation to the operations of the Depository if the same is in the interest of the

[115] Byelaw 10.2.4 of the NSDL Byelaws.
[116] Byelaw 10.2.5 of the NSDL Byelaws.
[117] Byelaw 10.5 of the NSDL Byelaws and Circular No.: NSDL/POLICY/2014/0063 dated May 16, 2014.
[118] Circular No.: NSDL/POLICY/2025/0139 dated October 10, 2025
[119] Byelaw 10.3 of the NSDL Byelaws
[120] Byelaw 10.3.4 of the NSDL Byelaws

investors.[121]

20.4.4. Participants are advised to extend full co-operation to their auditors to enable them to perform an effective audit. All circulars / guidelines issued by NSDL / SEBI from time to time and other information / records desired by the auditors should be made available to them within a reasonable time.

20.4.5. Audit should cover all facets of the depository operations. Auditor may expand the scope of audit / add more audit points to achieve the objectives enclosed as Annexure 3. Participants are advised to extend full co-operation to their auditors to enable them to perform an effective audit. All circulars / guidelines issued by NSDL / SEBI from time to time and other information / records desired by the auditors should be made available to them within a reasonable time.[122]

20.4.6. Participants are required to submit the audit report as per schedule given below to NSDL.

Audit Report	Due date for submission of report to NSDL
April 01 to September 30	November 15
October 01 to March 31	May 15

20.4.7. The Participants which remain operational for less than three months in an audit period can submit audit report for that audit period along with the audit report for next audit period. For example, if a Participant is made operational by NSDL on July 01, 2023, then it can submit first audit report for period July 01, 2023 – March 31, 2024.

20.4.8. Audit work for areas which are covered under the scope of concurrent audit should be completed by next working day. If audit cannot be completed by next working day due to large volume, it must be completed within a week.

20.4.9. Concurrent audit includes following areas:

(i) Account opening,

(ii) Delivery Instruction Slip (DIS) book issuance,

(iii) Execution of DIS.

(iv) Power of Attorney modifications,

(v) Account closure requests initiated by Participant,

(vi) Investor grievances received by Participant,

(vii) Providing Transaction Statements to clearing members (process

[121] Byelaw 10.3.3 of the NSDL Byelaws
[122] Circular No.: NSDL/POLICY/2024/0147 dated October 10, 2024

level)

(viii) KYC reconfirmation intimated by NSDL and initiated by Participant,

(ix) Replacement of Original DIS image in tamper proof storage

(x) Non Disposal Undertakings (NDU)

(xi) Modification in the name of client (including minor correction in name)

(xii) Client data modifications

(xiii) Accreditation of investors (IGP)

(xiv) Freezes due to statutory orders (freeze reason codes 15 to 33)

(xv) Pledge & Hypothecation

(xvi) Margin Pledge / Re-Pledge

(xvii) Online account closure by client

(xviii) Execution of Electronic/ e-DIS

20.4.10. Participants may appoint same auditor for concurrent and internal audit. If both audits are done by same auditor, then a consolidated report must be submitted instead of two separate reports. If both audits are being done by different auditors, then two separate reports must be submitted.

20.4.11. Participants are informed that internal and/or concurrent audit reports which are not as per guidelines will be treated as non-submission of the report. NSDL reserves the right to advise a Participant to change its auditor if quality of the report is found to be not satisfactory or the audit is not carried out as per guidelines.

20.4.12. Internal auditor shall be required to visit the service centers on sample basis as mentioned below, in order to ensure compliance with the above mentioned requirement of conducting internal audit at service centers:[123]

Sr. No.	Parameters	Number of Service centers to be visited other than DPM location
1	No. of Service Centers offering depository services are <= 5	Actual number of Service Centers
2	No. of Service Centers	At least 5 Service Centers

[123] Circular No.: NSDL/POLICY/2025/0062 dated May 16, 2025

	offering depository services are > 5	

20.4.13. Any one person conducting the internal and/or concurrent audit (risk prone areas) should obtain certification from the NISM by passing the NISM- Series VI: Depository Operations Certification Examination (DOCE). Alternatively, such persons, if eligible, may undergo continuing Professional Education (CPE) program for depository operations (details available on www.nism.ac.in).

20.4.14. While submission of Internal Audit Report (IAR), kindly ensure that all the auditor's details are updated on e-pass portal i.e. Certification number, Certificate validity date, address of the auditor etc. as per NSDL Circular NSDL/POLICY/2024/0083 dated June 13, 2024

20.4.15. NSDL has enhanced the module of 'Auditor Master' on NSDL e-PASS (https://www.epass.nsdl.com/epass/), whereby capturing the details of NISM Certificate of the auditor (i.e. certificate number and validity date) and address of the audit firm are now made mandatory.[124]

20.4.16. Participants are requested to update the above mentioned details in the 'Auditor Master' module for existing auditors and for new auditors appointed before submission of Internal and Concurrent Audit Report (IAR/CAR) through e-PASS. The procedure for addition/modification/deactivation of Auditor login ID is enclosed at Annexure Z7.

20.4.17. It is recommended to appoint / rotate Internal Auditor by the Participants to break any continued long term association of an audit firm / partner with the management of a Participants [125].

20.4.18. Internal/concurrent audit report needs to be submitted in electronic form through e- PASS platform. The audit report format is enclosed as Annexure Z8 and broad objectives / guidelines for the internal / concurrent audit are enclosed as Annexure Z9.[126]

20.4.19. The Auditor can fill and submit the IAR/CAR online through e-PASS platform using their login credentials. The procedure for addition/modification/deactivation of Auditor login ID is enclosed at **Annexure U**.[127] The procedure for submission of Internal and Concurrent Audit Reports through e- PASS is enclosed at **Annexure V**. [128]

20.4.20. The Participant is required to appoint an auditor for conducting the concurrent audit of all its transactions, pertaining to the closing operations within a period of 15 days from the date as stated in the Rule No.22.2 of the NSDL Business Rules and shall further confirm the said appointment of the auditor to the

[124] Circular No.: NSDL/POLICY/2024/0083 dated June 13, 2024
[125] Circular No.: NSDL/POLICY/2023/0141 dated October 04, 2023.
[126] Circular No.: NSDL/POLICY/2024/0147 dated October 10, 2024
[127] Circular No.: Circular No.: NSDL/POLICY/2016/0091 dated November 9, 2016
[128] Circular No.: NSDL/POLICY/2020/0136 dated October 19 2020

NSDL. If the Participant expresses its inability to appoint or fails to appoint the Auditor within the stipulated time, then the Depository shall on behalf of the Participant, appoint the Auditor for conducting the concurrent audit of all its transactions, at the cost of the Participant.[129]

20.4.21. The Participant shall also furnish to NSDL, every month, by the 10th day of the following month, till the Participant successfully closes down its entire depository operations as a Participant, a copy of the concurrent audit report.[130]

20.4.22. In the event the Internal Audit Report / Concurrent Audit Report is not submitted in the prescribed format within the stipulated time period then a penalty will be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[131]

20.4.23. In the event the Internal audit report/ Concurrent Audit Report is not submitted without inclusion of management comments for deviations noted by auditors or not providing compliance duly certified by auditors on the observations made by the Depository then a penalty will be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[132]

20.5. *Annual System Audit Report*[133]

20.5.1. Participants are required to have their systems audited on an annual basis by a CERT- IN empanelled auditor or an independent ~~CISA/CISM~~ CISA/DISA/CISM qualified auditor to check compliance with the above areas and shall submit the report to Depositories along with the comments of the board / partners / proprietor of Participant within three months of the end of the financial year. The annual system audit Scope and checklist is enclosed herewith as **Annexure Z10 and Z11**.

Pursuant to guidance received from SEBI, w.e.f. FY 2024-25, Participants shall submit two separate reports, i.e. one for System Audit and one for Cyber Security Audit.

All Participants are requested to take note of the periodicity and due date of submission as mentioned in the table given below. Moreover, for each non-compliance reported by the auditor, Participants are required to submit corrective Action Taken Report (ATR) as per below mentioned timelines:

[129] Rule 22.6 of the NSDL Business
[130] Rule 22.7 of the NSDL Business Rules
[131] Para 22 of Rule 18 of the NSDL Business Rules.
[132] Para 23 of Rule 18 of the NSDL Business Rules.
[133] Circular No.: NSDL/POLICY/2024/0132 dated September 18, 2024 and SEBI Circular No. SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 03, 2018

Report	Periodicity/ Frequency	Due date of submission	Action Taken Report (ATR) submission (if applicable)
Annual System Audit Report	Annually	Within three months from the end of the financial year i.e. by 30th June.	Within three months from the due date of submission i.e. by 30th September.

20.5.2. Participants are requested to submit an ATR for 'not compliant' at dpaudit@nsdl.com. For any clarifications, kindly email at dpaudit@nsdl.com.[134]

20.5.3. Additionally, Participants (DPs) are requested to take note of the following:[135]

i) For each instance of non-compliance reported, auditors must assign a risk rating of 'High', 'Medium', or 'Low'. This is a mandatory requirement.

ii) Participants are advised to schedule the audit at such a time that the Cyber Security Audit report can be shared with the auditor conducting System Audit.

20.5.4. NSDL has developed a facility for online submission of Annual System Audit Report in electronic form through e-PASS platform. Participants are required to submit Annual System Audit Report for every end of a financial year. The system auditor can fill and submit the Annual System Audit Report online through e-PASS platform using their login credentials. The procedure for submission of Annual System Audit Report through e-PASS platform is enclosed at **Annexure X**.[136]

20.5.5. Auditors qualified in following certifications can audit the systems of Participants to check the compliance of Cyber Security and Cyber Resilience provisions: "*CERT-IN empanelled auditor, an independent DISA (ICAI) Qualification, CISA (Certified Information System Auditor) from ISACA, CISM (Certified Information Securities Manager) from ISACA, CISSP (Certified Information Systems Security Professional) from International Information Systems Security Certification Consortium (commonly known as (ISC)²)*".[137]

20.6. *Guidelines for Inspection of Participants by Depositories*

20.6.1. Where the Depository deems it necessary, it may appoint one or more persons as inspecting authority to undertake inspection of the books of accounts, other records and documents of the Participants for any of the following purposes:[138]

[134] Circular No.: NSDL/POLICY/2024/0050 dated April 18, 2024.
[135] Circular No.: NSDL/POLICY/2024/0132 September 18, 2024
[136] Circular No.: NSDL/POLICY/2020/0090 dated July 03, 2020.
[137] *Id.*
[138] Byelaw 10.4.1 of the NSDL Byelaws.

(a) whether the books of accounts and other books are being maintained in the manner required;

(b) compliance with provisions of applicable law;

(c) compliance with the provisions of the NSDL Byelaws and NSDL Business Rules or any instructions / directions issued thereunder;

(d) for investigating complaints received from Clients which may have a bearing on activities of the Participant;

(e) a *suo moto* inspection in the interest of investors;

(f) to facilitate reconciliation of records in case the records of the Participant with the Depository remain unreconciled for a period exceeding three working days;

(g) to comply with any of the directives issued in this behalf by any court or regulatory authority including the Government.

20.6.2. The inspecting authority appointed by the NSDL above may either be its own officials or outside professionals. In case of outside professionals as an inspecting authority, it shall notify to the Participants the names and addresses of the professionals or firms so appointed as an inspecting authority at the time of inspection. The outside professionals shall inform NSDL in case they are related to the Participant in any other capacity.[139]

20.6.3. Where after the appointment of any outside professional as an inspecting authority in respect of any Participant, the Participant or any of its associates engages the inspecting authority for its services in any other capacity, the inspecting authority shall not engage itself in such other professional capacity with the Participant or any of its associates without the prior consent of NSDL.[140]

20.6.4. Before undertaking any inspection NSDL shall give a reasonable notice to the Participant. However, if NSDL is of the opinion that no such notice should be given, it may direct in writing that the inspection of the affairs of the Participant be taken up without such notice.[141]

20.6.5. It is the duty of Participant to fulfil its obligations during an ongoing inspection.[142]

20.6.6. The inspecting authority shall submit the report in accordance with the provisions of the NSDL Byelaws. NSDL shall after consideration of the inspection report, communicate the findings to the Participant to give him an opportunity of being heard before any action is taken on the findings of the inspecting authority. NSDL may call upon the Participant to take such actions as it deems fit, in the interest of investors or may take any further disciplinary

[139] Byelaw 10.4.1 of the NSDL Byelaws.

[140] *Id.*

[141] Byelaw 10.4.2 of the NSDL Byelaws

[142] Byelaw 10.4.3 of the NSDL Byelaws.

action in this regard.[143]

20.7. *Submission of Networth certificate and/or audited financial statements*[144]

20.7.1. Participants are required to submit every year a copy of audited financial statements and Networth certificate based on its Audited Financial Statements, certified by a practicing Chartered Accountant in the manner specified in the Business Rules, by October 31 every year.[145]. Participants who are also subjected to maintaining a minimum net worth[146] are required to submit net worth certificate also in the prescribed format.

20.7.2. The Participant registered under the category of Financial Services Company, Clearing Corporation / Clearing House, Custodian, Registrar and Transfer Agent, Stockbroker, NBFC and Bank, shall submit Networth computed in the manner and format specified in NSDL Business Rules. Alternatively, Participants registered under category of Bank may submit the Networth certificate in the same format in which they submit to their respective Regulatory Authority in India. Participants should refer a guidance note enclosed as Annexure Z12 while preparing the Networth certificate in the NSDL specified format basis the Audited Financial Statements.[147].

20.7.3. Participants, who are submitting net worth certificate in the NSDL specified format, a guidance note with respect to heads to be considered from Balance sheet/Profit & Loss/Schedule while preparing the networth certificate basis audited financial statements is enclosed as Annexure GG.[148]

20.7.4. NSDL has developed a facility for submission of net worth certificate and/or audited financial statements through online portal i.e., e-PASS (https://www.epass.nsdl.com/). The procedure for submitting the net worth certificate and/or audited financial statements through e-PASS and its salient features are enclosed as **Annexure Y**.

20.7.5. Participants are requested to ensure that submissions mentioned above shall be made through e-Pass system only.

20.7.6. The Compliance Officer/Alternative Compliance Officer of Participants will be able to access the aforesaid facility on e-PASS through their existing log-in created for submission of other compliances through e-PASS.

20.7.7. In the event of non-submission of net worth certificate based on the audited annual accounts by the Participants in the prescribed format for 31st March within prescribed time limit, a penalty will be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[149]

20.7.8. In the event of non-submission of annual financial statement within the

[143] Byelaw 10.4.4 of the NSDL Byelaws.
[144] Circular No.: NSDL/POLICY/2023/0069 dated June 16, 2023.
[145] Byelaw 10.2.1 of NSDL Byelaws and Circular No.: NSDL/POLICY/2024/0140 dated September 26, 2024
[146] Annexure L – Form 1 in the NSDL Business Rules.
[147] Circular No.: NSDL/POLICY/2025/0127 dated September 25, 2025
[148] Circular No.: NSDL/POLICY/2023/0122 dated September 11, 2023
[149] Para 25 of Rule 18 of the NSDL Business Rules

prescribed time limit then a penalty will be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[150]

20.8. *Facility to lodge complaints/issues with NSDL system auditor*[151]

Participants are informed that NSDL has allotted an email ID viz: systemauditor@nsdl.com for Participants to lodge compliant/issue to the system auditor of NSDL.

In the event the data submitted in Internal Audit Report, Concurrent Audit report, Risk Assessment Template (**RAT**) for Risk based supervision, in Net worth certificate, Annual Financial Statements, Compliance Certificate and Investor Grievance Report is found to be false/ incorrect then a penalty will be levied in accordance with the provisions of Rule 18.1.1 of the NSDL Business Rules.[152]

21. KYC CONFIRMATION REPORT IN RESPECT OF SUCH DEPOSITORY ACCOUNTS IS TO BE UPLOADED ON e-PASS PORTAL OF NSDL: [153]

21.1. In this context, a facility is now being made available on e-PASS portal under the option "Download KYC" to download the list of depository accounts for which KYC confirmation is to be reported to NSDL. The files will be made available on the e-PASS portal within five days after the end of every fortnight (e.g., for the fortnight 1st to 15th day of the month, the files will be made available by 20th day of the month and for the fortnight 16th to the end of the month, the files will be made available by 5th of the subsequent month). The due date for report submission will be mentioned in the file itself.

21.2. Further, the search facility under the option "Search-General Report" is also available on e-PASS portal to confirm whether the KYC confirmation report has been successfully uploaded by the Participant.

21.3. A detailed note explaining the "Download KYC" / "Search" feature is available in the below link:

Click here to download

22. GUIDELINES FOR DEALING WITH CONFLICTS OF INTEREST OF INTERMEDIARIES, RECOGNISED STOCK EXCHANGES, RECOGNISED CLEARING CORPORATIONS, DEPOSITORIES AND THEIR ASSOCIATED PERSONS IN SECURITIES MARKET.[154]

22.1. Participants are advised to refer SEBI Circular No. CIR/MIRSD/5/2013 dated August 27, 2013 to ensure compliance regarding general guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

[150] Para 26 of Rule 18 of the NSDL Business Rules.
[151] Circular No.: NSDL/POLICY/2017/0047 dated August 1, 2017.
[152] Para 33 of Rule 18 of the NSDL Business Rules.
[153] Circular No.: NSDL/POLICY/2009/0114 dated December 3, 2009
[154] Circular No.: NSDL/POLICY/2013/0104 dated August 29, 2013

23. COMPLIANCE TO SEBI CIRCULARS, GUIDELINES AND ADVISORIES [155]

This is in reference to the advisory from SEBI regarding the possible security risks in some vendor products. This advisory pertains to critical vulnerabilities identified in certain vendor products, which, if left unaddressed, could jeopardize the security and integrity of your data and systems.

For the convenience of Participants, we have enclosed the 'Annexure CC' detailing the affected vendors, products, and the specific vulnerabilities identified. We advise for immediate attention to the following actions:

a. Review the enclosed document to determine if any of the listed products are in use within your operational environment.

b. Conduct a thorough assessment of your systems and applications to identify any issues associated with the aforementioned products. If any vulnerabilities are identified, please provide a timeline for their resolution.

c. Report any vulnerabilities that may have significant implications for the broader financial system.

Additionally, it is imperative that you confirm your adherence to the guidelines, rules, and regulations set forth by SEBI in relation to system/cyber audit, VAPT, cloud framework, incident reporting, and AI/ML reporting, among others.

24. ENHANCEMENT IN E-DPM SYSTEM TO UPLOAD THE DATE(S) IN RESPECT OF DEMAT/ REMAT REQUESTS. [156]

24.1. NSDL e-DPM system has been enhanced for uploading the below mentioned date(s) in respect of demat and remat requests of clients processed by Participants.

i) Date on which Demat/ Remat request documents were dispatched to RTA/ Issuer.

ii) Date on which rejection letter was received from RTA/Issuer for rejected DRN/ RRN.

iii) Date on which documents received from RTA/ Issuer for rejected DRN/ RRN were sent back to concerned client

In view of the above, the file format in respect of the backoffice interface with eDPM to upload aforesaid date(s) is enclosed at Annexure DD.

24.2. ***Operational guidelines for upload of date(s) in respect of demat and remat requests processed by Participants***.[157]

Procedure for uploading the below mentioned dates referred in aforesaid circular and its salient features is enclosed as Annexure EE. Further, Participants are requested to take note that the requirement of uploading these dates in e-DPM system for all demat

[155] Circular No. NSDL/POLICY/2023/0182 dated December 26, 2023.
[156] Circular No.: NSDL/POLICY/2023/0162 dated November 17, 2023
[157] Circular No.: NSDL/POLICY/2024/0168 dated November 11, 2024

/ remat requests processed by Participants are mandatory with effect from December 1, 2023:

a) Uploading of date on which demat/ remat request form along with supporting documents (if any) were dispatched to Registrar and Transfer Agents (RTAs)/ Issuer.

b) Uploading of date on which rejection letter along with supporting document (if any) was received from RTA/Issuer for rejected Demat Request Number (DRN)/ Remat Request Number (RRN).

c) Uploading of date on which documents received from RTA/ Issuer for rejected DRN/ RRN were sent back to respective client(s).

In order to assist Participants, ascertain the DRN/RRN request processed for which the aforesaid dates are required to be uploaded, below mentioned reports would be made available on the e-PASS portal under 'I- Assist → Downloads' menu:

Particulars (A)	**Timeline for compliance (B)**	**Report made available in Sub Modules (C)**	**Frequency (D)**
Uploading date on which demat/ remat request form along with supporting documents were dispatched by Participant to Registrar and Transfer Agent (RTA)/ Issuer.	Within seven days of accepting the same from its client.	Demat and Remat Alert Report> Updation pending for dispatch to RTAs/Issuers	Daily
Uploading date on which rejection letter along with supporting document was received from RTA/Issuer for rejected Demat Request/ Remat Request.	Date of actual receipt of rejection letter from RTA/Issuer should be captured.	Demat and Remat Alert Report> Updation pending for dispatch to client	Daily
Uploading of date on which documents received from RTA/ Issuer for rejected DRN/ RRN were sent back to respective client(s).	Within seven days from the date of receipt of documents from RTA/Issuer for the rejected DRN/RRN.		

Participants are advised to review the aforesaid reports and upload the required dates for respective DRN/RRN on NSDL e-DPM as per the procedure specified in the Annexure EE.

24.3 The dates mentioned at a to c above for demat / remat requests processed by Participants / rejected by RTA/Issuer during a month should be uploaded in e-DPM system by 15th of the following month by the Participant. For e.g. for demat / remat request processed/ rejected during the month of December' 2023 needs to be uploaded by Participant in e-DPM system by January 15th 2024Email ID for receiving complaints exclusively for surveillance related activities.[158]

An email ID viz. report-mktmanipulation@nsdl.com has been created for receiving complaints exclusively related to surveillance activities.

On aforesaid email ID, clients can lodge their complaints with respect to market manipulation/fraudulent activities in the market or against Depository Participants.

The aforesaid email ID is also displayed on NSDL website under section "Investors" (https://nsdl.co.in/nsdlnews/investors.php).

Participants were advised inform their clients suitably.

25. **ENHANCEMENT IN LOCAL DPM TO CAPTURE THE DATE OF DISPATCH OF NOTICE SENT TO CLIENTS IN RESPECT OF PARTICIPANT INITIATED ACCOUNT CLOSURE**.[159]

The additional field for capturing the date of dispatch of closure notice sent to Beneficial owner where the reason selected by Participant for account closure is 'Closure initiated by Participant' in the 'Client maintenance module' of Local DPM system has been made available to Participants from December 1, 2023 (EoD).

In this context, changes required in the file formats in respect of the back-office interface with Local DPM systems are highlighted and the same is available at below link : File formats wrt Enhancement in Local DPM to capture the date of dispatch of notice sent to clients in respect of Participant initiated account closure

1. Client Modification Uploads v3.0
2. Client Master Download-v2.8

26. **FACILITY FOR REPORTING OF ANY INDICTMENT OR ORDER PASSED AGAINST PARTICIPANT BY ANY REGULATORY AUTHORITY IN ELECTRONIC FORM THROUGH E-PASS**.[160]

In this context, Participants are informed that NSDL has developed a facility for reporting of details of indictment or other order that may have been passed against it by any regulatory authority through online portal i.e., NSDL e-PASS (https://www.epass.nsdl.com/epass/).

Participants are advised to submit the details of indictment or other order are passed against it by any Regulatory Authority (within aforesaid timeline) through NSDL e-PASS portal with effect from November 10, 2023.

The procedure for submitting the details of indictment or other order through e-PASS portal and its salient features are enclosed as Annexure FF. For submitting the aforesaid details, the existing maker / checker user of Participants will be able to access e-PASS feature through

[158] Circular No.: NSDL/POLICY/2023/0169 dated December 02, 2023
[159] Circular No.: NSDL/POLICY/2023/0163 dated November 17, 2023
[160] Circular No.: NSDL/POLICY/2023/0157 dated November 08, 2023

their existing log-in IDs created for submission of periodic compliances.

27. SUBMISSION OF DETAILS OF INVESTOR GRIEVANCES RESOLVED DURING THE MONTH THROUGH NSDL EPASS PORTAL.[161]

In addition to the submission of 'IG Report' on the e-PASS, the module of 'DP IG Report on NSDL e-PASS (https://www.epass.nsdl.com/epass/) has been enhanced for 'Reporting of Grievances' that are directly received from clients and redressed during the particular month in a new tab through a file upload facility to be submitted on the ePASS by 10th of the following month.

The aforesaid module in the NSDL e-PASS portal has been released on November 10, 2023. Participants may note that they need not submit a 'NIL' report to NSDL.

The procedure for submitting the information of reporting of grievances received directly by client on the e-PASS portal and salient features are enclosed as Annexure HH . The existing maker / checker user of Participants will be able to access aforesaid feature on e-PASS through their existing log-in IDs.

28. ENCRYPTION OF FILES BY DEPOSITORY PARTICIPANTS (DPS):[162]

SEBI vide its Circular No. CIR/MRD/DP/13/2015 dated July 06,2015 regarding "Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporation and Depositories" wherein it has been inter-alia stated that the '*Data-in motion and Data-at-rest should be in encrypted form by using strong encryption methods such as Advanced Encryption Standard (AES), RSA, SHA-2, etc'*.

In order to comply with the aforesaid SEBI requirement, NSDL has developed a product (e-signer) to digitally sign and encrypt the instructions files (generated from the back-office system) to be uploaded on NSDL eDPM system and the same is available as a value-added service to the Participants.

Participants may avail the NSDL e-signer facility or may implement at their own to comply with the above-mentioned SEBI requirement.

To assist Participants, NSDL has published an encryption utility which can be used by the Participants for encryption and decryption of files exchanged with NSDL.[163]

29. COMPREHENSIVE STRATEGY TO ADDRESS SCAMS SOLICITING INVESTMENTS IMPERSONATING AS RECOGNIZED INTERMEDIARIES.[164]

SEBI vide its email dated April 10, 2024 has informed about the "Comprehensive strategy to address scams soliciting investments impersonating as recognized intermediaries".
SEBI has been receiving complaints from investors/intermediaries about fraudulent trading activities in the name of prominent SEBI registered financial institutions, deceiving investors through various digital channels, including websites, mobile applications, and social media platforms. Such impersonation not only poses a threat to the trust and confidence of investors

[161] Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023
[162] Circular No.: NSDL/POLICY/2023/0059 dated May 15, 2023
[163] Circular No.: NSDL/POLICY/2024/0030 dated March 12, 2024
[164] Circular No.: NSDL/POLICY/2024/0048 dated April 18, 2024

but also undermines the credibility of the entire financial ecosystem.

In this regard, Participants are advised as follows:

i). Regularly monitor the web and social media platforms for any instances of impersonation or unauthorized use of your entity's name, logo, or branding.

ii). Upon identifying any unauthorized App, website, social media profile, or post impersonating your entity, take steps to take down such App/website/social media posts etc. by filing police complaints/public notices.

iii). Periodically report any instances of impersonation or fraudulent activity targeting your entity to NSDL at dp_igreport@nsdl.com every month (For the month ended April 2024 onwards, latest by 10th of the following month) as per the below format. Further, DPs need not submit a 'NIL' report to NSDL.

DP ID	DP Name	Particulars of instance	Action Taken	Status

Participants are aware that the information to access the page containing the details of depository participants (DPs) registered with NSDL, are available at NSDL website at https://nsdl.co.in/direct_full_search.php.

In this context, Participants shall send communication to their clients via emails/SMSs to the email IDs/mobile numbers linked with all BOID advising clients to stay away from fraudulent schemes/Apps promising unrealistic returns.

30. FACILITY FOR SUBMISSION OF INSPECTION RELATED COMPLIANCE THROUGH NSDL E-PASS PORTAL.[165]

NSDL e-PASS Portal has been enhanced by introducing a new tab, to facilitate submission of Inspection related compliance letters by Participants through the online portal (https://www.epass.nsdl.com/epass/).

The procedure for submitting the compliance in response to reference number of the NSDL inspection observation letters and salient features are enclosed as Annexure Z13. The existing maker / checker user of Participants will be able to access aforesaid feature on e-PASS through their existing log-in IDs. The current practice of submission of compliance by Participants on email shall be continued in case of service center Inspection only.

Participants are requested to take note of the process mentioned in the enclosed Annexure for submission of the Inspection related compliances to NSDL.

31. REGISTRATION OF NON-PROFIT ORGANIZATIONS (NPOS) ON DARPAN PORTAL OF NITI AAYOG.

Attention of Participants is invited to notification issued by FIU-India regarding "Registration

[165] Circular No.: NSDL/POLICY/2024/0149 dated October 11, 2024

of Non-Profit Organizations (NPOs) on DARPAN Portal of NITI Aayog [166]

Participants are advised to inform clients which are non-profit organizations to take necessary actions to ensure compliance with the aforesaid notification

31.1. ***Facility for reporting of number of Non-Profit Organisation Transaction Report (NTR).***[167]

Attention of Participants is invited to SEBI's Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under", mandates that the Non-Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND within specified timelines as described below.

> To identify the Non-Profit Organisation, Participants are requested to refer to the point (vii) of para 74 in the above-mentioned SEBI guidelines. Further, as mentioned in the "Guidelines for correct reporting of NPO transaction reports (NTRs)" dated February 8, 2021, every Reporting Entity is required to report the information in respect of transactions involving receipts by Non-Profit Organisations of value more than Rs. 10 Lakhs or its equivalent foreign currency to FIU-IND by the 15th day of the succeeding month.

User manual, which states the guidelines to file the NTR on the portal of FIU-IND is provided under Learning & Resources module in FINnet 2.0 of FIU-INDIA, portal (post login). The related hardware and technical requirement for preparing reports, the data files and data structures thereof are also detailed in the manual.

Participants who are yet to register on FINnet 2.0 portal of FIU-IND, requested to refer circular no. NSDL/POLICY/2024/0033 dated March 18, 2024, for "Registration of the Reporting Entities (REs) in FINnet 2.0 system of FIU-INDIA".

Further, Participants are informed that NSDL has developed a facility for submitting number of NTRs filed to FIU-IND through online portal i.e., NSDL e-PASS (https://www.epass.nsdl.com/).

Participants may note that aforesaid feature to submit the number of NTRs filed with FIU-IND to NSDL through e-PASS portal has been released on October 9, 2024. Accordingly, Participants can submit details of number of NTRs submitted to FIU-IND for the month of October 2024 onwards OR submit NIL reporting in case no NTR has been submitted to FIU-IND by the 20th day of a succeeding month.

The salient features and procedures for submitting the information of number of NTRs filed with FIU-IND are enclosed as Annexure Z14. The existing maker / checker user of Participants will be able to access aforesaid feature on e-PASS through their existing log-in IDs. Participants are advised to take note of the above and ensure prompt compliance.

To supervise the compliance of the above regulatory requirement for Participants, NSDL needs to collect the details of NTRs submitted by the Participants to FIU-IND on monthly basis.

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[166] Circular No.: NSDL/POLICY/2025/0003 dated January 09, 2025, Circular No.: NSDL/POLICY/2025/0087 dated July 02, 2025

[167] Circular No.: NSDL/POLICY/2024/0166 dated November 07, 2024

It is advisable that Principal Officer of Participants, conduct an internal training and awareness of this compliance requirement to the relevant team members and monitor compliance themselves.

32. **CHARGES LEVIED BY MARKET INFRASTRUCTURE INSTITUTIONS – TRUE TO LABEL'.**

SEBI Circular SEBI/HO/MRD/TPD-1/P/CIR/2024/92 dated July 01, 2024 on 'Charges levied by Market Infrastructure Institutions – True to Label' , the Business Rules of NSDL w.r.t Settlement Fees has been amended. [168]

Participants are advised to separately disclose the settlement fees charged by NSDL in their fee structure

Further, in case of any change in the charge structure, Participants are requested to ensure compliance with NSDL Master circular for Depository Participants with respect to submission of charge structure.

33. **ENHANCEMENT IN E-DPM SYSTEM TO UPLOAD THE DISPATCH DATE(S) IN RESPECT OF MUTUAL FUND RECONVERSION REQUESTS PROCESSED BY PARTICIPANTS.[169]**

Attention of participants is invited to Business Rule 11.8.7 regarding reconversion of Mutual Fund Units into Statement of Account Form (SOA Form) wherein it has been stated that 'the Reconversion Request Form shall be forwarded by the Participant to the Issuer or its Registrar and Transfer Agent (RTA) within seven days of accepting the same from its Client.'
Participants are informed that e-DPM system is enhanced for uploading the date(s) on when Reconversion Request Form (RRF) were dispatched to respective RTA.

It may be noted that for upload of the aforesaid details of Mutual Fund RRF dispatch date, no change is required in the file format in respect of the back-office interface of Participants. The same can be uploaded through the existing file format used by Participants for upload of 'Date on which Demat/ Remat request documents were dispatched to RTA/ Issuer' as informed to Participants at para 24 above of this chapter.

The date for Mutual Fund reconversion requests processed by Participants during a month should be uploaded in e-DPM system by 15th of the following month. For e.g. reconversion requests processed during the month of January needs to be uploaded by Participant in e-DPM system by February 15th . Further, Participants are requested to take note that the requirement of uploading these dates in eDPM system is mandatory for all mutual fund reconversion requests processed by Participants from January, 2025 onwards.

Further, in order to assist Participants to ascertain the Mutual Fund requests processed for which the dispatch dates are pending to be uploaded, the existing demat and remat alert report is enhanced to include the said dispatch date for mutual fund reconversion as mentioned at para 24 of this chapter.

34. **ENHANCEMENT IN E-DPM SYSTEM TO CAPTURE DATE IN RESPECT OF REGISTERING PLEDGE REQUEST[170]**

Attention of participants is invited to NSDL Circular NSDL/POLICY/2024/0073 dated May 31,

[168] Circular No.: NSDL/POLICY/2024/0153 dated October 14, 2024.
[169] Circular No.: NSDL/POLICY/2025/0014 dated February 04, 2025
[170] Circular No.: NSDL/POLICY/2025/0025 dated February 24, 2025

2024 regarding SEBI Circular on Investor Charter for Depositories and Depository Participants. Under Description of services provided by the Depository through Depository Participants (DP) to investors (para 4) at point no. 6, expected timeline for registering pledge by the Depository Participants are provided as 'within 15 days from the date of receipt of proper documents'

Accordingly, e-DPM system, is being enhanced to mandatorily capture the 'Pledge request received date' for registering of pledge request by the Participant in e-DPM system through front end from March 22, 2025.

Participants are requested to kindly note that, the field for capturing the above details i.e. 'Request Received Date From BO' (ISO Tag -ReqRcvdDtFrBO) is available in the UDiFF Standardised transaction upload file format as 'Conditional Required/ Optional' field which shall be changed to mandatory field. The above field name i.e. 'Request Received Date From BO' (ISO Tag - ReqRcvdDtFrBO) can be used to capture 'Pledge request received date' in the Pledge Initiation module (TxnTyp –'PLG').

Accordingly, Participants are requested to take note of the above change and mandatorily capture the 'Pledge request received date' for the pledge initiated from from EOD of April 04, 2025. in the e-DPM system. [171]

The UDiFF catalogue is published on the NSDL Website (accessible at https://nsdl.co.in/nsdlnews/udiff.php) and contains the details of the formats and ISO tags wherein the information about Pledge request received date are required to be captured. All Participants are advised to make necessary changes in their back-office system latest by March 21, 2025.

[171] Circular No.: NSDL/POLICY/2025/0041 dated March 29, 2025

CHAPTER 12 - RECONCILIATION AND CONNECTIVITY

1. RECONCILIATION OF RECORDS

(a) Every Participant is required to reconcile his records with every depository in which it is a Participant on a daily basis.[1] The details shall be obtained, at the end of each day,[2] in respect of changes in the accounts of the Clients from the processing undertaken at the end of the previous working day, including the Client name, address and also the security wise details of the balance of the Client.[3]

(b) It is the responsibility of each Participant to promptly check and reconcile with its own records the details of such advices, statements and reports, and to promptly notify NSDL of any error or omission contained in such advices, statements and reports within the time specified by the Depository.[4]

(c) If there is a failure of the reconciliation between the Participant and the Depository's records as per the NSDL Byelaws, the Depository may initiate necessary action including suspension of a Participant or suspension of transactions in a particular security till the process of reconciliation has been completed.[5]

2. LOCAL DPM SYSTEM ON NSDL CLOUD[6]

(a) The Local DPM system is deployed at the premises of the Participants on a server and is accessed by the Users of the Participants through Client machines. The Local DPM System facilitates Participants with Client Creation/Modifications, uploads and downloads of files and provides access to wide range of reports.

(b) Participants are required to note that NSDL hosts the Local DPM System on NSDL Cloud (Private Network). Participants can access their Local DPM System on Cloud (instead of premises). Participants who opt to access 'DPM System on Cloud' will benefit as such Participants will not be required to:

(i) Procure windows license and SQL server license for database,

(ii) Carry out administrative work like daily database backups, weekly reorg etc., and

(iii) Deploy security features like anti-virus, etc.

(c) Participants subscribing to 'DPM on Cloud' facility are charged on a financial year basis. For Participants having multiple DPM set-ups, AMC is charged only to the Parent DP ID. The AMC is included in the monthly DP bill and need not be paid separately.

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1 Regulation 64, D&P Regulations; Bye Law 6.3.10, NSDL Byelaws.
2 Rule 15.1.3, NSDL Business Rules.
3 Bye Law 6.3.5, NSDL Byelaws.
4 Bye Law 6.3.7, NSDL Byelaws.
5 Bye Law 10.1.3, NSDL Byelaws.
6 Circular No.: NSDL/POLICY/2020/0001 dated January 1, 2020.

3. **CONTINUOUS COMMUNICATION BETWEEN THE DEPOSITORY AND ITS PARTICIPANTS**[7]

(a) In terms of the D&P Regulations, maintenance of continuous electronic means of communication between the Depository and its Participants is mandatory.[8]

(b) For this purpose, the primary mode of connectivity between the Participant's DPM system and NSDL is through MPLS.[9]

4. **FALLBACK AS INTERNET CONNECTIVITY**

(a) Participants are also required to maintain Internet connectivity as a fall back to the primary mode of connectivity (MPLS) and train their staff accordingly. The procedure for connecting their DPM setup through Internet is provided to Participants.

(b) All Business Partners are advised to test internet as a fallback connectivity.

(c) Please note that both routine testing as well as emergency internet connectivity should be recorded.

5. **SEBI ADVISORY REGARDING REMOTE ACCESS AND TELECOMMUTING** [10]

(a) Participants are required to take note of SEBI Circular No. SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 03, 201811 regarding Cyber Security & Cyber Resilience framework of Depository Participants. Participants were informed[12] about Cyber Security Advisory from National Critical Information Infrastructure Protection Centre (NCIIPC) to take requisite precautions & SEBI advisory on Cyber Security - Prevention of DDoS Cyber-attacks and Cyber Security preparedness.

(b) In accordance with SEBI's email dated October 22, 2020 regarding advisory on Remote Access and Telecommuting, Participants are required to note of and ensure compliance with the following:

i. Ensure proper remote access policy framework incorporating the specific requirements of accessing the enterprise resources securely located in the data centre from home, using internet connection.

ii. For implementation of the concept of trusted machine as end users, categorize the machines as official desktops / laptops and accordingly the same may be configured to ensure implementation of solution stack considering the requirements of authorized access. Official devices are required to have appropriate security measures to ensure that the configuration is not tampered with. Participants shall ensure that internet connectivity provided on all official devices shall not be used for any purpose other than the use of remote access to

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7 Circular No.: NSDL/PI/2002/1736 dated October 9, 2002.

8 Regulation 14(d), D&P Regulations.

9 Circular No.: NSDL/POLICY/2008/0067 dated October 10, 2008; Circular No.: NSDL/POLICY/2008/0061 dated September 6, 2008.

10 Circular No.: NSDL/POLICY/2020/0143 dated October 30, 2020.

11 Circular No.: NSDL/POLICY/2018/0069 dated December 6, 2018.

12 Circular No.: NSDL/POLICY/2020/0047 dated April 9, 2020; Circular No.: NSDL/POLICY/2020/0126 dated September 20, 2020.

data centre resources.

iii. If personal devices (BYOD) are allowed for general functions, then appropriate guidelines should be issued to indicate positive and negative list of applications that are permitted on such devices. Further, these devices should be subject to periodic audit.

iv. Implement the various measures related to Multi-Factor Authentication (MFA) for verification of user access so as to ensure better data confidentiality and accessibility. Virtual Private Network remote access through MFA shall also be implemented. It is clarified that MFA refers to the use of two or more factors to verify an account holder's claimed identity.

v. Ensure that the trusted machine is the only client permitted to access the data centre resources. The Participants shall ensure that the Virtual Private Network remote login is device specific through the binding of the Media Access Control address of the device with the IP address to implement appropriate security control measures.

vi. Explore a mechanism for ensuring that the employee using remote access solution is indeed the same person to whom access has been granted and not another employee or unauthorized user. A suitable video-recognition method has to be put in place to ensure that only the intended employee uses the device after logging in through remote access. Participants shall implement short session timeouts for better security. Towards this end, it is suggested that the Participants may consider running a mandatory monitor on the device that executes:

    a. At random intervals takes a picture with the webcam and uploads the same to the Participant's server,
    b. At random intervals pops up and prompts biometric authentication with a timeout period of a few seconds. If there is a timeout, this is flagged on the Participants server as a security event.

vii. Ensure that appropriate risk mitigation mechanisms are put in place whenever remote access of data centre resources is permitted for service providers.

viii. Remote access has to be monitored continuously for any abnormal access and appropriate alerts and alarms should be generated to address this breach before the damage is done. For on-site monitoring, the Participants shall implement adequate safeguard mechanism such as cameras, security guards, nearby co- workers to reinforce technological activities.

ix. Ensure that the backup, restore and archival functions work seamlessly, particularly if the users have been provided remote access to internal systems.

x. Exercise sound judgement and discretion while applying patches to existing hardware and software and apply only those patches which were necessary and applicable.

xi. The Security Operations Centre engine has to be periodically monitored and logs

analyzed from a remote location. Alerts and alarms generated should also be analyzed and appropriate decisions should be taken to address the security concerns. The security controls implemented for the Remote Access requirements need to be integrated with the SOC Engine and should become a part of the overall monitoring of the security posture.

xii. Update its incidence response plan in view of the current pandemic.

xiii. Implement cyber security advisories received from SEBI, MII, CERT-IN and NCIIPC on a regular basis.

xiv. Further, all the guidelines developed and implemented during pandemic situation shall become SOPs post Covid-19 situation for future preparedness.

CHAPTER 13 – RECORD KEEPING

1. The Participant shall maintain specific records in the manner and place in accordance with provisions of the D&P Regulations including any circular, guidelines, etc. issued pursuant thereto and in accordance with the provisions under the NSDL Byelaws, NSDL Business Rules and any other circulars, guidelines, etc. as may be issued by NSDL from time to time.

2. Every Participant shall keep accounts and records in respect of its operations with NSDL, distinct and independent from the records and accounts maintained by it in respect of any other activities carried out by it.[1]

3. **RECORDS TO BE MAINTAINED**

3.1. Every Participant shall maintain the following records:[2]

(i) Delivery/Receipt Instructions given by its Clients;

(ii) Forms submitted by the Clients to the Participant for: -

(a) Opening of accounts with the Participant;

(b) Closing of accounts with the Participant;

(c) Freezing of accounts with the Participant;

(d) Unfreezing of accounts with the Participant.[3]

(iii) Copies of correspondence from the Clients on the basis of which Clients details were updated in the DPM;

(iv) Record of all actions taken on the exception reports, generated by the system;

(v) A register showing details of grievances received from the Clients and their present status. The register shall include the following details:

(a) name of the Client;

(b) reference number of the Client;

(c) date;

(d) particulars of complaints; and

(e) actions taken by the Participant;

(vi) If the matter is referred to arbitration, then the particulars including the present status thereof;

[1] Bye Law 10.2.2, NSDL Byelaws.
[2] Regulation 66, D&P Regulations; Bye Law 10.2.7, NSDL Byelaws; Rule 16.1.1, NSDL Business Rules
[3] Circular No.: NSDL/PI/2001/1894 dated December 27, 2001p

(vii) Instructions received from the Clearing Member to transfer balances from the Pool account to the Delivery account of the Clearing Member in order to enable it to meet its obligations to the Clearing Corporation;

(viii) Instructions from the Clearing Member, Trading Member, or Portfolio Manager authorising the transfer of securities from the pool account of the Clearing Member. Trading Member or Portfolio Manager to the accounts of its Clients;

(ix) The forms received in respect of pledge of securities;[4] [5]

(x) The forms received in respect of transmission of securities;

(xi) The forms received in respect of securities lending;

(xii) Record of serial numbers of the instruction forms for debit or pledge or margin pledge or hold of securities in a Client account, issued to its Clients;

(xiii) The Participant shall ensure that records of nomination are maintained properly and preserved for record purposes. These records shall form part of the records of the Participant;[6]

(xiv) The forms received in respect of hold of securities; and

(xv) The forms received in respect of margin pledge of securities.

Documents pertaining to dematerialisation & rematerialisation of securities

3.2. Participants are required to maintain the following documents till the process for dematerialisation / rematerialisation of securities has been completed:[7]

(i) Dematerialisation request form (DRF and DRF-GS) filled by the Client;

(ii) Certificate details of securities sent for dematerialisation;

(iii) Proof of deliveries of DRF and securities to the Issuer or its RTA and proof of delivery of DRF-GS and Government Securities to the Depository;

(iv) Objection memo and certificate details of the rejected securities against the Dematerialisation Request Number;

(v) Rematerialisation Request Form (RRF and RRF-GS) submitted by the Client; and

(vi) Proof of delivery of RRF to the Issuer or its RTA and proof of delivery of RRF-GS to the Depository.

[4] Bye Law 9.9.3, 9.9.8, 9.9.11 and 9.9.12, NSDL Byelaws
[5] Participants are required to record all types of encumbrances in NSDL's system. NSDL has issued operational guidelines in this regard *vide C*ircular No.: NSDL/POLICY/2022/089 dated June 28, 2022.
[6] Circular No.: NSDL/POLICY/2014/0060 dated May 13, 2014.
[7] Rule 16.1.2, NSDL Business Rules.

3.3. If a Participant enters into an agreement with NSDL as well as with CDSL, it shall maintain a record of these agreements with each of these Depositories separately.[8]

4. MANNER OF KEEPING RECORDS

4.1. The records may be maintained either in physical or in electronic form.[9]

4.2. For keeping records in electronic / computerized[10] form, the Participant is required to take prior approval from NSDL. The Participant is also required to ensure that the integrity of the data processing systems is maintained at all times and shall take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and ensure that sufficient backup of records is available at all times at a different place.[11]

4.3. However, the prior approval of the NSDL is not required if the Participant has been permitted to receive instructions from the Client in an electronic form in the manner specified in the NSDL Business Rules.[12] [13]

5. TIME PERIOD FOR PRESERVING RECORDS

5.1. The Participant shall preserve records and documents for a minimum period of 8 years.[14]

5.2. If copies of various documents / records are taken by CBI, Police or any other enforcement agency during the course of any investigation, Participants shall preserve the original records and documents, both in electronic and physical form as the case may be, till the completion of the trial.[15]

6. PLACE FOR KEEPING THE RECORDS

6.1. The provisions for record keeping shall be applicable to records kept at the Participant's principal office, branch office and at the office of any nominee company owned or controlled by the Participant for the purpose of conducting the business of the Participant relating to the operations of NSDL.[16]

6.2. The Participant shall intimate the place of keeping the records to NSDL and these shall be available for audit/inspection.[17] Such inspection shall be permitted during normal business hours.[18]

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[8] Regulation 68, D&P Regulations.
[9] Rule 16.4.1, NSDL Business Rules.
[10] Annexure A, NSDL Byelaws
[11] Regulation 67, D&P Regulations; Rule 16.4.1, NSDL Business Rules.
[12] Proviso to Rule 4.5.1, NSDL Business Rules.
[13] Rule 16.4.1, NSDL Business Rules.
[14] Regulation 66(5), D&P Regulations; Para 4.6, SEBI Master Circular for Depositories bearing Circular No.: SEBI/HO/MRD2/DDAP/CIR/P/2021/18 dated February 5, 2021; Circular No.: NSDL/POLICY/2021/0009 dated February 08, 2021; Bye-law 10.2.9, NSDL Byelaws; Rule 16.1.1, NSDL Business Rules; Circular No.: NSDL/POLICY/2020/0116 dated August 22, 2020.
[15] Para 4.6, SEBI Master Circular for Depositories bearing Circular No.: SEBI/HO/MRD2/DDAP/CIR/P/2021/18 dated February 5, 2021; Circular No.: NSDL/POLICY/2021/0009 dated February 08, 2021; Circular No.: NSDL/PI/2005/1476 dated August 12, 2005.
[16] Rule 16.1.4, NSDL Business Rules.
[17] Rule 16.1.3, NSDL Business Rules; Bye Law 10.2.8, NSDL Byelaws.
[18] Regulation 66(3), D&P Regulations; Bye Law 10.2.4, NSDL Byelaws.

7. RECORD KEEPING REQUIREMENTS UNDER THE PREVENTION OF MONEY LAUNDERING LAWS

7.1. Participants are required to maintain and preserve the following information as per PMLA Laws:[19]

(i) the nature of the transactions;

(ii) the amount of the transaction and the currency in which it is denominated;

(iii) the date on which the transaction was conducted; and

(iv) the parties to the transaction.

7.2. Participants shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.[20]

7.3. To facilitate reconstruction of a satisfactory audit trail for investigating authorities in case of any suspected laundered money or terrorist property, the Participant shall retain the following information for the accounts of their clients:[21]

(i) the beneficial owner of the account;

(ii) the volume of the funds flowing through the account; and

(iii) for selected transactions:

(a) the origin of the funds;

(b) the form in which the funds were offered or withdrawn, e.g., cheques, demand drafts etc.;

(c) the identity of the person undertaking the transaction;

(d) the destination of the funds;

(e) the form of instruction and authority.

7.4. More specifically, all Participants shall put in place a system of maintaining proper record of the nature and value of transactions which has been prescribed under Rule 3 of PML Rules. [22] These records shall be maintained for a period of 5 years from the date of transactions between the client and Participant.[23]

[19] Para 36, Record Management, SEBI Master Circular No.: SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.
[20] Para 38, Record Management, SEBI Circular on AML; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.
[21] Para 39, Record Management, SEBI Circular on AML; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.
[22] Para 41, Record Management, SEBI Circular on AML; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.
[23] Para 42, Record Management, SEBI Circular on AML; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.

7.5. Where the Participant does not have records of the identity of its existing clients, it shall obtain the records forthwith, failing which the Participant shall close the account of the clients after giving due notice to the client. [24]

Explanation: For this purpose, the expression "records of the identity of clients" shall include updated records of the identification date, account files and business correspondence and result of any analysis undertaken under rules 3 and 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

7.6. Participants shall also be required to formulate and implement the Client Identification Procedure containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of 5 years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.[25]

7.7. In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, the record shall be retained until it is confirmed that the case has been closed. [26]

7.8. The Participant shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU –IND, as required under Rules 7 and 8 of the PML Rules, for a period of 5 years from the date of the transaction between the client and the Participant. [27]

[24] Circular No.: NSDL/POLICY/2023/0148 dated October 16, 2023 (Ref. SEBI Circular no. SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023)
[25] Para 43, Record Management, SEBI Circular on AML; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.
[26] Para 44, Record Management, SEBI Circular on AML; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.
[27] Para 45, Record Management, SEBI Circular on AML; Circular No.: NSDL/POLICY/2023/0021 dated February 10, 2023.

CHAPTER 14 – FOREIGN PORTFOLIO INVESTORS

A. REGISTRATION OF FOREIGN PORTFOLIO INVESTORS[1]

Guidance for Processing of application form for registration of FPIs by Designated Depository Participants (DDPs)

1.1. FPI applicant shall submit to DDP duly filled prescribed application form – Common Application Form (**CAF**) and 'Annexure to CAF' (**Annexure A**)[2] supported by required documents and applicable fees for SEBI registration and issuance of PAN. The application form should be duly signed by all authorized signatories in original. Where the application form is incomplete, or lacks clarity, the applicant shall be advised by the DDP to clarify or to furnish the desired information within a reasonable time. Further, with an objective to facilitate ease of onboarding for FPI applicants and reduce duplication of available information, SEBI has decided following w.r.t Application Form (CAF):[3]

i. In case of onboarding applicants belonging to the categories mentioned at Para 2 SEBI's Circular No. SEBI/HO/AFD/AFD-PoD3/P/CIR/2024/156 dated November 12, 2024, they may be provided with an option to fill the entire CAF or fill an abridged version of CAF, i.e., a version of CAF where applicants fill only those fields that are unique to them.

ii. In case applicant opts for this abridged version of CAF, the remaining fields shall either be auto populated from the information available in the CAF module or shall be disabled, as applicable.

iii. While using the available information, an explicit consent to use the same and a confirmation that all the details other than those mentioned in the abridged version of CAF remain unchanged, shall be obtained from the applicant.

iv. DDPs, upon receipt of information from the applicant, shall update the details in CAF against the application number of the applicant for future reference purposes. They shall also ensure that the CAF module hosted on the website of the Depository reflects complete information (information filled in by applicant and that auto-populated) and facilitates seamless fetching of the same.

v. FPI applicant belonging to an existing FPI investor group may submit its unique FPI investor group ID in the CAF, in lieu of providing complete details of all group constituents. In case the applicant wants to club additional FPIs (apart from itself) in such unique investor group ID, the FPI may only provide details of such additional FPIs, along with the investor group ID.[4]

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[1] Circular No.: NSDL/POLICY/DDP/2022/0008 dated December 27, 2022 & NSDL/POLICY/DDP/2024/0004 dated May 31, 2024 (Master Circular on FPIs)
[2] Circular No.: NSDL/POLICY/DDP/2024/0012 dated October 24, 2024
[3] Circular No.: NSDL/POLICY/DDP/2024/0014 dated November 19, 2024
[4] Circular No.: NSDL/POLICY/DDP/2025/0004 dated September 15, 2025

vi. FPIs that invest exclusively in Government Securities under Fully Accessible Route shall not be required to furnish investor group details.

vii. Where the application form is incomplete, or lacks clarity, the applicant shall be advised by the DDP to clarify or furnish the desired information within a reasonable time

a) DDP may satisfy itself on any incremental due diligence requirement to process the application under the Securities and Exchange Board of India (Foreign Portfolio Investors), Regulations, 2019 (**FPI Regulations**). The other intermediaries dealing with FPIs may rely on KYC details uploaded on KYC Registration Agency (**KRA**) based on the information in CAF for the purpose of KYC.

b) DDPs shall consider the following checks for determination of eligibility at the time of processing FPI application: -

i. Country Check - The residency status of the FPI applicant may be ascertained from the place of incorporation/ establishment through appropriate documents or information such as any identification / registration documents issued by applicable regulator or the Income Tax authority. The country code in the FPI registration number shall be the country of its registered/residence address. For due diligence, DDP may verify the country as below –

Table 1

Sl. No.	**Countries**	**Source for verification from website of**
(a)	List of countries where the securities market regulator is a signatory to IOSCO MMOU shall be verified by the DDP.	International Organization of Securities Commissions (IOSCO)
(b)	List of countries that have bilateral Memorandum of Understanding (**MOU**) with SEBI	SEBI
(c)	The list of countries whose Central Bank is a member of the BIS	Bank for International Settlements (**BIS**)
(d)	List of countries that are listed in the public statements issued by FATF and list of FATF member country	FATF

1.2. With respect to the eligibility of FPI applicants from a country where there are separate securities market regulators for different provinces/ states within that country, applicants from only those provinces / states whose securities market regulator is a signatory to IOSCO MMOUs or has entered into a Bilateral MoU with SEBI would be eligible for grant of registration as FPI.

1.3. Any reference in this Chapter, with regard to an entity 'from a FATF member country' will mean that the entity has its primary place of business in a FATF member country and, if

regulated, is appropriately regulated in a FATF member country.

1.4. Non-resident Indian (NRI) / Overseas Citizens of India (OCI) / Resident Indians (RI) check - DDP may obtain requisite declaration from applicant for satisfying eligibility criteria under Regulation 4 of the FPI Regulations and the conditions mentioned below relating to NRIs, OCIs and/or RIs being constituents of the applicant. Where NRIs or OCI or RIs are constituents of the applicant –

a) the contribution of a single NRI or OCI or RI shall be below twenty-five percent of the total contribution in the corpus of the applicant;

b) the aggregate contribution of NRIs, OCIs and RIs shall be below fifty percent of the total contribution in the corpus of the applicant.

Explanation: The contribution of resident Indian individuals shall be made through the Liberalized Remittance Scheme (**LRS**) notified by RBI and shall be in global funds whose Indian exposure is less than 50%.

c) The NRIs, OCIs and RIs shall not be in control of the applicant. This is not applicable if the applicant is an 'offshore fund' for which 'No Objection Certificate' has been issued by SEBI in terms of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, or is controlled by an Investment Manager which is controlled and/or owned by NRI or OCI or RI if the following conditions are satisfied:

i. such Investment Manager is appropriately regulated in its home jurisdiction and registered with SEBI as a non-investing FPI, or

ii. such Investment Manager is incorporated or setup under the Indian laws and appropriately registered with SEBI.

d. The provisions mentioned at a to c above shall not apply to non-investing FPI or if the applicant proposes to invest or invests only in units of schemes floated by mutual funds in India.

a. The provisions mentioned at a to c above shall not apply to 'FPIs investing only in Government Securities' (hereinafter referred to as "GS-FPIs"). However, they shall be subject to the provision that contribution of resident Indian individuals shall be made through the LRS notified by RBI and shall be in global funds whose Indian exposure is less than 50%. [5]

b. The provision mentioned at (b) above shall not apply to SWAGAT-FI FPI. However, it shall be subject to the provision that contribution of resident Indian individuals shall be made through the LRS notified by RBI and shall be in global funds whose Indian exposure is less than 50%.[6]

iii. An applicant not meeting above requirements shall comply within a period of two years from the date of registration. A foreign portfolio investor who stays non-

[5] Circular No.: NSDL/POLICY/DDP/2025/0004 dated September 15, 2025
[6] Circular No.: NSDL/POLICY/DDP/2026/0002 dated January 22, 2026

compliant even after the period specified above shall be prohibited from making any fresh purchase of securities and such foreign portfolio investor shall liquidate its existing position in the Indian securities market within a period of one hundred and eighty days.

1.5. The provisions of sub-clause (ii) of clause (c) of Regulation 4 of the FPI Regulations, 2019 shall not be applicable to an applicant based in IFSCs in India and regulated by IFSCA, subject to the following conditions:[7]

(a) At the time of seeking registration, the applicant shall submit a declaration stating its intent to have aggregate contribution, of NRIs, OCIs and RI individuals, of fifty per cent or more in its corpus, to its DDP. Existing FPIs may submit this declaration within 6 months from the date of this circular. The said declaration can be reviewed only at the time of renewal of registration by providing a suitable declaration to that effect.

(b) The applicant shall provide to its DDP, copies of PAN card of all their NRI/OCI/RI individual constituents, along with the economic interest of such NRIs/OCIs/RI individuals in its corpus. In case any such constituent does not have PAN, the applicant shall submit the following documents to the DDP:

i. A declaration from such NRI/OCI constituents to the effect that they neither have a PAN nor any taxable income in India;

ii. A declaration from such RI individuals to the effect that they are exempted from obtaining PAN by the Indian tax authorities and the legal provision under which they are exempt;

iii. A copy of Indian passport, in case of NRIs;

iv. A copy of the OCI card, in case of OCIs;

v. A copy of any identity document issued by Government of India (such as Aadhaar, passport, etc.), in case of RI individuals. Any change in such details/documents submitted by the FPI shall be considered a ‘Type II” material change in terms of Para 13.1.

(c) In case In case of non-individual constituents of such FPIs, which are controlled directly or indirectly by one or more NRIs/OCIs/RI individuals, or where NRI/OCI/RI Individuals together hold 50% or more ownership or economic interest on a full look through basis, the FPI shall provide the PAN or suitable declaration and identity document as specified under clause (ii) above, of such NRIs/OCIs/RI individuals, along with the percentage of ownership/economic interest/control of these NRIs/OCIs/RI individuals in (i) the nonindividual entity and (ii) the FPI, to their DDPs. Any change in such details/documents submitted by the FPI shall be considered a ‘Type II” material change in terms of Para 13.1.

[7] Circular No.: NSDL/POLICY/DDP/2024/0007 dated July 03, 2024

(d) The requirements specified in clause (ii) and (iii) above shall not apply to an applicant that is setup as a fund in IFSCs in India and regulated by IFSCA, subject to the following conditions:

i. Pooling: Contribution of all investors of the FPI are required, by law, to be pooled into one investment vehicle at IFSC that takes registration as an FPI with SEBI, with no side-vehicles.

ii. Pari-passu and Pro-rata rights: The corpus of the FPI is a blind pool (i.e. common portfolio) with no segregated portfolios, by law. All investors in the FPI have pari-passu and pro-rata rights in the FPI, i.e., by law, they receive a share of returns/gains from the FPI in proportion to their contribution. Issuance of separate class of units by such FPI shall be permitted only for the purpose of segregation of currency of contribution but shall be pari-passu and pro-rata in all respects, post conversion to a common currency.

iii. Diversification of investments: At every point of time, up to a maximum of 20% of the corpus of the FPI can be invested in the equity shares of an Indian listed entity. Provided that an applicant not complying with this condition at the time of registration as FPI, shall comply within a period of three months from the date of registration as FPI. Provided further that in case of any passive breach of this condition, after the initial three months of registration, the Investment Manager / Fund Manager of the FPI shall take immediate steps to rectify the same, not later than three months of such breach. Active breaches, i.e., breaches caused by a market action of the FPI, as opposed to price movement in the market, shall be considered a violation and dealt with as per the extant provisions of the FPI Regulations, 2019.

iv. Diversification of investors: The investors in the FPI are diversified at every point of time with the FPI having a minimum of 20 investors with each investor contributing not more than 25% to the corpus of the FPI. Provided that an applicant not complying with this condition at the time of registration as FPI, shall comply within a period of three months from the date of registration as FPI. Provided further that in case of any passive breach of this condition, after the initial three months of registration, the Investment Manager / Fund Manager of the FPI shall take immediate steps to rectify the same, not later than three months of such breach. Active breaches shall be considered a violation and dealt with as per the extant provisions of the FPI Regulations, 2019.

v. Independent Investment Manager / Fund Manager: No investor has a say in the investment decisions of the FPI. By law, the Investment Manager / Fund Manager of the FPI is completely independent with respect to taking investment decisions for the FPI. Further, only an Asset Management Company of a Mutual Fund (that is registered with the Board and is sponsored by a Bank regulated by the Reserve

Bank of India), or its IFSC based subsidiary/branch, can be the Investment Manager / Fund Manager of the FPI.

(e) The above requirements shall be fulfilled by the FPI irrespective of the actual aggregate contribution of NRIs/OCIs/RI individuals in the corpus of the FPI.

1.6. In case of temporary breach of above investment limits, the FPI shall comply with the eligibility conditions within ninety days of its breach. In case the FPI remains non-compliant with the said requirement even after ninety days, then no fresh purchases shall be permitted and such FPI shall liquidate its existing position in Indian securities market within a period of the next one hundred and eighty days.

1.7. Fit and proper person check - DDP may obtain declaration from the applicants about their meeting eligibility criteria specified under Regulation 4 of the FPI Regulations and shall exercise its due diligence, as applicable.

1.8. Category I FPI check - DDP may verify the eligibility of Category I FPI (under Regulation 5(a)(i) of the FPI Regulations) based on relevant details under which the entity has been established – e.g., Government Charter, Act, Legislation, the shareholding pattern provided by the FPI applicant.

1.9. Regulatory check - The DDP may verify if the applicant is regulated or supervised by the securities market regulator or banking regulator and that its registration/license granted by its regulator has not been cancelled and is still valid through any one of the following:

a) Obtain a copy of certificate issued by such regulator, or

b) verify the registration details directly from the registry or the website of such regulator.

Explanation: Certain type of structures in some of the jurisdictions permitted by SEBI in the past shall continue to be considered as appropriately regulated.

1.10. Any past action taken by FPI applicant's regulator may not necessarily render such an applicant ineligible as long as such action did not result in cancellation of its registration. Further, if an FPI applicant, which is present in multiple jurisdictions, is suspended by one of its foreign regulator and if this suspension does not affect the entity or any of its affiliates' ability to trade in any other country around the world, DDP can consider such an applicant eligible for grant of FPI registration subject to fulfilment of applicable eligibility requirements.

1.11. DDP shall mention name of its signatory(ies) in the FPI registration approval while communicating registration approval to the FPI.

1.12. The applicant may also add the name of its investment manager/ umbrella fund/trustee, etc. as a suffix to its name.

1.13. Mandating Legal Entity Identifier (LEI) for all non – individual Foreign Portfolio Investors (FPIs)

SEBI vide its circular dated July 27, 2023 mandate the requirement of providing LEI details

for all non-individual FPIs [8]

NSDL has made Legal Entity Identifier (LEI) mandatory in Common Application Form (CAF) available on NSDL FPI monitor website for all fresh registration of non-individual FPIs.[9]

NSDL has provided field in Form -A and CAF available on NSDL website to capture LEI details for the fresh & existing registered non-individual FPIs The LEI field in both Form A and CAF is mandatory from January 27, 2024.[10]

FPIs are required to ensure that their LEI is active at all times. Accounts of FPIs whose LEI code has expired / lapsed shall be blocked for further purchases in the securities market till the time the LEI code is renewed by such FPIs. [11]

In this regard, NSDL has introduced new Freeze reason code for account level freeze viz., Suspended for Debit and Credit in respect of the demat account of FPI whose validity of LEI registration has expired/lapsed.[12]

Reason Code	Freeze Reason
45	LEI Expiry/Lapsed

2. GUIDANCE FOR CERTAIN SPECIFIC ENTITIES

2.1. Bank or Subsidiary of Bank applicant

a) An FPI applicant under bank category (other than a central bank) would be deemed to be appropriately regulated if it is regulated by the unified financial sector regulator in its home jurisdiction or by a banking sector regulator in its home jurisdiction.

b) In case an applicant/ its group entity is (i) bank or its subsidiary and has a bank branch/representative office in India or (ii) a central bank or its subsidiary, the respective DDP shall forward the application form to SEBI. SEBI would in turn request RBI to provide its comments. Based on the comments received from RBI, SEBI would notify the comments of RBI to DDP to consider while processing such applications. No such reference to SEBI/ RBI shall be required for continuance of registration.

c) In case a bank FPI applicant is regulated by the banking sector regulator in its home jurisdiction, but the central bank of that country is not a member of BIS, the FPI can seek registration under Category II.

2.2. Insurance/Reinsurance entity

[8] Circular No. SEBI/ HO/ AFD/ AFD– PoD–2/ CIR/ P/ 2023/ 0127 dated July 27, 2023
[9] Circular No.: NSDL/POLICY/DDP/2023/0006 dated September 14, 2023
[10] Circular No.: NSDL/POLICY/DDP/2023/0006 dated September 14, 2023
[11] SEBI Circular no. SEBI/ HO/ AFD/ AFD– PoD–2/ CIR/ P/ 2023/ 0127dated July 27, 2023
[12] Circular No.: NSDL/POLICY/DDP/2024/0001 dated January 30, 2024

a) Insurance and reinsurance entities shall be deemed to be appropriately regulated for the purpose of the FPI Regulations if they are regulated or supervised by the relevant regulator in their concerned foreign jurisdiction in the same capacity in which they propose to make investments in India.

2.3. Pension funds

Pension funds shall include superannuation or similar schemes that provides retirement benefits to employees/ contributors.

a) Appropriately regulated entities investing on behalf of clients

Appropriately regulated entities such as banks and merchant banks, asset management companies, investment managers, investment advisors, portfolio managers, insurance & reinsurance entities, broker dealers and swap dealers will be permitted to undertake investments on behalf of their clients as Category II FPIs in addition to undertaking proprietary investment by taking separate registrations as Category I FPI.

Where such entities are undertaking investments on behalf of their clients, Category II FPI registration shall be granted subject to following conditions:

i. Clients of FPI can only be individuals and family offices.

ii. Clients of FPI should also be eligible for registration as FPI and should not be dealing on behalf of third party.

iii. If the FPI is from a FATF member country, then the KYC including identification & verification of beneficial owner of the clients of such FPI should be done by the FPI as per requirements of the home jurisdiction of the FPI. FPIs from non - FATF member countries should perform KYC of their clients including identification and verification of beneficial owner as per Indian KYC requirements.

iv. FPI has to provide complete investor details of its clients (if any) on quarterly basis (end of calendar quarter) by end of the following month to DDP as below.

Table 2

Name of FPI-

FPI Registration number-

We herewith submit the investor details of our clients-

Details of clients				
Sr. No.	**Name**	**Country**	**Address**	**Type (Individual/ Family office)**

v. Investments made by each such client, either directly as FPI and/or through its investor group shall be clubbed with the investments made by such clients (holding more than 50% in the FPI) through the above referenced appropriately regulated FPIs.

vi. Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI) [13]

I. The following shall be eligible for registration as SWAGAT FI FPI

a. Government or Government related investor as provided under Regulation 5(a)(i) of the FPI Regulations, 2019;

b. Appropriately regulated mutual fund or unit trust open for subscription to retail investors without any specific investor type requirements like accredited investors and complying with the following conditions:

i. The applicant operates as a blind pool (i.e. common portfolio) with diversified investors and investments.

ii. The contributors to the applicant do not have control over day-to-day operations of the applicant and the investment manager of the applicant is independent from such contributors;

c. Appropriately regulated insurance company investing its own funds and does not have segregated portfolios;

d. Appropriately regulated pension fund.

II. The applicant being a public retail fund is setup in identified jurisdiction and regulated by the identified statutory authority / regulatory body in such identified jurisdiction. The list of identified jurisdictions and identified statutory authority / regulatory body shall be spelt out in the Standard Operating Procedure framed and adopted by Custodians and Designated Depository Participants Standards Setting Forum (CDSSF) in consultation with SEBI.

III. FPI meeting the requirements for SWAGAT-FI FPI may convert to SWAGAT-FI FPI on making an application to its DDP.

IV. Depositories shall facilitate a single unified accounting/investing experience for SWAGAT-FI to enable maintenance of all

[13] Circular No.: NSDL/POLICY/DDP/2026/0002 dated January 22, 2026

securities acquired as FPI or FVCI or as foreign investor investing in units of investment vehicles in a unified manner.

vii. Applicant incorporated or established in an International Financial Services Centre:

The proviso under Regulation 4 of the FPI Regulations will be applicable to those applicants incorporated or established in an International Financial Service Centre under SEBI (International Financial Services Centers) Guidelines and rules therein, as amended from time to time.

3. MULTIPLE INVESTMENT MANAGERS (MIM)

3.1. Where an entity engages multiple investment managers (**MIM**) for managing its investments, the entity can obtain multiple FPI registrations mentioning name of Investment Manager for each such registration. Such applicants can appoint different DDPs for each such registration. Investments made under such multiple registrations shall be clubbed for the purposes of monitoring of investment limits.

3.2. In case of MIM structures, if the entity has already furnished registration details to a DDP at the time of its registration, then, the entity will not be required to again provide the registration details for each new FPI registration under this structure, unless there has been a change in the registration details provided to a DDP earlier. However, such FPI need to provide the name of its Investment Manager at the time of request for new FPI registration along with the confirmation that information provided in earlier application is updated and valid. Such FPIs registered under MIM structure shall have the same PAN. Where the entity seeks registration under this structure with another custodian/DDP, the investor or existing custodian/DDP shall provide certified true copy of the application form to new custodian/DDP.

4. CONTINUANCE OF REGISTRATION[14]

4.1. FPIs who wish to continue with their registration for the subsequent block of three years (10 years in case of SWAGAT-FI), should pay the fees to their DDPs and inform change in information, if any, as submitted earlier. However, GS-FPIs shall only pay the fees to their DDPs. The requirement of informing any change in information shall not be applicable to GS-FPIs.[15]

4.2. In case of no change in information, FPIs shall give declaration that there is no change in the information, as previously furnished. However, requirement of giving such declaration shall not be applicable to GS-FPIs.[16]

4.3. FPI shall provide the additional information, if applicable, along with supporting documents including fees for continuance of its registration at least 15 days prior to current validity of its registration in order to facilitate a smooth continuance process. FPI is required to submit a reason for delay, if any, in delayed submission of such

[14] Circular No.: NSDL/POLICY/DDP/2024/0006 dated June 06, 2024
[15] Circular No.: NSDL/POLICY/DDP/2026/0002 dated January 22, 2026
[16] Circular No.: NSDL/POLICY/DDP/2025/0004 dated September 15, 2025

information/fees.

4.4. If DDP is in receipt of registration fees prior to validity date but the due diligence including KYC review is not complete by the validity date due to non-submission of information by the FPI, no further purchases may be permitted till the intimation of continuance is given by DDP.

4.5. An FPI who fails to pay the requisite fees before expiry of validity of its registration shall be permitted to pay the same along with a late fee and re-activate its registration within a period of 30 days from the date of such expiry. The re-activation of registration shall be subject to the FPI complying with applicable KYC and Anti Money Laundering/Countering the Financing of Terrorism (AML/CFT) requirements. The FPI shall be permitted to dispose the securities held in its account during the period from expiry of registration till re-activation of registration. However, no fresh purchases of securities shall be permitted from expiry of registration till re-activation of registration.[17]

4.6. Where the FPI has not paid fees for continuance of its registration, its FPI registration shall cease to be valid after the date, up to which, the last registration fees were duly paid by the FPI.

4.7. DDPs shall send suitable reminders to their respective FPI clients for renewal of registration well in advance of such expiry.[18]

4.8. An FPI whose registration has expired and has failed to re-activate its registration within the prescribed time period, shall be permitted to dispose the securities held in its account within 180 days from the expiry of the prescribed 30 days' time period for reactivation of registration. The remittance of sale proceeds to the FPI shall be subject to applicable KYC, AML/CFT requirements.[19]

4.9. It is clarified that till the expiry of the aforementioned 180-day period the monetary/non-monetary corporate benefits/voting rights with respect to such securities, if any, shall continue to accrue to the FPI.[20]

4.10. An FPI cannot apply for continuance after expiry of its registration. However, if such entity intends to have FPI registration, it will have to make a fresh application for registration after surrender of its earlier FPI registration.

5. CERTIFICATE OF REGISTRATION[21]

5.1. The DDP shall grant the certificate of registration, bearing registration number generated by SEBI.

a) Grant of FPI registration on the basis of scanned copies of application forms and supporting documents:

[17] Circular No.: NSDL/POLICY/DDP/2024/0006 dated June 06, 2024
[18] *Id*
[19] *Id*
[20] *Id*

[21] Circular No.: NSDL/POLICY/DDP/2023/0001 dated April 06, 2023.

i. The DDP may grant FPI registration to the applicant on the basis of scanned copies of executed CAF, scanned copies of certified supporting documents and applicable fees submitted by the applicant.

ii. The DDP shall thereafter update the CAF module as per the standard process, for issuance of PAN.

iii. Post allotment of PAN to the applicant, the scanned copies of certified KYC documents of the applicant shall be uploaded on the KRA by the DDP/ Custodian. Other intermediaries/ entities may access such documents from the KRA and complete their KYC requirements for opening the demat, trading and bank accounts.

iv. The Custodian shall ensure that appropriate systems and procedures are in place to prevent any activity in such accounts till verification of physical documents is carried out.

v. Only upon receipt and verification of the physical documents by the DDP/ Custodian, the Custodian shall make an application to the CC for allotment of a Custodial Participant Code to the FPI and carry out necessary steps for enabling the FPI to transact in the Indian securities markets.

b) Use of Digital Signatures by FPIs:

FPIs may use digital signatures for the purpose of execution of CAF and other registration related documents, provided such digital signatures are in accordance with the provisions of the IT Act.

c) Certification of copies of original documents by authorized bank officials using SWIFT mechanism:

i. At present, copies of all documents submitted by the FPI applicants are to be accompanied with originals for verification. In case the original of any document is not produced for verification, then the copies are required to be physically attested by entities authorized for attesting the documents, as mentioned in Paragraph 23 of this Chapter.

ii. In lieu of physical attestation, certification of copies of original documents by authorized bank officials (i.e., officials of Multinational Foreign Banks or any Bank regulated by RBI) through SWIFT mechanism may be accepted by DDPs/ Custodians for the purpose of verification of documents.

iii. The authorized bank official shall be required to send copies of original documents to the DDP/Custodian digitally and certify the authenticity of these documents through authentic free format SWIFT message types (such as SWIFT MT 599) sent to the DDP/ Custodian.

d) Verification of PAN through the CAF module available on the websites of the Depositories:

i. In cases where PAN application by the FPI applicant is made via the CAF portal,

the DDP/Custodian may verify the PAN of the FPI basis its availability on the CAF module hosted on the website of NSDL, where the PAN is reflected via an automated secure feed from the Income Tax department.

e) Submission of unique investor group ID by FPI applicants in lieu of complete details of group constituents:

i. At present, an FPI applicant, at the time of registration, is required to provide details of FPIs with whom it shares ownership of more than fifty percent or common control, under the 'Clubbing of Investment Limit' section of the CAF. NSDL in turns generate a unique FPI investor group ID for identifying each such FPI investor group.

ii. For operational convenience, it is now specified that in case an FPI applicant belongs to an existing FPI investor group, it may submit its unique FPI investor group ID in the CAF, in lieu of providing complete details of all group constituents. In case the applicant wants to club additional FPIs (apart from itself) in such unique investor group ID, the FPI may only provide details of such additional FPIs, along with the investor group ID.

6. REJECTION OF FPI APPLICATION

6.1. A DDP may consider an FPI application, which has previously been rejected by another DDP. However, before considering such an application, the DDP shall ascertain the reasons for which the application was rejected. In case the application was rejected on technical grounds, the DDP shall ensure that such deficiencies have been rectified by the applicant, before assessing the application afresh on its own merits. If the application has been rejected for any other reason, then the DDP shall assess the application on its own merit as per FPI Regulations.

6.2. NSDL shall maintain a database of FPI applicants. Every DDP shall input the details of FPI applicants in the database. Where an FPI application is rejected by a DDP, the DDP shall mention the reason for such rejection in the database, which would be accessible to all DDPs.

7. OBLIGATIONS OF DDPs

7.1. Infrastructure: Every DDP shall have necessary infrastructure, including adequate office space, adequate and competent manpower and computer systems capability required to discharge its activities as DDP in compliance with Regulations and other guidelines, circulars, issued thereunder.

7.2. Manual: Every DDP shall have a manual setting out systems and procedures to be followed for the effective and efficient discharge of its functions as a DDP.

7.3. Monitoring of systems and controls: Every DDP shall have adequate mechanisms for the purposes of reviewing, monitoring and evaluating its controls, systems, procedures and safeguards.

8. REPORTING

8.1. Every DDP shall submit to SEBI monthly reports on application received from FPI applicants as per the format set out in **Annexure B** hereto and such other reports as may be required by SEBI. The report pertaining to a month may be submitted by DDPs to SEBI latest by 10th of the following month.

8.2. Depository/DDP shall submit to SEBI monthly reports of the fees collected for all the FPIs registered by it as per the format set out in **Annexure C** hereto and such other reports as may be required by SEBI.

8.3. Streamlining of Regulatory Reporting by Designated Depository Participants (DDPs) and Custodians.[22]

a) SEBI has decided that the following reports shall henceforth be submitted on the SEBI Intermediary Portal (SI Portal) by DDPs and Custodians:

Table 1: Reporting Requirements with Periodicity

S.No	Reporting Requirements	Periodicity
I.	Annual audit reports on internal controls of DDPs under Regulation 31(6) of SEBI (Foreign Portfolio Investors) Regulations, 2019	**Annual**
II.	Annual review report of the systems, procedures & controlsof the Custodian by an expert under Regulation 14 (2) of Custodian Regulations read with Clause 8 of Chapter IV of the Master Circular for Custodians.	
III.	Audited Annual report along with Net worth certificate under Clause 7 of Chapter IV of the Master Circular for Custodians	
IV.	AI / ML report under Clause 9 (v) of Chapter IV of the Master Circular for Custodians	**Half yearly**
V.	Custodian Quarterly report under Clause 6 of Chapter IVof the Master Circular for Custodians.	**Quarterly**
VI.	FPI General Information to assess the eligibility under Regulation 4 of FPI Regulations, 2019	
VII.	NRI/OCI/RI requirements under Clause 1(ii) of Part A of Master Circular for FPIs and DDPs dated December 19, 2022	**Quarterly**
VIII.	FPIs non-compliant with Legal entity identifier requirements under circular dated July 27, 2023	
IX.	FPIs who have not submitted granular BO details under circular dated August 24, 2023	
X.	Details of FPIs granted exemption under circular datedAugust 24, 2023	
XI.	Change in material information where there is a delay of 6 months as provided under Clause 14(iii) of Part A of the Master Circular for FPIs and DDPs	**Monthly**
XII.	Report of short sales by FPIs under Clause 4 of ChapterIV of the Master Circular for Custodians.	

[22] Circular No.: NSDL/POLICY/DDP/2024/0002 dated February 01, 2024 and SEBI circular No. SEBI/HO/AFD/ AFD-SEC-2/P/CIR/2024/8 dated January 25, 2024

Timelines for submission of reports

i) These reports shall be submitted by DDPs and Custodians on the SI portal on monthly, quarterly, half yearly and annual basis as specified. The monthly and quarterly reports shall be uploaded within 15 calendar days from the end of each month and quarter, respectively.

8.4. NAME CHANGE

8.5. In case the FPI has undergone a change in name, the request for updation/ incorporation of new name should be submitted by the FPI to the DDP accompanied by documents certifying the name change. Such name change can be shown by:

a) Information available on the website of the home regulator; or

b) Certified copy of document(s) from home regulator; or

c) Certified copy of document(s) from Registrar of Company (or equivalent authority) (wherever applicable) issued; or

d) Where above is not applicable, a Board Resolution or equivalent authorizing the name change.

8.6. An undertaking by the FPI shall be given stating that it is a mere name change and does not involve change in beneficial ownership, category, or structure. Where FPIs has delayed in submitting details of name change beyond 6 months, DDP shall provide details of all such instances with reasons.

8.7. Upon receipt of the request for name change along with above mentioned documents, the DDP shall effect the change in name in the certificate. The DDP shall issue a letter and fresh registration certificate to such applicant acknowledging the change in name. NSDL has made necessary arrangements for DDPs to provide fresh registration certificate as an acknowledgement from its database including a statement that the name change has been granted without prejudice to any tax liability/ implication in India.

8.8. FPI shall as soon as possible but not later than seven working days, apply for appropriate change in name in the PAN records, pursuant to its name change.

9. SURRENDER OF REGISTRATION

9.1. DDP shall seek a "No Objection Certificate" (**NOC**) from SEBI to process such surrender after ensuring that the holdings of the concerned applicant in security account and bank account is nil and there are nil outstanding derivative positions.

9.2. DDP shall process such surrender applications post receipt of NOC from SEBI and shall issue a confirmation to the FPI in this regard.

9.3. DDP shall adhere to the following guidelines while processing such applications:

a) While making an application to SEBI for seeking NOC for surrender, the DDP shall confirm the following with respect to the FPI:

i. Accounts held by the applicant in the capacity of FPI have NIL balance and are blocked for further transactions. Further, the CP Code of the FPI is also blocked.

ii. There are no dues/ fees pending towards SEBI.

iii. There are no actions/ proceedings pending against the said applicant.

b) DDP shall ensure that:

i. All the accounts (including bank account and securities account) held by the applicant in the capacity of FPI are closed; and

ii. The CP code is deactivated within 10 working days from the date of receipt of NOC from SEBI.

10. CHANGE IN CUSTODIAN/DDP

10.1. In case, an FPI or its Global Custodian wishes to change the local custodian/DDP, the request for change shall be forwarded to new local custodian/DDP. In case, the Global Custodian of FPI wishes to change the local custodian/DDP, then the request for change can be sent by the Global Custodian on behalf of its underlying FPI clients provided such Global Custodian has been explicitly authorized to take such steps by the client.

10.2. Upon receipt of no objection from the transferor local custodian/DDP, the transferee local custodian/DDP shall approve the change. In case, the request for change in local custodian/DDP is received from Global Custodian, the transferee local custodian/DDP shall inform Compliance Officer of the concerned FPI(s) regarding the change in their local custodian/DDP.

10.3. Once the change of DDP/Custodian is approved by DDP, the FPI will need to transfer accounts and assets to the new DDP/Custodian within a period of 30 days. In case the transition does not take place within the stipulated time, the FPI shall provide reasons for the same and seek extension from DDP for a further period of 30 days. Once the transition is complete, transferee local custodian/DDP shall intimate SEBI about the change. Both the DDPs will provide joint confirmation on completion of transition of data and documents to SEBI.

10.4. With respect to the process of change of local custodian/DDP by an FPI, the new DDP (i.e. transferee) may rely on the due diligence carried out by the old DDP. However, the new DDP is required to carry out adequate due diligence at the time when the FPI applies for continuance of its registration.

11. REQUIREMENT FOR SEGREGATED PORTFOLIOS

11.1. Funds investing in India include those with sub-funds or separate classes of shares or equivalent structure with segregated portfolio for such sub-funds or separate classes of shares or equivalent structure. The assets & liabilities across such sub- funds or separate classes of shares or equivalent structure may be ring fenced from each other as directed by FPI. FPIs having segregated portfolio(s) are required to provide BO declaration for

each fund/sub-fund/share class/equivalent structure that invests in India. Further, in case of addition of fund / sub fund / share class /equivalent structure with segregated portfolio that invests in India, the FPI shall be required to provide BO information prior to investing in India through such new fund/sub fund/share class/equivalent structure.

11.2. Existing FPIs with segregated portfolio are required to provide the BO details for each fund/sub-fund/share class/equivalent structure that invests in India at the time of continuance of registration. In case of non-submission of BO details within the prescribed timelines, the FPI shall not be allowed to make fresh purchases till the time it is compliant with the said requirement.

11.3. For deletion of sub-fund/share classes/equivalent structure that invests in India, shall be considered a 'Type II' material change in terms of Para 13.1. [23]

11.4. The FPI shall also ensure that funds/sub funds/share classes/equivalent structure that do not adhere to the above requirement shall not invest in India in future.

12. RECLASSIFICATION

12.1. If an FPI registered under a particular category/sub-category fails to comply with applicable eligibility requirements, it shall notify this change to its DDP to be reclassified under appropriate category/sub-category. FPI may be required to provide to the DDP with additional KYC documents, as applicable. The concerned DDP / Custodian shall not allow (block) such FPI to make fresh purchases till additional KYC requirements (if any) are complied with. However, such FPI shall be allowed to continue to sell the securities already purchased by it until expiry of its existing registration block or 180 days from the date of notification of change by the FPI, whichever is later.[24]

13. CHANGE IN MATERIAL INFORMATION

13.1. In terms of Regulation 22(1)(c) of the FPI Regulations, if there is any change in the material information previously furnished by the FPI to the DDP and/or SEBI, which has a bearing on the certificate granted by the DDP on behalf of the Board, it shall inform the DDP and/or the Board in writing, in the following manner:[25]

i. 'Type I' material changes shall be informed by FPIs as soon as possible and within seven working-days of the occurrence of the change and the supporting documents (if any) shall be provided within 30 days of such change. This category shall include critical material changes that:

(a) render the FPI ineligible for registration
(b) require FPI to seek fresh registration
(c) render FPI ineligible to make fresh purchase of securities
(d) impact any privileges (e.g. QIB) available or granted to the FPI under the extant regulatory framework.
(e) impact any exemptions available or granted to the FPI under the extant regulatory framework.

[23] Circular No.: NSDL/POLICY/DDP/2024/0005 dated June 06, 2024
[24] Circular No.: NSDL/POLICY/DDP/2024/0006 dated June 06, 2024
[25] Circular No.: NSDL/POLICY/DDP/2024/0005 dated June 06, 2024

ii. Accordingly, the following material changes shall be considered as 'Type I' material changes:

I. Change of Jurisdiction.
II. Name change on account of acquisition, merger, demerger, restructuring, change of ownership/control.
III. Acquisition/merger/demerger resulting in cessation of existence of FPI.
IV. Restructuring of legal form/sub-category (e.g. Corporate to trust).
V. Change in regulatory status of the FPI (e.g. regulated to unregulated fund).
VI. Change in compliance status of jurisdiction of FPI/BO in terms of Regulation 4(d), 4(e) or 4(f) of the FPI Regulations, 2019.
VII. Reclassification of the FPI from Category I to Category II.
VIII. Addition of FPI(s) to any existing/new investor group(s).
IX. FPIs obtaining registration under Category-I on support of an Investment Manager (IM) and such IM being either removed (temporarily/permanently) or losing its Category I eligibility.
X. Breach of prescribed threshold for aggregate contribution of NRIs, OCIs and Ris.
XI. Any information or particulars previously submitted to the Board or DDP are found to be false or misleading, in any material respect.
XII. Any penalty, pending litigation or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by an overseas regulator.
XIII. Changes which impact any exemption granted in terms of SEBI Circular dated August 24, 2023.
XIV. Breach of any of the eligibility criteria as specified under Regulation 4 of FPI Regulations, 2019 unless the FPI has been exempted from complying with the said criteria.

iii. 'Type II' material changes, i.e., any material changes other than those considered as 'Type I' material changes, shall be informed and supporting documents (if any) shall be provided by FPIs as soon as possible and within 30 days of such change.

iv. However, in case of GS-FPIs, all material changes (both Type I and Type II) shall be informed and supporting documents (if any) shall be provided by such FPIs as soon as possible and within 30 days of such change.[26]

13.2. The DDP shall examine all such material changes and re-assess the eligibility of the FPI including requiring FPIs to seek fresh registration. However, the DDP shall mandatorily require the FPI to seek fresh registration in case of 'Type I' material changes listed at sr. no. a to f of clause (ii) of para 13.1 above. [27]

[26] Circular No.: NSDL/POLICY/DDP/2025/0004 dated September 15, 2025
[27] Circular No.: NSDL/POLICY/DDP/2024/0005 dated June 06, 2024

13.3. Where there is a delay of in intimation of material change by the FPI to the DDP, the DDP shall as soon as possible not later than 2 working days, inform all such cases to SEBI for appropriate action, if any, along with reason for delay.

14. CHANGE IN STATUS OF A COMPLIANT JURISDICTION

14.1. If a jurisdiction, which was a compliant jurisdiction at the time of grant of registration to FPI, becomes non-compliant jurisdiction i.e. ceases to be member of IOSCO/ Bilateral Memorandum of Understanding with SEBI/ BIS or the concerned jurisdiction of FPI is listed in FATF public statement as "high risk" and "non- cooperative" jurisdiction or the concerned jurisdiction of FPI then concerned Custodian shall not allow such FPIs to make fresh purchases till the time the jurisdiction/FPI is compliant with the FPI Regulations. However, the FPI shall be allowed to sell the securities or continue to hold the securities already purchased by it until expiry of its existing registration block or 180 days from the date of change in status of the jurisdiction, whichever is later. The DDP shall inform to SEBI details of such FPIs upon such change Further, in case the FPI itself or its underlying investors contributing twenty-five percent or more in the corpus of the FPI or identified on the basis of control, come under the Sanctions List notified by the United Nations Security Council, the custodian shall not allow any further buy/sell in the account of such FPI and shall as soon as possible but not later than two working days notify such instances to SEBI."[28]

14.2. Further, in case the FPI itself or its underlying investors contributing twenty-five percent or more in the corpus of the FPI or identified on the basis of control, come under the Sanctions List notified by the United Nations Security Council, custodian shall not allow any further buy/sell in the account of such FPI and shall as soon as possible not later than 2 working days, notify such instances to SEBI.

15. OTHER CHANGES RELATING TO FPI

DDP shall take note of the other changes such as change in Compliance Officer, change in contact details and address and update the records accordingly.

16. Dealing with securities that may be held by FPIs after expiry of their registration and/or elapse of the time-period for disposal of securities.[29]

16.1. SEBI (Foreign Portfolio Investors) Regulations, 2019 and circulars issued thereunder provide for blocking of fresh purchases / sale of securities by FPIs within the prescribed time-period, in the following instances:

a. breach of prescribed limits for contribution/control by NRIs/OCIs/RIs in the corpus of the FPI.

b. breach of prescribed limits for contribution by NRIs/OCIs/RIs in the corpus of the FPI.

c. non-submission of additional KYC documents, if applicable.

[28] Circular No.: NSDL/POLICY/DDP/2024/0006 dated June 06, 2024
[29] Circular No.: NSDL/POLICY/DDP/2024/0006 dated June 06, 2024

d. change in compliance status of the jurisdiction of the FPI.

e. e. non-payment of fees.

f. non-disclosure of granular details.

16.2. In this regard, it is clarified that in cases where the FPI is required to dispose of its holdings within a specified time-period but unable to do so due to any regulatory agency/ statutory agency/ Court imposed restrictions or directions from any enforcement agency, the time-period for disposal shall be as per the direction of such enforcement agency/ regulator/ Court. In case no time-period for disposal is provided by such enforcement agency/ regulator/ Court, the time-period for disposal shall be within 180 days of removal of such regulatory/ statutory restrictions. During this period, unless specified otherwise, there shall not be any restrictions on accrual of corporate benefits and exercise of voting rights with respect to such securities held by the FPI.

16.3. In case the FPI continues to hold securities pursuant to expiry of the aforementioned time-period, the FPI shall be allowed to dispose the same within an additional time-period of 180 days, in the following manner subject to the following conditions:

a. Disposal of securities shall be subject to a financial disincentive of 5% of the sale proceeds, which shall be deducted by the custodian of the FPI from the sale proceeds. The custodian shall remit the amounts deducted as financial disincentive to the Investor Protection and Education Fund created by SEBI (hereinafter referred to as "IPEF"), not later than 30 days from the date of deduction of the same.

b. The opportunity to sell the securities shall be subject to the FPI fulfilling the prescribed KYC, AML/CFT requirements.

c. During this period, sale of suspended, unlisted/delisted securities shall also be permitted through off-market transactions, in accordance with the pricing guidelines for such sale as per FEMA Rules, as specified in Para 3 of Part C below.

d. During this period the monetary/non-monetary corporate benefits/voting rights with respect to the securities held by the FPI, if any, shall continue to accrue to the FPI.

16.4. Securities remaining unsold in the account of the FPI, after expiry of the additional 180-day period, shall be deemed to have been compulsorily written-off by the FPI. Accordingly, post the above-mentioned additional 180-day period, the FPI shall lose any beneficial interest in the said securities including voting rights or any benefits arising from any corporate action.

17. Dealing with securities held by FPIs whose registration has expired[30]

17.1. Disposal of securities by the FPIs as provided under the proviso to Regulation 7(5) of the SEBI (Foreign Portfolio Investors) Regulations, 2019, shall be allowed in the following manner:

a. Sale of securities by such FPIs within 180 days from the date of this Circular shall be allowed without any financial disincentive.

b. Securities that remain unsold after expiry of the 180-day period, shall be allowed to be disposed within an 'additional 180-day period' thereafter.

c. Sale of securities during the 'additional 180-day period' shall be subject to a financial disincentive of 5% of sale proceeds, which shall be deducted by the custodian of the FPI from the sale proceeds. The custodian shall remit the amounts deducted as financial disincentive to the IPEF, not later than 30 days from the date of deduction of the same.

d. The opportunity to sell the securities shall be subject to the FPI fulfilling the prescribed KYC, AML/CFT requirements, applicable as on date.

e. During this period the monetary/non-monetary corporate benefits / voting rights with respect to the securities held by the FPI, if any, shall continue to accrue to the FPI.

17.2. Securities remaining unsold in the account of the FPI, after expiry of the 360-day period, shall be deemed to have been compulsorily written-off by the FPI. Accordingly, the FPI shall lose any beneficial interest in the said securities including voting rights or any benefits arising from corporate action.

17.3. In this regard, NSDL has introduced new Freeze reason code account level freeze viz., Suspended for Debit and Credit in respect of the demat account of FPI whose FPI registration has expired.[31]

Reason code	Freeze Reason
46	FPI Registration Expired

18. Transition between regular FPI and GS-FPI[32]

i. New FPI applicants willing to invest only in Government Securities may identify themselves as GS-FPIs by making appropriate declaration to their DDPs at the time of on boarding.

ii. Further, regular FPIs (existing as well as prospective) may also transition to GS-FPIs, by making appropriate declaration to their DDPs.

[30] Circular No.: NSDL/POLICY/DDP/2024/0006 dated June 06, 2024
[31] Circular No.: NSDL/POLICY/DDP/2024/0009 dated August 13, 2024
[32] Circular No.: NSDL/POLICY/DDP/2025/0004 dated September 15, 2025

iii. Upon receipt of such transition requests from FPIs, DDPs shall ensure the FPI has divested all its holdings, except the securities permitted for GS-FPIs, i.e., Government Securities. Further, the following shall also be ensured:

a) Either the FPI has closed its demat account, or
b) Depositories shall ensure that assets other than Government Securities cannot be held in such demat account of the FPI.

iv. Similarly, a GS-FPI may also transition to a regular FPI by making appropriate declaration to their DDPs. For such transition, the GS FPI shall provide incremental information and submit documents as are applicable to a regular FPI. From the date of transition becoming effective, the FPI shall be required to comply with regulatory requirements as applicable to a regular FPI."

19. B. KNOW YOUR CLIENT (KYC) REQUIREMENTS FOR FPIs

19.1. FPIs are required to provide KYC related documents based on the category under which it is registered. Once the KYC is completed, the intermediary will upload the Form and supporting documents on the KRA portal for other market intermediaries to access and complete their KYC requirements. Apart from the KYC requirement stated below, each intermediary may have additional documentation requirement for conducting enhanced due diligence as per their internal policies.

19.2. KYC documentation requirements for FPI

KYC documentation applicable for FPIs shall be as under:-

Table 3

Sr. No	Document Type	KYC Documentation Details	Category – I	Category - II
1	**Applicant Level**	Constitutive Docs (MoA, COI, prospectus etc.)	Required	Required
2		Proof of Address[1]	Required	Required
3		PAN	Required	Required
4		Board Resolution[2]	Not required	Required
5		FATCA / CRS form	Required	Required
6		Form/ KYC Form	Required	Required
7	**Authorised Signatories**	List of Signatures[2]	Required	Required
8	**Ultimate Beneficial Owner**	List of UBO including the details of Intermediate BO[3]	Required	Required

9	**(UBO)**	Proof of Identity	Not Required	Required

[1] Power of Attorney having address provided to Custodian is accepted as address proof.

[2] Power of Attorney granted to Global custodian/ local custodian is accepted in lieu of Board Resolution (BR). BR and the authorized signatory list (ASL) are not required if SWIFT is used as a medium of instruction.

[3] UBO is not required for Government and Government related entities.

19.3. Notes to the Table:

a) FPIs to provide an undertaking that upon demand by Regulators/ Law Enforcement Agencies the exempted / relevant document/s would be submitted to the intermediary.

b) For FPI Category - I coming from high-risk jurisdiction (other than those registered under Regulation 5(a)(i), the KYC documentation equivalent to FPI Category II shall apply.

c) FPI Category – II registered under Regulation 5(b)(i), shall provide KYC documentation equivalent to FPI Category - I. However, BO details need to be provided in specified format.

d) For non-PAN related KYC documents (including KYC form), a local custodian can rely on KYC carried out by another entity of the same financial group (like a Global Custodian or Investment Manager) which is regulated and coming from an FATF member country, where KYC is carried out as per their home jurisdiction standards. Where this reliance is placed, such entity/ FPI shall provide an undertaking to the effect that the relevant KYC documents, would be submitted to the DDP/ Local Custodian when required by regulator/law enforcement agency/ government departments/ tax authority, etc. However, the Custodian / local intermediary will be required to collect constitution documents and BO related declarations (wherever applicable) of the FPI and also, upload the evidence of KYC reliance on KRA.

e) Prospectus and Information Memorandum are acceptable in lieu of an official constitutional document.

f) Valid FATCA / CRS documentations is required to be submitted at the time of account opening.

g) Intermediary can verify the PAN of FPIs online from website authorized by the Income- Tax department. To clarify no certification of PAN document required from FPI. Alternatively, e-PAN issued by CBDT can also be produced by FPI for KYC compliance without requiring any certifications. In such situations where the intermediary is relying on KRA, it shall verify the PAN and download the available documents from KRA. PAN is not mandatory for UBO, senior management and authorized signatories of FPI.

h) PAN is not mandatory for UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.

i) Board Resolution and the authorized signatory list (**ASL**) is also not required if there is no exchange of physically signed documents / agreements between the local Broker and the FPI or its authorized representative being an Investment Manager regulated in FATF member country.

j) Existing risk-based KYC requirement applicable to FPIs should also be made applicable to securities account of FDI, FVCI/DR and FCCB accounts/entities if the same entities are registered as FPIs.

k) If all information required in KYC Form is provided in Form itself, no separate KYC Form will be required to be submitted.

19.4. Sharing of KYC documents with banks towards opening of bank accounts of FPIs

a) Intermediaries are advised to share the relevant KYC documents with the banks concerned based on appropriate authorization.

b) Accordingly, a set of hard copies of the relevant KYC documents furnished by the FPIs to intermediaries may be transferred to the concerned bank through their authorised representative.

c) While transferring such documents, intermediaries shall certify that the documents have been duly verified with the original or notarised documents have been obtained, where applicable. In this regard, a proper record of transfer of documents, both at the level of the Intermediaries as well as at the bank, under signatures of the officials of the transferor and transferee entities, may be kept.

20. DEPOSITORY ACCOUNT BY FOREIGN PORTFOLIO INVESTOR

20.1. FPI is allowed to open only one demat account per depository through the same DP due to non-availability of certain scrip in demat form in both NSDL and CDSL. In case, a FPI holds separate depository accounts in both NSDL and CDSL, it is allowed to appoint only one custodian.

21. IDENTIFICATION AND VERIFICATION OF BENEFICIAL OWNERS

21.1. BOs are the natural persons who ultimately own or control an FPI and should be identified in accordance with Rule 9 of the PML Rules. FPIs are required to maintain a list of BOs and should provide such list of their BOs as below:-

Table 4

Sl. No.	Name & Address of the Beneficial Owner (Natural Person)	Date of Birth	Tax Residency Jurisdiction	Nationality	Whether acting alone or together through one or more natural persons as group, with their name & address	BO Group's percentage Shareholding / Capital / Profit ownership in the FPIs	Tax Residency Number/ Social Security Number/ Passport Number of BO/ any other Government issued identity document number (example

							driving license) (Please provide any) #

 # Not required for Category I FPIs.

21.2. BOs of FPIs having General Partner/Limited Partnership structure shall be identified on ownership or entitlement basis and control basis.

a) Category I FPI registered under Regulation 5(a)(i) are exempt from providing BO details.

b) In respect of FPIs (other than Category I FPI registered under Regulation 5(a)(i)) coming from "high risk jurisdictions" as identified by intermediary, the intermediaries may apply lower materiality threshold of 10% for identification of BO. For category I FPIs (other than registered under regulation 5(a)(i)) from high-risk jurisdictions KYC documentation as applicable for category II FPIs need to be collected.

c) The materiality threshold to identify the beneficial owner should be first applied at the level of FPI and next look through basis shall be applied to identify the beneficial owner of the intermediate shareholder/ owner entity. Beneficial owner and intermediate shareholder/ owner entity with holdings equal & above the materiality thresholds in the FPI need to be identified through the look through basis. For intermediate material shareholder/ owner entity/ies, name, country and percentage holding shall also be disclosed as per **Annexure D**. In case the intermediate shareholder/ owner entity is eligible for registration as Category I FPI under Regulation 5(a)(i), there is no need for further identification and verification of beneficial owner of such intermediate shareholder/ owner entity.

d) The term Senior Managing Official (**SMO**), for identification as BO, means individual(s) as designated by the FPI who holds a senior management position and makes key decisions relating to the FPI.

e) No foreign company shall be entitled to exemption under Rule 9(3)(f) of PML Rules.

f) In case of companies/ trusts represented by service providers like lawyers/ accountants, FPIs should provide information of the real owners/ effective controllers of those companies / trusts. If the BO exercises controls through means like voting rights, agreements, arrangement etc., that should also be specified. It is clarified that BO should not be a nominee of another person and real BO should be identified.

22. PERIODIC KYC REVIEW

22.1. KYC review means steps taken to ensure that documents, data, or information collected under the due-diligence process are kept up-to-date and relevant by undertaking reviews of existing

records on a periodical basis.

22.2. At the time of KYC review, custodian may seek confirmation from FPI whether there is any change in the documents/ information provided earlier. If there is any change, the FPI shall provide the updated documents/ information to the custodian.

Table 5

Jurisdiction	FPI Category – I	FPI Category – II
High Risk	Registered under Regulation 5(a)(i) - During continuance of registration i.e., every 3 years. Others – Annually	Annually

Jurisdiction	FPI Category – I	FPI Category – II
Non-High Risk	During continuance of registration i.e., every 3 years.	Regulated entities during continuance of registration i.e., every 3 years. Others- Annually.

22.3. In case of GS-FPIs, periodicity of KYC review by custodians shall be harmonized with the applicable periodicity of KYC review of their respective bank accounts, as prescribed by RBI.[33]

22.4. In case of SWAGAT-FI FPI, periodicity of KYC review by custodians shall be 10 years.[34]

23. DATA SECURITY

23.1. The KRAs shall secure personal information provided with regard to beneficial owner including SMO of FPI. Such information should be made available to intermediaries only on 'need to know basis' using an authentication method wherein an intermediary, can access the information from KRA using the authentication (similar to OTPs) after the KRA gets confirmation from the FPI or its Global custodian or Investment Manager. For this purpose, KRAs need to maintain email IDs of the FPI and/ or its representative. This functionality will be optional, and it will be deactivated only upon receipt of instruction from the FPI to KRA.

23.2. The Key features as below:

a) Up to 3 email IDs of the FPI can be recorded with 1 mandatory id and 2 optionalemail IDs.

b) Download Consent Flag – Yes / No (Default value is set as "Yes")

i. 'Yes' means Consent required for download

ii. 'No' means download without consent.

[33] Circular No.: NSDL/POLICY/DDP/2025/0004 dated September 15, 2025
[34] Circular No.: NSDL/POLICY/DDP/2026/0002 dated January 22, 2026

c) Where Download Consent Flag is "Yes", an email with the consent link with decision tab "Approve" or "Reject", will be sent to the authorised representative of FPI (as per the details updated in "a" above), requesting their consent to provide the KYC records to the requesting intermediary.

d) KRA will send an email to the requesting intermediary that consent request email has been sent to the authorised representative of the FPI, to enable them to follow up for the consent.

e) KRA will permit download of KYC records and information once the consent is received from the authorised representative of the FPI.

f) Whenever KYC details of client are modified by intermediaries, KRA system sends unsolicited download of KYC information to all intermediaries who have either uploaded/downloaded/modified KYC information of the FPI. The unsolicited KYC download including UBO details of the FPI will be available to the intermediaries who have uploaded/downloaded/modified, such FPIs KYC details in the past, even when the Download Consent Flag is set as "Yes" or otherwise.

g) In case the FPI closes the account with an intermediary, the FPI or the intermediary shall inform KRA to delink the KYC of such FPI, so that unsolicited download request can be discontinued.

h) FPIs can open a separate account for Voluntary Retention Route.[35]

24. PERIOD FOR MAINTENANCE OF RECORDS

24.1. The Custodian should maintain the KYC records in original for a minimum period of five years from the date of cessation of the transactions with the said FPI. In case any litigation is pending, these records should be maintained till the completion of the proceedings.

25. GUIDELINES FOR KYC

25.1. Copies of all the documents submitted by the applicant should be accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents. Additional requirement of self-certification of documents is no longer required.

25.2. If any proof of identity or address is in a foreign language, then translation into English is required.

25.3. Name & address of the applicant mentioned on Form, should match with the documentary proof submitted.

25.4. If more than one address is provided, proof should be enclosed.

25.5. The Global Custodian or the Local Custodian may fill the Form, if authorized through the PoA.

25.6. In-person Verification (**IPV**) is not applicable for a non-individual Client. IPV for individual clients through web camera shall be allowed.

[35] Circular No.: NSDL/POLICY/DDP/2019/0005 dated November 15, 2019.

25.7. Reliance on information available from reliable public sources- In addition to information provided by the client, the intermediaries can rely on documents / information available from reliable public sources (for e.g., websites of Regulators, Exchanges, SROs, Registrars) while collecting documents / information required for an FPI. Attestation of these documents (by way of mentioning the source of the document and signature against the same) may be carried out by a duly authorized official of the Intermediary. No further attestation of such documents is required.

26. List of people authorized to attest the documents: Notary Public, officials of Multinational Foreign Banks or any Bank regulated by Reserve Bank of India (Name, Designation & Seal should be affixed on the copy).

26.1. List of supporting documents:

a) **Proof of Identity (POI): -** *List of documents admissible as Proof of Identity*:

For individuals only

i. Identity card/ document with applicant's Photo such as Passport, Driving license etc, issued by any of the following:

Central/State Government and its Departments, Statutory/Regulatory Authorities, Tax Authorities.

b) **Proof of Address: -** *List of documents admissible as Proof of Address: (Documents having an expiry date should be valid on the date of submission.)*

i. Document specifying the address issued by any of the following:

ii. Central/State Government and its Departments, Statutory/Regulatory Authorities, Tax Authorities such as Passport, Driving license, etc. Intermediaries may place reliance on address appearing on website of regulator/ registrar for address proof.

iii. Utility bills like Telephone Bill, Electricity bill or Gas bill - Not more than 2 months old.

iv. Bank Account Statement/Passbook/letter -- Not more than 3 months old.

v. Power of Attorney given by FPI to Custodians specifying the address (duly notarized and/or apostilled or consularised).

vi. Intermediary may rely on constitutive documents to establish Proof of residency for multilateral organisations.

vii. Proof of address to be submitted only if the submitted POI does not have an address or address as per POI is invalid or not in force.

27. C. INVESTMENT CONDITIONS / RESTRICTION ON FPIS

27.1. <u>Monitoring of investment limit at investor group level</u>

a) Where multiple FPIs belong to the same investor group as provided under Regulation 22(3) of

the FPI Regulations, the investment limits of all such FPIs taken together shall be clubbed at the investment limit as applicable to a single FPI. For individuals registered as FPIs, the individual and his/her relatives who is/are also registered as FPI(s) should also be considered for the purposes of investor group. The term "relative" shall mean a relative as per Section 2 (77) of the Companies Act, 2013.

b) Where different FPIs belonging to the same investor group are serviced by different custodians, the custodians shall report the holdings of such FPIs to both the depositories. NSDL shall club the investments of such FPIs and ensure that combined holdings of all these FPIs remains below 10% of the total paid up equity capital in a listed or to be listed company on a fully diluted basis at any time.

c) NSDL shall monitor the aggregate investment limits of FPI group based on demat holdings data, daily on an end of day basis.

d) NSDL shall put in place appropriate systems, procedures and mechanisms to capture and maintain the details of FPIs belonging to the same investor group, based on the information provided by the DDPs, from time to time.

e) NSDL shall put in place appropriate systems, procedures and mechanisms to monitor the investment limit/ holdings of FPIs belonging to the same investor group.

f) NSDL shall as soon as possible but not later than two working days, report the details of those FPIs who are responsible for breach of investment limit to SEBI.

g) FPIs forming part of an investor group may approach NSDL to get information regarding the aggregate percentage holdings of their group entities in any particular scrip before making investment decision.

h) Government of India, vide letter No. 10/06/2010-ECB dated January 06, 2016 has exempted World Bank Group viz. IBRD, IDA, MIGA and IFC from clubbing of the investment limits for the purpose of application of below 10% limit for FPI investments in a single company.

i) The investment by foreign Government/ its related entities from provinces/ states of countries with federal structure shall not be clubbed if the said foreign entities have different BO identified in accordance with PML Rules.

j) The investment by foreign Government agencies shall be clubbed with the investment by the foreign Government/ its related entities for the purpose of calculation of 10% limit for FPI investments in a single company, if they form part of an investor group. However, certain foreign Government agencies and its related entities may be exempt from such clubbing requirements and other investment conditions either by way of an agreement or treaty with other sovereign governments or by an order of the Central Government.

27.2. <u>Mandating additional disclosures by Foreign Portfolio Investors (FPIs) that fulfil certain objective criteria:</u>

a) In terms of Regulations 22 (6) and 22 (7) of the FPI Regulations, the criteria rendering FPIs liable to provide information or documents in relation to the persons with any ownership, economic interest, or control, in the FPI, and the manner for providing the same is being specified in the below sections of this circular.

b) While the broad principles for this purpose are being outlined in this section, the detailed mechanism for independently validating conformance of FPIs with the conditions and exemptions mentioned in the circular is spelt out in the Standard Operating Procedure (SOP) that is framed and adopted by all the DDPs/ Custodians, in consultation with SEBI. The SOP shall ensure consistent practice across the industry to avoid regulatory arbitrage amongst DDPs/ Custodians. The SOP shall be updated from time to time by the DDPs/ Custodians, in consultation with SEBI and has been made public.

27.3. Criteria for submission of disclosures by FPIs in terms of Regulations 22(6) and 22(7):

a) Granular details of all entities holding any ownership, economic interest, or exercising control in the FPI, on a full look through basis, up to the level of all natural persons, without any threshold, shall be provided by FPIs that fulfil any of the criteria mentioned below to the respective DDPs in the format specified in the above referred SOP,:

i. FPIs holding more than 50% of their Indian equity Assets Under Management (AUM) in a single Indian corporate group;

ii. Provided further that in case of FPIs with segregated portfolio(s), the criteria shall apply individually to each segregated portfolio(s) of the FPI and each segregated portfolio of such FPI shall be treated as separate FPI for the purpose of compliance with disclosure requirements in terms of Regulation 22(6) and 22(7) of the FPI Regulations.[36]

iii. FPIs that individually, or along with their investor group (in terms of Regulation 22(3) of the FPI Regulations) and ODI subscribers having common ownership, directly or indirectly, of more than fifty percent or common control, hold more than INR 50,000[37] crore of equity AUM/positions in the Indian markets. Explanation: For the purpose of this clause, holdings shall include:[38]

I. Equity holdings of the FPI

II. Equity holdings of the FPIs that are part of the investor group of the FPI (in terms of Regulation 22(3) of the FPI Regulations)

III. Equity ODI positions taken by such FPI as an ODI subscriber through one or more ODI issuing FPIs

IV. Equity ODI positions taken by ODI subscribers (through one or more ODI issuing FPIs) having common ownership, directly or indirectly, of more than fifty percent or common control with the FPI

Note:

A. ODI positions of ODI subscribers and holdings of ODI issuing FPIs corresponding to the same

[36] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024
[37] Circular No.: NSDL/POLICY/DDP/2025/0002 dated April 15, 2025

[38] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024

underlying/reference shares may be counted only once so as to avoid double counting.

B. Economic interest means returns from the investments made by the FPI.

C. Ownership interest means ownership of shares or capital of the entity or entitlement to derive profits from the activity of the entity.

D. Control shall have the same meaning as mentioned in Regulation 2(f) of the FPI Regulations.

b) However, FPIs having a broad based, pooled structure with widespread investor base, ownership interest by Government or Government related investors, etc. may not pose significant systemic risk. Further, certain genuine circumstances may also prevent some FPIs from adhering to the limits specified in Para 26.3 above. Considering the same, FPIs satisfying any of the criteria listed below shall not be required to make the disclosures as specified in Para 26.3 above:

i. Government and Government related investors registered as FPIs under Regulation 5 (a) (i) of the FPI Regulations.

ii. Public Retail Funds ('PRFs') as defined under Regulation 22(4) of the FPI Regulations, subject to independent validation of the same by DDPs/ Custodians.

iii. Exchange Traded Funds (with less than 50% exposure to India and India related equity securities) and Entities listed on specified Exchanges of the permissible jurisdictions as may be notified by the Board from time to time. To start with, the list of permissible jurisdictions and exchanges as mentioned in Annexure A to SEBI circular SEBI/HO/MRD2/DCAP/CIR/P/2019/146 dated Nov 28, 2019 shall be considered as permissible exchanges and jurisdictions for this clause.

iv. Pooled investment vehicles registered with/ regulated by a Government/ regulatory authority in their home jurisdiction/ country of incorporation/ establishment/ formation, where:

a. their holding in an Indian corporate group is below 25% of their overall global AUM at a scheme level, in case of FPIs falling under Para 27.3 (a) (i) above; or

b. their equity AUM in the Indian markets is below 50% of their overall global AUM at a scheme level, in case of FPIs falling under Para 27.3 (a) (ii) above;

i. subject to independent validation of disclosure of such holdings by the DDPs/ Custodians.
ii. 'Scheme' for the purpose of this clause shall mean pooled investment vehicles with structures similar to 'Scheme' as defined in SEBI (Mutual Funds) Regulations, 1996.

v. FPIs that are unable to liquidate their excess investments due to statutory restrictions (such as lock in restrictions of anchor investors in IPOs, moratoriums, freeze on accounts or shares due to regulatory orders etc.), till the time such restrictions exist.

vi. Newly registered FPIs, for the first 90 calendar days from the date of settlement of first trade by the FPIs in equity segment in India.

vii. FPIs in the process of winding down their investment and having intimated to their DDP, their intention to surrender their FPI registration. Such FPIs shall be required to bring down their holdings to 'NIL' within 180 calendar days from the date of their intimation for surrender, failing which the account of the FPI shall be blocked for purchase as well as sale, and the FPI shall be liable for regulatory action as stipulated by the Board.

The modalities for compliance with the above are detailed in the above referred SOP

viii. University Funds and University related Endowments, registered or eligible to be registered as Category I FPI, subject to them fulfilling the following additional conditions:[39]

A. Indian equity AUM being less than 25% of global AUM

B. Global AUM being more than INR 10,000 crore equivalent

C. Appropriate return/filing to the respective tax authorities in their home jurisdiction to evidence the nature of a non-profit organisation exempt from tax."

c) The constituents of FPI investor group that collectively hold more than INR 50,000 crore of equity AUM/positions in the Indian markets, referred to in Para (26.3) (b) above, shall be exempted from making the additional disclosures if any constituent of investor group and ODI subscriber(s), referred to in Para (27.3)(a)(iii) above, qualifies for exemption and the net equity AUM/positions of the remaining constituents of the investor group & ODI subscribers, after deducting the AUM/positions of such exempted FPIs/ODI subscribers, falls below INR 50,000 crore.

After making the aforesaid deductions of AUM/positions of such exempted FPIs/ODI subscribers, in case the equity AUM/positions of the remaining FPIs of the investor group and the remaining ODI subscribers continues to exceed INR 50,000 crore, only the non-exempted FPIs of the investor group shall be liable for making the disclosures in terms of Para 27.3 and consequent actions, if any, as stated in the section below."[40]

d) Also, where the entity identified on a look through basis in terms of Para 27.3 above, falls under any of the sub - categories specified in Para xiv above, further identification of entities having ownership interest, economic interest, or control rights of such an entity on look through basis, shall not be required.

[39] Circular No.: NSDL/POLICY/DDP/2024/0008 dated August 05, 2024
[40] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024 and NSDL/POLICY/DDP/2025/0002 dated April 15, 2025

e) In addition to the criteria listed under Para 27.3(b) above, FPI having more than 50% of its Indian equity AUM in a corporate group shall not be required to make the additional disclosures as specified in Para 27.3 above, subject to compliance with all of the following conditions:

i. The apex company of such corporate group has no identified promoter. For this purpose, the list of corporate groups based on the corporate repository published by the Stock Exchanges and their respective apex companies having no identified promoters has been made public by Depositories.

ii. The FPI holds not more than 50% of its Indian equity AUM in the corporate group, after disregarding its holding in the apex company (with no identified promoter).

iii. The composite holdings of all such FPIs (that meet the 50% concentration criteria excluding FPIs which are either exempted or have disclosed) and all ODI subscribers that meet the 50% concentration criteria in that corporate group, excluding ODI subscribers which are either exempted or have disclosed, in the apex company is less than 3% of the total equity share capital of the apex company[41].

Note: ODI positions of ODI subscribers and holdings of ODI issuing FPIs corresponding to the same underlying/reference shares may be counted only once so as to avoid double counting."

f) Custodians and Depositories shall track the utilisation of this 3% limit for apex companies, without an identified promoter, at the end of each day. When the 3% limit is met or breached, Depositories shall make this information public before start of trading on the next day.

g) Thereafter, for any prospective investment in the apex company by FPIs, that meet the 50% concentration criteria in the corporate group, the FPIs shall be required to either realign their investments below the 50% threshold within 10 trading days or make additional disclosures prescribed above. Provided no such requirement, to realign or make disclosure, shall be applicable unless the 3% cumulative limit for the apex company continues to be met through the said 10 trading days.

Timelines:

h) Disclosures specified under Para 27.3 shall not be required to be made by FPIs in case their investments are realigned with the prescribed thresholds, within the below mentioned timelines/ conditions:

i. FPIs holding more than 50% of their Indian Equity AUM in a single

[41] Circular No.: NSDL/POLICY/DDP/2024/0008 dated August 05, 2024

Indian corporate group: 10 trading days from the date on which such FPIs exceed the threshold. Such FPIs shall not make fresh purchases of the equity shares of any company belonging to such Indian corporate group, during the next 30 calendar days from the date on which the FPIs exceeded the threshold.

ii. FPIs, including their investor group, holding more than INR 50,000 crore of equity AUM in the Indian markets: 90 calendar days from date on which such FPIs exceed the threshold. Accounts of all FPIs, individually or belonging to such investor group, shall be blocked for further equity purchases until the holding is brought below INR 50,000 crore of equity AUM in the Indian markets.[42]

iii. FPIs required to make disclosures specified in Para 27.3 (a) above as on the date of applicability of the circular dated August 24, 2023: 90 calendar days from the date of applicability (November 1, 2023).

After realignment, in case the FPI's holdings exceed the prescribed threshold on a subsequent date, the timeline for FPI to realign with the limits shall restart from such subsequent date.

i) FPIs whose investments continue to exceed the prescribed threshold post expiry of timelines mentioned in Para h shall make the disclosures as specified in Para 27.3 to their DDPs within 30 trading days from the expiry of such timelines. Non – disclosures in this regard shall render the registration of the FPI invalid and the FPI shall not make any further purchases. Further, the FPI shall liquidate its securities and exit the Indian securities market by surrendering its FPI registration within 180 calendar days from the day the certificate becomes invalid.

j) Provided further that in case of breach of criteria mentioned in sub-para 27.3 (a)(i) by a segregated portfolio(s), the liquidation requirement, if applicable, shall apply only to such segregate portfolio(s).[43]

k) During the aforementioned 180 calendar days, the investee companies shall restrict the FPI's voting rights to its actual shareholding or its shareholding corresponding to 50% of its equity AUM on the date its FPI registration is rendered invalid, whichever is lower. The mechanism for implementing the same is spelt out in the SOP.

l) Disclosures made as per Para 27.3 of this circular shall be considered material information in terms of Regulation 22(1)(c) of the FPI Regulations till the time the FPI's holdings are in excess of the prescribed thresholds in Para 27.3.

m) Depositories to introduce new freeze reason codes and Stock Exchanges to put in place appropriate mechanism / systems to ensure compliance of the above and to

[42] Circular No.: NSDL/POLICY/DDP/2025/0002 dated April 15, 2025
[43] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024

facilitate blocking of the accounts of the FPIs.

n) For monitoring compliance with the 50% exposure limit in a single corporate group, a repository containing names of companies forming a part of each Indian corporate group, is publicly disseminated on the websites of Stock Exchanges/ Depositories.

o) DDP shall report FPIs who have not submitted granular BO details as mentioned above in this section on a quarterly basis to SEBI. DDP shall submit the report on SEBI Intermediary Portal (SI Portal). The reports shall be uploaded within 15 calendar days from the end of each quarter.

p) DDP shall report details of FPIs granted exemption as mentioned above in this section on a quarterly basis to SEBI. DDP shall submit the report on SEBI Intermediary Portal (SI Portal). The reports shall be uploaded within 15 calendar days from the end of each quarter.

27.4. Monitoring of Investment Limit at individual level

In order to facilitate the listed Indian companies to ensure compliance with the various foreign investment limits, architecture of the system has been explained as under: -

a) Housing of the System

i. The system for monitoring the foreign investment limits in listed Indian companies shall be implemented and housed at the depositories (NSDL and CDSL).

b) Designated Depository

i. A Designated Depository is a depository which has been appointed by an Indian company to facilitate the monitoring of the foreign investment limits of that company. As defined at Rule 2(y) of Foreign Exchange Management Act (Non-debt Instruments) Rules, 2019 (**FEMA Rules**), the term 'Indian company' means a company incorporated in India.

ii. The Designated Depository shall act as a lead depository and the other depository shall act as a feed depository.

c) Company Master

i. The company shall appoint any one depository as its Designated Depository for the purpose of monitoring the foreign investment limit.

ii. The stock exchanges (BSE, NSE and MSEI) shall provide the data on the paid-up equity capital of an Indian company to its Designated Depository. This data shall include the paid-up equity capital of the company on a fully diluted basis.

iii. The depositories shall provide an interface wherein the company shall provide

the following information to its Designated Depository:

a. Company Identification Number (CIN)

b. Name

c. Date of incorporation

d. PAN number

e. Applicable Sector

f. Applicable Sectoral Cap

g. Permissible Aggregate Limit for investment by FPIs

h. Permissible Aggregate Limit for investment by NRIs

i. Details of shares held by FPI, NRIs and other foreign investors, on repatriable basis, in demat as well as in physical form.

j. Details of indirect foreign investment which are held in both demat and physical form.

k. Details of demat accounts of Indian companies making indirect foreign investment in the capital of the company

l. Whether the Indian company that has foreign investment in it is either owned and controlled by resident Indian Citizens or is owned or controlled by person's resident outside India

m. ISIN-wise details of the downstream investment in other Indian companies

The information provided by the companies shall be stored in a Company Master database. The Designated Depository, if required, may seek additional information from the company for the purpose of monitoring the foreign investment limits. The companies shall ensure that in case of any corporate action, the necessary modification is reflected immediately in the Company Master database. In the event of any change in any of the details pertaining to the company, such as increase/decrease of the aggregate FPI/NRI limits or the sectoral cap or a change of the sector of the company, etc. the company shall inform such changes along with the supporting documentation to its Designated Depository.

27.5. Reporting of trades

a) At present, as per SEBI guidelines, the custodians are reporting confirmed trades of their FPI clients to the depositories on a T+1 basis. This reporting shall continue and the data shall be the basis of calculating FPI investments/holding in Indian companies.

b) With respect to NRI (repatriable) trades, Authorized Dealer (**AD**) Banks shall continue to report the transactions of their NRI clients to the depositories. The AD Banks shall

be guided by the circulars issued by RBI in this regard.

27.6. Activation of a Red Flag Alert

a) The monitoring of the foreign investment limits shall be based on the paid-up equity capital of the company on a fully diluted basis to ensure that all foreign investments are in compliance with the foreign investment limits.

b) A red flag shall be activated whenever the foreign investment is 3% or less than 3% of the aggregate NRI/FPI limits or the sectoral cap. This shall be done as follows :

Aggregate NRI investment limit in the company

i. The system shall calculate the percentage of NRI holdings in the company and the investment headroom available as at the end of the day with respect to the aggregate NRI investment limit

ii. If the available headroom is 3% or less than 3% of the aggregate NRI investment limit, a red flag shall be activated for that company.

iii. Thereafter, the depositories and exchanges shall display the available investment headroom, in terms of available shares, for all companies for which the red flag has been activated, on their respective websites.

iv. The data on the available investment headroom shall be updated on a daily end- of-day basis as long as the red flag is activated.

Aggregate FPI investment limit of the company

v. The system shall calculate the percentage of FPI holding in the company and the investment headroom available as at the end of the day with respect to the aggregate FPI investment limit

vi. If the available headroom is 3% or less than 3% of the aggregate FPI investment limit, a red flag shall be activated for that company.

vii. Thereafter, the depositories and exchanges shall display the available investment headroom, in terms of available shares, for all companies for which the red flag has been activated, on their respective websites.

viii. The data on the available investment headroom shall be updated on a daily end- of-day basis as long as the red flag is activated.

Sectoral cap of the company

ix. The system shall calculate the total foreign investment in the company by adding the aggregate NRI investment, the aggregate FPI investment and other foreign investment in the company as provided by the company in the company master.

x. If the total foreign investment in a company is within 3% or less than 3% of the sectoral cap, then a red flag shall be activated for that company.

xi. Thereafter, the depositories and exchanges shall display the available investment headroom, in terms of available shares, for all companies for which the red flag has been activated, on their respective websites.

xii. The data on the available investment headroom shall be updated on a daily end- of-day basis as long as the red flag is activated.

27.7. NSDL shall inform the exchanges about the activation of the red flag for the identified scrip. The exchanges shall issue the necessary circulars/public notifications on their respective websites. Once a red flag has been activated for a given scrip, the foreign investors shall take a conscious decision to trade in the shares of the scrip, with a clear understanding that in the event of a breach of the aggregate NRI/FPI limits or the sectoral cap, the foreign investors shall be liable to disinvest the excess holding within five trading days from the date of settlement of the trades.

27.8. Breach of foreign investment limits

a) Once the aggregate NRI/FPI investment limits or the sectoral cap for a given company have been breached, the depositories shall inform the exchanges about the breach. The exchanges shall issue the necessary circulars/public notifications on their respective websites and shall halt all further purchases by:

i. FPIs, if the aggregate FPI limit is breached.

ii. NRIs, if the aggregate NRI limit is breached.

iii. All foreign investors, if the sectoral cap is breached.

b) In the event of a breach of the sectoral cap/aggregate FPI limit/aggregate NRI limit, the foreign investors shall divest their excess holding within 5 trading days from the date of settlement of the trades, by selling shares only to domestic investors.

27.9. Method of disinvestment

a) The proportionate disinvestment methodology shall be followed for disinvestment of the excess shares so as to bring the foreign investment in a company within permissible limits. In this method, depending on the limit being breached, the disinvestment of the breached quantity shall be uniformly spread across all foreign Investors/FPIs/NRIs which are net buyers of the shares of the scrip on the day of the breach.

b) This method has been illustrated with the help of an example provided below.

Table 6

Total shares that can be purchased by foreign investors till sectoral cap is not breached	600
Total quantity purchased by foreign investors on T Day	1000
Breach quantity	400

Time	Foreign Investor	Purchased quantity	Cumulative Purchase by foreign investor	Quantity to be disinvested by the foreign investor
1000 hrs	ABC	100	100	40
1015 hrs	XYZ	250	350	100
1145 hrs	TYU	50	400	20
1230 hrs	POI	180	580	72
1300 hrs	QSX	120	700	48
1400 hrs	REW	150	850	60
1410 hrs	LOP	150	1000	60
Total		**1000**		**400**

c) As can be observed from the above table, the foreign investors/FPIs/NRIs which are required to disinvest shall be identified and shall be informed of the excess quantity that they are required to disinvest.

d) In the case of FPIs which have been identified for disinvestment of excess holding, the depositories shall issue the necessary instructions to the custodians of these FPIs for disinvestment of the excess holding within 5 trading days of the date of settlement of the trades.

e) In the case of NRIs which have been identified for disinvestment of excess holding, the depositories shall issue the necessary instructions to the AD Banks for disinvestment of the excess holding within 5 trading days of the date of settlement of the trades.

f) NSDL shall utilize the FPI trade data provided by the custodians, post custodial confirmation, on T+1 day, where T is the trade date. The breach of investment limits (if any) shall be detected at the end of T+1 day and therefore, the announcement pertaining to the breach shall be made at the end of T+1 day. The foreign investors who have purchased the shares of the scrip during the trading hours on T+1 day shall also be given a time period of 5 trading days from the date of settlement of such trades, to disinvest the holding accruing from the aforesaid purchase trades. In other words, the purchase trades of such foreign investors which have taken place on T+1 day, shall be settled on T+3 day and thereafter a time period from T+4 day to T+8 day shall be available to them to disinvest their entire holding arising from purchases on T+1 day.

g) If T+1 is a settlement holiday, then the custodial confirmation of the trade executed on T Day shall be done on T+2 day and the subsequent settlement of the trade on T+3 day. In such a scenario, the breach would be detected at the end of T+2 day.

h) A table summarizing the breach-disinvestment scenario is given below.

Table 7

Parameter	Purchase on T Day	Purchase on T+1
Date of breach	T day	T day
Date of trade	T day	T+1 day
Date of detection of breach	T+1 day (End of day)	T+1 day (End of day)
	T+2 day (End of Day if T+1 is a settlement holiday	T+2 day (End of Day), if T+1 is a settlement holiday
Date of settlement of transaction	T+2 dayT+3 day if either T+1 day or T+2 day is a settlement holiday	T+3 dayT+4 day if either T+2 day or T+3 day is a settlement holiday
Disinvestment time frame	5 trading days from the date of settlement of the transactions which were executed on the day of the breach i.e., 5 trading days from T+2 day. If T+1 day or T+2 day is a settlement holiday, then 5 trading days from T+3 day	5 trading days from the date of settlement of the transactions which were executed on T+1 day i.e., 5 trading days from T+3 day. If T+2 day or T+3 day is a settlement holiday, then 5 trading days from T+4 day

i) In the event the foreign shareholding in a company comes within permissible limit during the time period for disinvestment, on account of sale by other FPI or other group of FPIs, the original FPIs, which have been advised to disinvest, would still have to do so within the disinvestment time period, irrespective of the fresh availability of an investment headroom during the disinvestment time period.

j) There shall be no annulment of the trades which have been executed on the trading platform of the stock exchanges and which are in breach of the sectoral caps/aggregate FPI limits/aggregate NRI limits.

Failure to disinvest within 5 trading days.

k) If a breach of the investment limits has taken place on account of the FPIs and the identified FPIs have failed to disinvest within 5 trading days, then the matter shall be referred to SEBI.

28. Off-Market transfer of securities

28.1. In addition to the transactions set out under Regulation 20(4)(d) of the FPI Regulations with domestic or foreign investors, FPIs shall also be permitted to request for 'Off Market' transfer of assets between FPIs operating under MIM structure to their DDPs and such requests can be processed by DDPs at their end.

28.2. In case of relocation of FPIs to IFSC, FPIs ('original fund' or its wholly owned special purpose vehicle) may approach its DDP for approval of a one-time 'off- market' transfer of its securities to the 'resultant fund'. The terms 'original fund', 'relocation' and 'resultant fund' will have the same meaning as assigned to them under the Finance Act, 2021. The DDP after appropriate due diligence may accord its approval for a one-time 'off-market' transfer of securities for such

relocation.

a) Any such approval of off market transactions of assets by DDPs will be without prejudice to provisions of taxation.

b) FPIs are permitted to sell off-market unlisted, illiquid, suspended, and delisted shares in accordance with the pricing guidelines for such sale as per FEMA Rules.

c) OTP for Off-market transfer[44]

SEBI vide its circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020 regarding "Execution of Power of Attorney (PoA) by the Client in favour of the Stock Broker / Stock Broker and Depository Participant". wherein it was informed that Depositories are required to obtain client's consent through One Time Password (OTP) for all off market transfer of securities from client's demat account, with effect from November 1, 2020.

In this regard, Participants may refer the "operational guidelines wrt OTP for off market transfers" under para 3.20 to 3.23 of chapter 15 - Instruction processing of this Master circular.

d) Addition of Beneficiariy Demat account(s) for executing Off-Market Transfer:[45]

SEBI vide its circular no. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2023/139 dated August 08, 2023 regarding "Facility to remedy erroneous transfers in demat accounts" had informed Depositories to provide a facility for the investors and DPs to add and verify the beneficiaries before execution of off-market transfers including inter depository transfers to minimize erroneous transfers.

In this regard, Participants may refer the operational guidelines wrt "Addition of Beneficiary Demat account(s) for executing Off-Market Transfer" under para 19 of chapter 15- Instruction processing of this Master circular.

29. "TO BE LISTED" SHARES

FPIs shall be permitted to acquire "to be listed" shares pursuant to initial public offer (**IPO**), follow-on public offer (**FPO**), rights issue, private placement or shares received through involuntary corporate actions including a scheme of a merger or demerger.

30. SHORT SALE OF SECURITIES

FPIs are not allowed to short sell in Indian market except as allowed under Securities Lending & Borrowing (**SLB**) or any other framework specified by SEBI. Further, sales against open purchases are not permitted for FPIs and FPIs can sell such securities only after their settlement.

31. INVESTMENT BY FPI THROUGH PRIMARY MARKET ISSUANCES

31.1. As per Regulation 20(7) of the FPI Regulations, the purchase of equity shares of each

[44] Circular No.: NSDL/POLICY/2020/0138 dated October 20, 2020
[45] Circular No.: NSDL/POLICY/2023/0185 dated December 28, 2023

company by a single FPI or an investor group shall be below ten percent of total paid-up equity capital on a fully diluted basis of the company.

31.2. To ensure compliance of the above, at the time of finalization of basis of allotment during primary market issuances, Registrar and Transfer Agents (**RTAs**) shall use PAN issued by Income Tax Department of India for checking compliance for a single FPI. Also, RTAs should obtain validation from Depositories for the FPI investor group who have invested in the particular primary market issuance to ensure there is no breach of investment limit within the timelines specified by SEBI for issue procedure.

31.3. Bids by FPIs submitted under MIM structure with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple bids.

32. TRANSFER OF RIGHT ENTITLEMENTS

32.1. FPI shall ensure that the transfer of rights entitlements shall be at market price or fair value, as applicable.

33. RISK MANAGEMENT FRAMEWORK FOR FPIs

33.1. Margining of trades undertaken by FPIs in the Cash Market

a) The trades of FPIs shall be margined as specified by SEBI.

b) However, the trades of Category II FPIs who are corporate bodies, Individuals or Family offices shall be margined on an upfront basis as per the extant margining framework for the non-institutional trades.

33.2. Facility for allocation of trades among related FPIs: The following framework may be implemented to facilitate allocation of trades among the FPIs:

a) Entities who trade on behalf of FPIs shall inform the stock-brokers of the details of FPIs on whose behalf the trades would be undertaken.

b) The stock-broker, in turn, shall inform the stock exchanges the details of such related FPIs.

c) Stock exchanges shall put-in place suitable mechanism to ensure that allocation of trade is permitted only among such related FPIs.

34. FPIs INVESTMENTS IN DEBT SECURITIES[46]

34.1. With respect to FPIs investments into government (Central and State) securities, exchange traded currency and interest rate derivatives, FPIs shall be guided by directions issued by RBI from time to time.

34.2. In respect of investment conditions in the corporate debt securities, the FPI shall also comply with terms, conditions or directions, specified or issued by RBI, from time to time. No separate circular(s) shall be issued by SEBI. The intermediaries may take steps required

[46] Please refer to Foreign Exchange Management (Debt Instruments) Regulations, 2019, as amended from time to time and RBI directions issued thereunder.

to operationalize the RBI notifications.

34.3. FPIs are eligible to invest in corporate debt issues which are "to be listed" without any end-use restriction as applicable to unlisted debt securities. However, if the listing does not happen within 30 days or the issue is not meeting end use restriction, FPI shall immediately dispose such investment to either domestic investor or issuer.

34.4. The investments by FPIs in debt oriented mutual fund schemes shall be reckoned as investments in corporate debt.

35. ALLOCATION OF CORPORATE DEBT LIMIT

35.1. FPI corporate debt investments are subject to Corporate Debt Investment Limits (**CDIL**) as announced by RBI from time to time.

35.2. The CDIL shall be available on tap for investment by foreign investors till the overall investment reaches 95% of the CDIL.

35.3. In the event the overall FPI corporate debt investments exceed 95% of the CDIL (as indicated by the debt utilisation status updated daily on the websites of NSDL and CDSL), the following procedure shall be followed:

a) NSDL shall direct the custodians to halt all FPI purchases in corporate debt securities.

b) NSDL shall then inform the exchanges regarding the unutilised debt limits for conduct of auction. Upon receipt of information from the depositories, the exchange (starting with BSE) shall conduct an auction for the allocation of unutilised debt limits on the second trading day from the date of receipt of intimation from the depositories. Thereafter, the auction shall be conducted alternately on NSE and BSE.

c) The auction shall be held only if the free limit is greater than or equal to INR 100 cr. However, if the free limit remains less than INR 100 Crores for 15 consecutive trading days, then an auction shall be conducted on the sixteenth trading day to allocate the free limits.

d) The auction shall be conducted in the following manner:

Table 8

Particulars	Details
Duration of bidding:	2 hours (15:30 to 17:30 hrs.)
Access to platform	Trading members or custodians
Minimum bid	INR 1 crore
Maximum bid	One-tenth of free limit being auctioned
Tick Size	INR 1 crore
Allocation Methodology	Price time priority

Pricing of bid	Minimum flat fees of INR 1000 or bid price whichever is higher
Time period for utilization of the limits	10 trading days from the date of allocation

e) Once the limits have been auctioned, the FPIs will have a utilisation period of 10 trading days within which they have to make the investments. The limits not utilised within this period shall come back to the pool of free limits.

f) Upon sale/redemption of debt securities, the FPI will have a re-investment period of 2 trading days. If the re-investment is not made within 2 trading days, then the limits shall come back to the pool of free limits.

g) A single FPI/ FPI investor group cannot bid for more than 10% of the limits being auctioned.

i. The subsequent auction would be held 12 trading days after the previous auction, subject to the fulfilment of the condition mentioned at clause (ii)(c) above.

ii. The auction mechanism shall be discontinued, and the limits shall be once again available for investment on tap when the debt limit utilisation falls below 92%. It is clarified that in such a scenario, the reinvestment facility mentioned at clause (ii)(f) above shall be terminated and cannot be availed for the same limits when the utilisation crosses 95% again. The custodians shall monitor and report the reinvestment facility availed by the FPIs to the depositories.

36. POSITION LIMITS AVAILABLE TO FPIS FOR STOCK AND STOCK INDEX DERIVATIVE CONTRACTS

36.1. *Stock derivative*

a) Position limits available to Category I FPIs for stock derivative contracts shall continue to have 20% of market wide position limit (MWPL). Position limits available to Category II FPIs (other than FPIs in sub-category individuals, family offices, corporates) shall have 10% of MWPL. Position limits for individuals, family offices, and corporates shall be 5% of MWPL.

36.2. *Stock Index derivative*

a) The position limit in index for Category I FPIs will remain at INR 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per exchange.

36.3. *In addition, category I FPIs shall take exposure in equity index derivatives subject to the following limits: -*

a) Short positions in index derivatives (short futures, short calls, and long puts) not exceeding (in notional value) the FPI's holding of stocks.

b) Long positions in index derivatives (long futures, long calls, and short puts) not exceeding (in notional value) the FPI's holding of cash, government securities, T bills and similar instruments.

c) The position limit in index derivative for Cat. II FPI shall be as under: -

d) Higher of INR 300 crore or 10% of open interest for cat II FPIs (other than individuals, family offices and corporates).

e) Higher of INR 100 crore or 5% of open interest for Cat II FPIs under subcategory of Individuals, family offices, corporates.

f) The above limits shall be separately applicable for equity index futures and equity index options as per the current mechanism for all categories of FPIs.

37. FPI POSITION LIMITS IN EXCHANGE TRADED INTEREST RATE FUTURES (IRF)

37.1. Following position limits shall be applicable for Category I & II FPIs other than FPIs in sub-category individuals, family offices, corporates):

a) A limit of INR 5,000 crore on aggregate basis to FPIs for taking long position in IRFs

b) This limit will be calculated as follows:

i. For each interest rate futures instrument, position of FPIs with a net long position will be aggregated. FPIs with a net short position in the instrument will not be reckoned.

ii. No FPI can acquire net long position in excess of INR 1,800 crore at any point of time.

c) The limits prescribed for investment by FPIs in Government Securities shall be exclusively available for investment in Government Securities and shall not be reckoned for the purpose of computing utilisation under above mentioned limit of INR 5,000 crore.

d) The Position Limits for FPI across all contracts will be as below:

i. Category I and II FPIs (other than individuals, family offices and corporates) – Trading member level Position limits

ii. Category II FPIs (Individuals, family offices and corporates – Client level position limits will apply.

Category	8-11 years maturity bucket	4-8 and 11-15 year maturity bucket
Trading Member Level	10% of Open Interest or INR 12 billion whichever is higher	10% of Open Interest or INR 6 billion, whichever is higher
Client Level	3% of Open Interest or INR 4 billion, whichever is higher	3% of Open Interest or INR 2 billion, whichever is higher

iii. The total gross short (sold) position of an FPI in IRF shall not exceed its long position in the government securities and in Interest Rate Futures, at any point in time.

iv. Two new codes viz. 'RI-GB' and 'RI-EL' have been incorporated under 'Type of Limit' for reporting of information/transaction related to re-investment facility in respect of Government securities when the limits are available on tap and ensure that same is reported in the manner and format prescribed by NSDL on daily basis before 8 pm.[47] Accordingly, the codes in respect of reporting of buy/sell/investment information related to 'Government / Corporate Debt' securities carried out by FPIs / Deemed FPIs have been revised and are enclosed at **Annexure E**. Guidelines for reporting of information/transaction related to re-investment facility in respect of Government securities when the limits are available on tap are enclosed at **Annexure F.**

37.2. Monitoring mechanism

a) Stock Exchanges shall put in place necessary mechanism for monitoring and enforcing limits of FPIs in IRFs.

b) Stock Exchanges shall aggregate net long position in IRF of all FPIs taken together at the end of the day and shall jointly publish/ disseminate the same on their website on daily basis.

c) Once 90% of the limit is utilized, Stock Exchanges shall put in place necessary mechanism to get alerts and publish on their websites the available limit, on a daily basis.

d) In case, there is any breach of the threshold limit, the FPI/s whose investment caused the breach shall square off their excess position/s within five trading days or by expiry of contract, whichever is earlier.

38. PARTICIPATION OF FPIS IN THE CURRENCY DERIVATIVES SEGMENT AND POSITION LIMITS FOR CURRENCY DERIVATIVES CONTRACTS

38.1. FPIs are permitted to trade in the currency derivatives segment of stock exchanges, subject to terms and conditions as mentioned below:

a) **Position limits of Category I and II FPIs other than individuals, family offices and corporates**:

The gross open positions of the above FPIs across all contracts in the respective currency pairs shall not exceed the limits as mentioned below:

Currency Pairs	Position Limits
USD-INR	Gross open position across all contracts shall not exceed 15% of the total open interest or USD 100 million, whichever is higher.
EUR-INR	Gross open position across all contracts shall not exceed 15% of the total open interest or EUR 50 million, whichever is higher.

[47] Circular No.: NSDL/POLICY/DDP/2015/0005 dated April 17, 2015.

GBP-INR	Gross open position across all contracts shall not exceed 15% of the total open interest or GBP 50 million, whichever is higher.
JPY-INR	Gross open position across all contracts shall not exceed 15% of the total open interest or JPY 2000 million, whichever is higher.

b) **Position limits of category II FPIs that are individuals, family offices and corporates**:

The gross open positions of the above FPI across all contracts in the respective currency pairs shall not exceed the limits as mentioned below. For the purpose of computing the FPI level gross open position, long position shall be considered as Long Futures, Long Calls, and Short Puts and Short Position shall be considered as Short Futures, Short Calls, and Long Puts

Currency Pairs	Position Limits
USD-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or USD 20 million, whichever is higher.
EUR-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or EUR 10 million, whichever is higher.
GBP-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or GBP 10 million, whichever is higher.
JPY-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or JPY 400 million, whichever is higher.

c) In case of positions taken to hedge underlying exposure, the position limit linked to open interest shall be applicable at the time of opening a position. Such positions shall not be required to be unwound in the event a drop of total open interest in a currency pair at a stock exchange. However, participants shall not be allowed to increase their existing positions or create new positions in the currency pair till they comply with the position limits.

d) Limits for FPIs and Domestic Clients based on Underlying Exposure:

38.2. FPIs may take long or short positions without having to establish existence of underlying exposure, up to a single limit of USD 100 million equivalent, across all currency pairs involving INR, put together, and combined across all the stock exchanges.

38.3. FPIs shall ensure that their short positions at all stock exchanges across all contracts in FCY- INR pairs do not exceed USD 100 million. In the event a FPI breaches the short position limit, stock exchanges shall restrict the FPI from increasing its existing short positions or creating new short positions in the currency pair till such time FPI complies with the said requirement.

38.4. To take long positions in excess of USD 100 million in all contracts in FCY-INR pairs, FPIs shall be required to have an underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds.

38.5. FPIs are allowed to take positions in the exchange traded cross-currency futures and option contracts in the EUR-USD, GBP-USD and USD-JPY currency pairs and exchange traded currency option contracts in EUR-INR, GBP-INR and JPY-INR currency pairs, subject to terms and conditions as mentioned below.

38.6. Position limits of Category I and II FPIs other than individuals, family offices and corporates:

Currency Pairs	Position Limits
EUR- USD	Gross open position across all contracts shall not exceed 15% of the total open interest or EUR 100 million, whichever is higher.
GBP- USD	Gross open position across all contracts shall not exceed 15% of the total open interest or GBP 100 million, whichever is higher.
USD- JPY	Gross open position across all contracts shall not exceed 15% of the total open interest or USD 100 million, whichever is higher.

39. The aforementioned limits shall be the total limits available to the stock brokers for taking positions on proprietary basis and for positions of their clients.

40. Position limits of category II FPIs that are individuals, family offices and corporates:

Currency Pairs	Position Limits
EUR- USD	Gross open position across all contracts shall not exceed 6% of the total open interest or EUR 10 million, whichever is higher.
GBP- USD	Gross open position across all contracts shall not exceed 6% of the total open interest or GBP 10 million, whichever is higher.
USD- JPY	Gross open position across all contracts shall not exceed 6% of the total open interest or USD 10 million, whichever is higher.

40.1. The following shall be implemented by the clearing corporations and the custodians of the FPIs for enabling monitoring of positions of FPIs:

a) The clearing corporation shall provide details on the FPI's day-end and day's highest open positions at end of day to the custodians of the FPI.

b) The custodian of the FPI shall aggregate the positions taken by the FPI on the currency derivatives segments of all the stock exchanges and forward such details to the designated bank of the FPI. The custodian of the FPI shall also provide the market value of applicable underlying exposure of the FPI to the designated bank of the FPI.

40.2. The onus of complying with the above provisions shall rest with the FPI and in case of any

contravention, the FPI shall render itself liable to any action that may be warranted by RBI as per the provisions of FEMA and regulations, directions, etc. framed thereunder. These limits shall be monitored by stock exchanges and/or clearing corporations and breaches, if any, shall be reported to RBI. In this regard, stock exchanges / clearing corporations shall devise a suitable mechanism to monitor the aforesaid limits, subject to appropriate regulatory concurrence.

41. Operational guidelines for the Ease of regulatory compliances for FPIs investing only in Government Securities[48]

41.1. A new flag viz., "GS-FPI" has been introduced in the NSDL Depository system. The GS-FPI Flag shall be applicable only to demat accounts opened under the Foreign Portfolio Investor (FPI) category.

41.2. Holding and Transaction in GS-FPI Accounts:

As per SEBI directions transactions permitted in GS-FPI Accounts are given below:

1. Credit/Debit transactions viz., account transfers, inter/intra depository transfers in Government Securities (ISINs) shall be permitted.

2. Corporate actions including auto corporate actions, shall be permitted for Government Securities (ISINs).

3. Creation of pledge, hypothecation and NDU (Non-Disposal Undertaking) shall be allowed only for Government Securities ISINs.

41.3. Enabling GS-FPI Flag in existing FPI Demat Account:

Upon receipt of request for enabling GS-FPI Flag in existing demat account opened in FPI category, Participant shall verify the following:

1. The demat account hold only Government Securities (ISINs).

2. Outstanding pledge balances (open pledge positions) including open pledge orders as a pledgee or hypothecation orders are held only in Government Securities (ISINs).

3. There shall be no corporate action or auto corporate action in process for ISINs other than Government Securities.

After aforesaid verification, Participant may enable the GS-FPI flag in the respective demat account.

41.4. Re-conversion of GS-FPI Account to Regular FPI Account

Upon receipt of request for disablement of GS-FPI Flag in a demat account, Participant shall verify the request and disable the GS-FPI Flag in the requested demat account. The features and functionalities applicable to a normal FPI demat account shall be enabled.

[48] Circular No.: NSDL/POLICY/DDP/2026/0004 dated February 19, 2026

42. PARTICIPATION OF FPIs IN EXCHANGE TRADED COMMODITY DERIVATIVES (ETCDs) IN INDIA

42.1. FPIs are permitted to trade in Indian ETCDs, subject to the conditions mentioned below:

a) FPIs are permitted to participate in cash settled non-agricultural commodity derivative contracts and indices comprising such non-agricultural commodities.

b) FPIs desirous of participating in ETCDs shall be subject to risk management measures applicable, from time to time.

c) Position Limits:

42.2. FPIs other than individuals, family offices and corporates may participate in eligible commodity derivatives products as 'Clients' and shall be subject to all rules, regulations and instructions, position limit norms as may be applicable to clients, issued by SEBI and stock exchanges, from time to time.

42.3. FPIs belonging to categories viz. individuals, family offices and corporates will be allowed position limit of 20 per cent of the client level position limit in a particular commodity derivative contract.

42.4. The participation of FPIs including individuals, family offices and corporates shall be subject to compliance with the provisions of the FPI Regulations, SEBI (Custodian) Regulations, 1996, other applicable SEBI circulars on ETCDs and any additional safeguards/ conditions specified by Stock Exchanges/ Clearing Corporations.

43. INVESTMENTS BY FPIs IN REITs, INVITs, AIFs

43.1. FPIs are permitted to invest in units of REITs, InvITs and Category III AIFs in terms of Regulation 21 (1) of SEBI (FPI) Regulations, 2019 subject to such other terms and conditions as may be specified by SEBI from time to time.

43.2. A FPI shall not hold more than twenty five percent stake in a category III AIF.

43.3. Investments in REITs and InvITs shall be captured under the category "Hybrid Security" for the purpose of capturing and disseminating FPI investment data.

44. INVESTMENTS BY FPIs IN CORPORATE BONDS UNDER DEFAULT

44.1. FPIs are permitted to acquire NCDs/bonds, which are under default, either fully or partly, in the repayment of principal on maturity or principal instalment in the case of an amortising bond. FPIs shall be guided by RBI's definition of an amortising bond in this regard.

44.2. The revised maturity period for such NCDs/bonds restructured based on negotiations with the issuing Indian company, should be as per the norms prescribed by RBI from time to time, for FPI investments in Corporate Debt.

44.3. The FPIs shall disclose to the Debenture Trustees, the terms of their offer to the existing debenture holders/beneficial owners of such NCDs/bonds under default, from whom they

propose to acquire.

44.4. All investments by FPIs in such bonds shall be reckoned against the prevalent corporate debt limit. All other terms and conditions pertaining to FPI investments in corporate debt securities shall continue to apply.

45. PROCEDURE FOR RECLASSIFICATION OF FPI INVESTMENT TO FDI [49]

45.1. In case the investment made by a Foreign Portfolio Investor (along with its investor group) reaches 10% or more of the total paid up equity capital of a company on a fully diluted basis and the FPI (along with its investor group) intends to reclassify its FPI holdings as Foreign Direct Investment (FDI), it shall follow extant FEMA Rules and circulars issued thereunder in this regard.

45.2. Pursuant to receipt of such intent from the FPI, the respective Custodian shall report the same to the Board and freeze purchase transactions by such FPI in equity instruments of such Indian company, till completion of the reclassification.

45.3. On receipt of request from the FPI for transfer of the equity instruments of such Indian company from its FPI demat account to its demat account maintained for holding FDI investments, the Custodian shall process the request if the reporting for reclassification, as prescribed by RBI, is complete in all respects."

46. WRITE-OFF OF SECURITIES HELD BY FPIs

46.1. Where an FPI is not able to sell shares and debt securities for any reason, they can write-off such securities as per below process: (only for FPIs whose registration is not valid or who intend to surrender their registration):

46.2. Custodian to obtain authorization from FPI to write-off securities. The FPI should also provide undertaking that it is giving away all its rights as the beneficial owner of the security(ies).

46.3. Upon receipt of instruction from FPI, Custodian will extinguish the security from the safekeeping account (held in banks internal books/system) of the FPI - Securities written off should be reported to SEBI and RBI as sale trade with NIL sale proceeds.

46.4. As securities in the electronic form in the demat account of the FPI cannot be extinguished, custodian shall freeze depository account with reason being 'Write off securities as per client request' in the depository system and intimate such action to Depositories. To facilitate easy identification of such accounts in future depositories may issue guidance to the custodians for making make necessary changes in the existing FPI client 'type/ subtype' to the type of legal entity in the depository system of such demat accounts.

46.5. Such FPI shall apply for surrender of its registration and the DDP ofsuch FPI shall process the surrender after obtaining the approval from SEBI.

46.6. Monetary corporate benefits if received by the custodians shall be credited to the Investors Protection and Education Fund of SEBI not later than 30 days from the date of receipt of the same.

[49] Circular No.: NSDL/POLICY/DDP/2024/0013 dated November 13, 2024

46.7. Non-monetary corporate benefits if received shall accumulate in the demat account.

Existing Client Type	Existing Client Sub Type	New Client Type	New Client Sub Type	Remarks
Foreign	Category I	Body	Foreign	For the given modification, RBI Ref
Portfolio Investor (Corporate)	Category II	Corporate	Bodies	No. & RBI Approval Date is mandatory. Since such modification will be based on the SEBI's approval (NOC) for surrender of registration to the FPI, in such cases, RBI Ref. No. should be captured as "SEBI NOC No." and approval date shall capture the date of approval granted by SEBI for surrender of FPI registration. In case of SEBI NOC being granted over email with no reference no. provided by SEBI then, RBI Ref. No. field should be captured as 'SEBI NOC via Email'.
Foreign Portfolio Investor (Individual)	Category II	Foreign National	FN	For the given modification, RBI Ref No. & RBI Approval Date is mandatory. Since such modification will be based on the SEBI's approval for surrender of registration to the FPI, in such cases, RBI Ref. No. should be captured as "SEBI NOC No. _" and approval date shall capture the date of approval granted by SEBI for surrender of FPI registration. In case of SEBI NOC being granted over email with no reference no. provided by SEBI then, RBI Ref. No. field should be captured as 'SEBI NOC via Email'. Further, FPI (Individual) – Category II demat account contains SEBI Registration No. while it is not applicable for Foreign National – FN demat accounts, basis which the SEBI registration details field would get

				disabled.[50]

47. Dealing with securities written-off by the FPIs/Deemed to have been written-off by the FPIs.[51]

47.1. The written-off securities shall be transferred by the respective custodians to a separate escrow account, operated by exchange empanelled broker not later than 30 days from the date of such securities being written-off/deemed to have been written-off by FPIs. Monetary corporate benefits if received by the custodians post write-off / deemed write-off shall be credited to IPEF not later than 30 days from the date of receipt of the same.

47.2. Securities listed exclusively on one Stock Exchange (NSE or BSE) shall be transferred to the escrow account operated by empanelled broker of the respective stock exchange for this purpose. Balance securities shall be transferred to the escrow account operated by empanelled broker of NSE for this purpose.

47.3. After transfer of securities to the escrow account, the empanelled broker shall attempt to sell the securities at the available market price.

47.4. The disposal of listed equity securities shall be carried out through the regular online trading platform of the Stock Exchanges, excluding block deal window.

47.5. The proceeds from the sale, net of brokerage and statutory charges, shall be transferred to the IPEF.

47.6. The disposal of written-off securities shall be done in terms of the operational mechanism adopted by the Stock Exchanges and shall be monitored by the Stock Exchanges. Stock Exchanges shall also monitor the performance of the broker periodically, in terms of the efforts put in by the broker for disposal of securities and shall have the option to empanel a different broker, if deemed necessary.

47.7. Stock Exchanges shall submit a report to the Board, as per the reporting format at Annexure EA, on securities held in the escrow account, transactions in the escrow account and amounts transferred to the IPEF, on a quarterly basis, within 15 days of expiry of the quarter."I

48. D. ISSUANCE OF OFFSHORE DERIVATIVE INSTRUMENTS (ODIs)

48.1. This section consolidates the requirements relating to issuance of ODIs by FPIs and matters connected therewith.

48.2. Conditions for issuance of ODIs

a) A Foreign Portfolio Investor shall issue ODIs only through a separate dedicated FPI

[50] Circular No.: NSDL/POLICY/DDP/2021/0004 dated June 11, 2021.
[51] Circular No.: NSDL/POLICY/DDP/2024/0006 dated June 06, 2024.

registration with no proprietary investments. Such FPI registration shall be in the name of the FPI with "ODI" as suffix under the same PAN. Where such addition is being requested for an existing FPI, this addition of suffix will not be considered a change in name of FPI. DDP may process the request in such cases and issue a new FPI registration certificate. Provided the requirement of separate dedicated registration shall not apply for issuance of ODIs with Government securities as reference/underlying.[52]

b) A Foreign Portfolio Investor shall not issue ODIs with derivatives as reference/underlying.[53]

(c) A Foreign Portfolio Investor shall not hedge their ODIs with derivative positions on Stock Exchanges in India. Accordingly, ODIs shall only have securities (other than derivatives) as underlying and shall be fully hedged with the same securities on a one-to-one basis, throughout the tenure of the ODI." [54]

48.3. In determining whether a derivative instrument issued is an ODI or not, the threshold for trades with non-proprietary indices (e.g. MSCI World or MSCI EM Asia) as underlying shall betaken as 20%, i.e. those trades for which the materiality of Indian underlying is less than 20% of the index would not be regarded as ODIs, even if such exposure is hedged onshore in India.

However, trades with custom baskets as underlying if hedged onshore would always be regarded as ODIs regardless of percentage of Indian component that is hedged onshore in India.

48.4. Synthetic short activities, where ODI are issued which has the effect of short sale in the Indian securities, continue to be prohibited for FPIs.

48.5. ODI issuer shall ensure that it has collected documents/ information enough to satisfy itself with regard to the relationship between the ODI subscriber and its Investment Manager from a FATF member country as allowed in explanation under Regulations 21(1)(b) of the FPI Regulations.

48.6. Investment restrictions specified under the Regulation 20(7) of the FPI Regulations shall apply to ODI subscribers also.

48.7. For this purpose, two or more ODI subscribers having common ownership, directly or indirectly, of more than fifty percent or common control shall be considered together as a single ODI subscriber, in the same manner as is being done in the case of FPIs.

48.8. Further, where an investor has investments as FPI and also holds positions as an ODI subscriber, these investment restrictions shall apply on the aggregate of FPI investments and ODI positions held in the underlying Indian Company. In other words, the investment as FPI and positions held as ODI subscriber will be clubbed together with reference to the said investment restrictions.

49. KYC NORMS FOR ODI SUBSCRIBERS AND REPORTING OF SUSPICIOUS TRANSACTIONS

[52] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024
[53] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024
[54] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024

49.1. KYC requirement table, applicable for ODI subscribers is placed below: -

Table 10

	Document required
ODI subscriber	Constitutive Documents
	Proof of Address
	Board Resolution
Beneficial Owner (BO) of ODI subscriber	List
	Proof of Identity
	Proof of Address
Senior Management (Whole Time Directors/ Partners/ Trustees etc.)	List

49.2. The ODI issuing FPIs shall maintain with them at all times the KYC documents regarding ODI subscribers and should be made available to SEBI on demand.

49.3. ODI issuing FPIs shall identify and verify the BOs in the ODI subscriber entities, as applicable to FPIs. Beneficial owner and intermediate shareholder/ owner entity with holdings equal & above the materiality thresholds in the ODI subscriber need to be identified through the look through basis. The list of BOs of ODI subscribers be maintained as per Table 5. ODI issuing FPIs shall also continue to collect identification document number (such as passport, driving license) of BO of ODI subscriber.

49.4. For intermediate material shareholder/ owner entity/ies, name, country and percentage holding shall also be disclosed as per **Annexure D**.

49.5. The KYC review shall be done on the basis of the risk criteria as determined by the ODI issuers, as follows:

a) In case of high risk ODI subscribers, on yearly basis

b) In case of all other ODI subscribers, once every three years.

49.6. ODI issuing FPIs shall file suspicious transaction reports, if any, with the Indian Financial Intelligence Unit, in relation to the ODIs issued by it.

50. REPORTING OF ODIs AND MAINTENANCE OF CONTROL SYSTEMS

50.1. Reporting of complete transfer trail of ODIs - Presently, the details of the holder of ODIs have to be mandatorily reported to SEBI on a monthly basis. The ODI issuers are also required to capture the details of all the transfers of the ODIs issued by them and these can be made available to SEBI on demand. SEBI decided that in the monthly reports on ODIs all the intermediate transfers during the month would also be required to be reported.

50.2. Reconfirmation of ODI positions - ODI Issuers shall be required to carry out reconfirmation of the ODI positions on a semi-annual basis. In case of any divergence

from reported monthly data, the same should be informed to SEBI in format provided.

50.3. Periodic Operational Evaluation - ODI Issuers shall be required to put in place necessary systems and carry out a periodical review and evaluation of its controls, systems and procedures with respect to the ODIs. A certificate in this regard should be submitted on an annual basis to SEBI by the Chief Executive Officer or equivalent of the ODI Issuer. The said certificate should be filed within one month from the close of every calendar year.

50.4. Report Details - Following reports need to be submitted by the 10th of every month for the previous month in the format specified by SEBI as per the reporting format at **Annexure G.**

Table 11

S. No.	Heading
1.	Monthly Summary Report (MSR)- Statement of Outstanding Positions of Offshore Derivative Instruments (ISIN Wise) as on (last day of previous month)
2.	Annexure A - Offshore Derivative Instruments Activity For The Period ( )
3.	Details of Underlying Trade(s) in Indian Market - For the Period of_____to_____(Month) - Equity - Annexure B _ Equity
4.	Details of Underlying Trade(s) in Indian Market - For the Period of_____to_____(Month) - Debt - Annexure B _ Debt
5.	Details of Underlying Trade(s) in Indian Market - For the Period of_____to_____(Month) - Derivative - Annexure B _ Derivative
6.	Details of Underlying Trade(s) in Indian Market - For the Period of_____to_____(Month) - Hybrid - Annexure B _ Hybrid
7.	Details of Assets Under Management in Indian Market - Equity as on___(Last reporting date of the Month) - Annexure C _ Equity
8.	Details of Assets Under Management in Indian Market - Debt as on_____(Last reporting date of the Month)- Annexure C _Debt
9.	Details of Assets under Management in Indian Market - Derivative as on_(Last reporting date of the Month) - Annexure C _ Derivative
10.	Details of Assets Under Management in Indian Market - Hybrid as on___(Last reporting date of the Month) - Annexure C _ Hybrid
11.	Annexure D - Statement on Beneficial owners of ODI subscribers*
12.	Annexure E - Reconciliation/Reconfirmation Report

50.5. ODI Issuing FPI should compulsorily reflect all their ODIs to Indian underlying in each row of MSR in a true & fair manner. Thus, advise given vide circular dated June 15, 2011, that "The ODI Issuers shall link hedges to the extent that such a link can be made" shall be withdrawn. Format of the monthly ODI reports to be uploaded on SEBI website shall be as

per **Annexure H.**

51. Mandating additional disclosures by ODI subscribers that fulfil certain objective criteria[55]

51.1. Granular details of all entities holding any ownership, economic interest, or exercising control in the ODI subscriber, on a full look through basis, up to the level of all natural persons, without any threshold, shall be collected by ODI issuing FPI from its ODI subscribers, that fulfil any of the criteria mentioned below in the specified format, and submitted to the Depositories:

a) ODI subscriber having more than 50% of its equity ODI positions through the ODI issuing FPI in ODIs referenced to securities of a single Indian corporate group;

b) ODI subscriber having equity positions worth more than INR 50,000 crore[56] in the Indian markets. For the purpose of this clause, equity positions shall include:
   I. Equity ODI positions taken by the ODI subscriber through one or more ODI issuing FPIs.
   II. Equity ODI positions taken by ODI subscribers (through one or more ODI issuing FPIs) having common ownership, directly or indirectly, of more than fifty percent or common control, with the ODI subscriber.
   III. Equity holdings of such ODI subscriber as a registered FPI.
   IV. Equity holdings of FPIs having common ownership, directly or indirectly, of more than fifty percent or common control, with the ODI subscriber.

Notes:

1) ODI positions of ODI subscribers and holdings of ODI issuing FPIs corresponding to the same underlying/reference shares may be counted only once so as to avoid double counting.
2) Economic interest means returns from the investments made by the entity.
3) Ownership interest means ownership of shares or capital of the entity or entitlement to derive profits from the activity of the entity.
4) Control shall have the same meaning as mentioned in Regulation 2(f) of the FPI Regulations

51.2. The detailed mechanism for independently validating conformance of the ODI subscribers with the conditions, exemptions and format for disclosures shall be spelt out in the Standard Operating Procedure (SOP) framed and adopted by Depositories, DDPs/Custodians and ODI issuing FPIs in consultation with SEBI. The SOP shall be made public and updated from time to time, in consultation with SEBI

51.3. ODI subscribers satisfying any of the criteria listed below shall not be required to make the disclosures as specified in Para (i) above:

[55] Circular No.: NSDL/POLICY/DDP/2024/0015 dated December 20, 2024

[56] Circular No.: NSDL/POLICY/DDP/2025/0002 dated Circular April 15, 2025

a) Government and Government related investors registered as FPIs under Regulation 5 (a) (i) of the FPI Regulations.

b) Public Retail Funds ('PRFs') as defined under Regulation 22(4) of the FPI Regulations, subject to independent validation of the same by ODI issuing FPIs.

c) Exchange Traded Funds (with less than 50% exposure to India and India-related equity securities) and entities listed on specified Exchanges of the permissible jurisdictions as may be notified by the Board from time to time. To start with, the list of permissible jurisdictions and exchanges as mentioned in Annexure A to SEBI circular SEBI/HO/MRD2/DCAP/CIR/P/2019/146 dated Nov 28, 2019 shall be considered as permissible exchanges and jurisdictions for this clause.

d) Pooled investment vehicles registered with/ regulated by a Government/ regulatory authority in their home jurisdiction/ country of incorporation/ establishment/ formation, where:

I. their positions in equity ODIs referenced to securities of a single Indian corporate group is below 25% of their overall global AUM at a scheme level, in case of ODI subscribers meeting the criteria under Para 51.1 (a) above; or

II. their equity positions in the Indian markets is below 50% of their overall global AUM at a scheme level, in case of ODI subscribers meeting the criteria under Para 51.1(b) above; subject to independent validation of disclosure of such holdings by the ODI issuing FPIs.'Scheme' for the purpose of this clause shall mean pooled investment vehicles with structures similar to 'Scheme' as defined in SEBI (Mutual Funds) Regulations, 1996.

e) ODI subscribers that are unable to liquidate their excess ODI positions due to statutory restrictions (such as freeze on accounts or positions due to regulatory orders etc.), till the time such restrictions exist.

f) University Funds and University related Endowments registered or eligible to be registered as Category I FPI, subject to them fulfilling the following additional conditions:

I. Indian equity ODI positions being less than 25% of global AUM

II. Global AUM being more than INR 10,000 crore equivalent

III. Appropriate return/filing to the respective tax authorities in their home jurisdiction to evidence the nature of a non-profit organisation exempt from tax.

51.4. ODI subscribers shall be exempted from making the additional disclosures if any of the entities referred in Para 51.1 (b) above qualifies for exemption and the net equity positions of remaining entities referred in Para (i)(b), after deducting the positions of such exempted entities, falls

below INR50,000 crore[57]. Post deduction, if the equity positions of the entities referred in Para (i)(b) above continues to exceed INR 50,000 crore[58], only the non exempted ODI subscribers shall be liable for making the disclosures in terms of Para 51.1and consequent actions, if any, as stated in the subsequent paragraphs.

51.5. Where the entity identified on a look through basis in terms of Para 51.1above, satisfies any of the criteria listed in Para 51.1 above, further identification of entities having ownership interest, economic interest, or control rights of such an entity on look through basis, shall not be required.

51.6. In addition to the criteria listed under Para 51.3 above, ODI subscriber having more than 50% of its equity ODI positions in ODIs referenced to securities of a single Indian corporate group shall not be required to make the additional disclosures as specified in Para 51.1above, subject to compliance with all of the following conditions:

a) The apex company of such corporate group has no identified promoter. For this purpose, the list of corporate groups based on the corporate repository published by the Stock Exchanges and their respective apex companies having no identified promoters has been made public by Depositories.

b) The ODI subscriber does not have more than 50% of its equity ODI positions in ODIs referenced to securities of a single Indian corporate group, after disregarding its positions in ODIs referenced to securities of the apex company (with no identified promoter).

c) The composite positions of all such ODI subscribers (that meet the 50% concentration criteria excluding ODI subscribers which are either exempted or have disclosed) and all FPIs that meet the 50% concentration criteria in that corporate group, excluding FPIs which are either exempted or have disclosed, in the apex company is less than 3% of the total equity share capital of the apex company

Note: ODI positions of ODI subscribers and holdings of ODI issuing FPIs corresponding to the same underlying/reference shares may be counted only once so as to avoid double counting.

51.7. ODI issuing FPIs and Depositories shall track the utilisation of this 3% limit for apex companies, without an identified promoter, at the end of each day. When the 3% limit is met or breached, Depositories shall make this information public before start of trading on the next day.

51.8. Thereafter, for any prospective positions in equity ODI referenced to securities of the apex company by ODI subscribers, that meet the 50% concentration criteria in the corporate group, the ODI subscribers shall be required to either realign their positions below the 50% threshold within 10 trading days or make additional disclosures prescribed above. Provided no such requirement, to realign or make disclosure, shall be applicable unless the 3% cumulative limit for the apex company continues to be met through the said 10 trading days.

51.9. Disclosures specified under Para 51.1shall not be required in case ODI subscribers realign their positions with the prescribed thresholds, within the below mentioned timelines/ conditions:

[57] Circular No.: NSDL/POLICY/DDP/2025/0002 dated Circular April 15, 2025
[58] Circular No.: NSDL/POLICY/DDP/2025/0002 dated Circular April 15, 2025

a) ODI subscribers meeting criteria specified at Para 51.1(a): 10 trading days from the date of breach of specified threshold. Such ODI subscribers shall not be permitted to take fresh positions in equity ODIs referenced to securities of any company belonging to such Indian corporate group, during the next 30 calendar days from the date on which the ODI subscriber exceeded the threshold. A list of such ODI subscribers along with Indian corporate group shall be made public by the Depositories and ODI issuing FPIs shall ensure compliance with the same.

b) b) ODI subscribers meeting criteria specified at Para (51.1.) (b): 90 calendar days from the date of breach of specified threshold. Such ODI subscribers shall not be permitted to take fresh positions in equity ODIs until the equity positions are brought below INR 50,000 crore[59] in the Indian markets. A list of such ODI subscribers shall be made public by the Depositories and ODI issuing FPIs shall ensure compliance with the same.

51.10. After realignment, in case the ODI subscriber's positions exceed the specified threshold on a subsequent date, the timeline for realignment shall restart from such subsequent date.

51.11. ODI issuing FPIs shall collect the details/disclosures as specified in Para 51.1 from the ODI subscribers whose equity ODI positions continue to exceed the specified threshold post expiry of timelines mentioned in Para 51.9 within 30 trading days from the expiry of such timelines. ODI issuing FPIs shall submit the disclosures made by ODI subscribers to Depositories within 5 trading days from the date of such disclosure made by such ODI subscribers. Non-disclosure by ODI subscriber in this regard shall render the ODI subscriber ineligible to subscribe/hold any ODI positions through any ODI issuing FPI. ODI issuing FPIs shall redeem all ODI positions held by such ODI subscriber(s) within 180 calendar days from the date of such ineligibility. A list of such ODI subscribers shall be made public by the Depositories and ODI issuing FPIs shall ensure that no ODIs are issued to these entities.

51.12. ODI issuing FPI shall ensure that the details collected from ODI subscribers as specified in Para 51.1are updated and informed to the Depositories within 30 days of any change in such details.

52. E. GUIDELINES FOR PARTICIPATION/ FUNCTIONING OF ELIGIBLE FOREIGN INVESTORS (EFIs) IN INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)

52.1. EFIs operating in IFSC shall not be treated as entities regulated by SEBI. Further, SEBI registered FPIs, proposing to operate in IFSC, shall be permitted, without undergoing any additional documentation and/or prior approval process.

52.2. Following are eligibility and KYC norms for EFIs

a) **Eligibility norms**: EFIs are those foreign investors who are eligible to invest in IFSC by satisfying the following conditions:

[59] Circular No.: NSDL/POLICY/DDP/2025/0002 dated Circular April 15, 2025

i. the investor is not resident in India.

ii. the investor is not resident in a country identified in the public statement of FATF as:

a) a jurisdiction having a strategic AML/TF deficiencies to which counter measures apply; or

b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

iii. the investor is not prohibited from dealing in securities market in India.

b) **KYC norms**: Intermediary operating in IFSC needs to ensure that records of their clients are maintained as per PMLA and rules made thereunder. The following KYC norms may be made applicable to EFIs:

i. In case of participation of an EFI, not registered with SEBI as an FPI, but desirous of operating in IFSC, a trading member of the recognized stock exchange in IFSC, may carry out the due diligence on its own or it may rely upon the due diligence carried out by a bank, which is permitted by RBI to operate in IFSC, during the account opening process of EFI.

ii. In case of EFIs that are not registered with SEBI as FPI and also not having bank account in IFSC, KYC as applicable to Category II FPI as per the new FPI categorization shall be made applicable. However, PAN shall not be applicable for KYC of EFIs in IFSC.

iii. In case of participation of FPI in IFSC, due diligence carried out by SEBI registered Intermediary during the time of account opening and registration shall be considered.

c) **Segregation of accounts**: FPIs, who presently operate in Indian securities market and propose to operate in IFSC also, shall be required to ensure clear segregation of funds and securities. Custodians shall, in turn, monitor compliance of this provision for their respective FPI clients. Such FPIs shall keep their respective custodians informed about their participation in IFSC.

d) **Participation in Commodity Derivatives:** EFIs/ FPIs may participate in commodity derivatives contracts traded in stock exchanges in IFSC subject to the following conditions: -

i. The participation would be limited to the derivatives contracts in non- agricultural commodities only,

ii. Contracts would be cash settled on the settlement price determined on overseas exchanges, and

iii. All the transactions shall be denominated in foreign currency only.

53. PUBLISHING OF INVESTOR CHARTER AND DISCLOSURE OF COMPLAINTS BY DDPS ON THEIR WEBSITES

53.1. All the registered DDPs shall take necessary steps to bring the Investor Charter, as provided in Annexure I, to the notice of their clients and ensure that the Investor Charter is prominently displayed on their respective website for ease of accessibility of investors.

53.2. Additionally, all DDPs shall disclose on their respective websites, the monthly data on complaints received and redressal thereof, latest by 7th of succeeding month, as per the format provided in Annexure J.

54. MANDATING ADDITIONAL DISCLOSURES BY FOREIGN PORTFOLIO INVESTORS (FPIS) THAT FULFIL CERTAIN OBJECTIVE CRITERIA [60]

54.1. SEBI has mandated obtaining additional granular disclosures of entities/ individuals having any ownership, economic interest, or control rights in the FPI that have either concentrated single corporate group exposures and/ or significant overall holdings in their equity investment portfolio held in India.

54.2. In this regard, the SOP shared by SEBI vide its email dated October 20, 2023 is available in the below link for necessary implementation of the SEBI circular.

Standard Operating Procedure for seeking additional disclosures from certain objectively identified Foreign Portfolio Investors (FPIs), in accordance with SEBI circular no. SEBI/HO/AFD/AFD-PoD-2/CIR/P/2023/148 dated August 24, 2023

54.3. Operational guidelines towards daily monitoring of equity AUM of the FPI individually or with their investor group having AUM more than INR 25,000 Crore in the Indian market.

a) The monitoring shall be carried out based on settled positions at the end of T+1 day.

NSDL shall consider the equity holding of FPIs which are non-exempted, based on the reporting done by the DDPs/ Custodians for monitoring.

b) NSDL shall monitor the limits on an ongoing basis and provide reports to the respective DDPs/Custodians by 3 P.M. of reporting day in respect of FPI(s)/ FPI investor groups which have breached the limits.

c) DDPs/ Custodians based on report shared by NSDL will be required to evaluate whether the FPI or any FPI(s) from investor group is eligible for exemption. Details of such exempted FPI/ FPI(s) forming part of investor group shall be informed to NSDL by 8 P.M. of reporting day to re-calculate the investment limit breach for monitoring of limits.

d) After re-calculating the investment limit, in case the FPI/ FPI(s) investor group still exceeds the INR 25,000 crore threshold, NSDL shall communicate this list of FPI(s) to the DDPs/ Custodians by 9 P.M. of

[60] Circular No.: NSDL/POLICY/DDP/2023/0005 dated August 30, 2023

reporting day for further communication to the FPIs.

e) As per SOP given by SEBI, If the Equity AUM of FPI/ FPI group investment is beyond the threshold, accounts of all such non-exempted FPIs, individually or belonging to such investor group, shall be blocked/frozen for further equity purchases (including voluntary corporate actions, which leads to increase in equity shareholding) by the DDPs/ Custodians until the equity AUM of the FPI / FPI investor group is brought below the threshold. The respective Custodian/ DDP shall intimate the same to the concerned FPIs.

f) To facilitate Custodian / DDP of the FPI for blocking the account at ISIN / SCG and account level, NSDL has introduced new Freeze reason codes as per below details in NSDL depository system to adequately capture the reason for blocking of account of the FPI for credit/debit by the DDP/ Custodian.

Reason Code	Freeze Reason
42	Breach of MPS/PN3 – Blocked for Additional Disclosures

g) DDP/Custodian can unfreeze the account and process the transaction to facilitate FPI for selling of securities from its demat account to bring holding below INR 25,000 Cr. After DDP/Custodian process the transaction, DDP /Custodian must freeze the account with aforesaid reason code if FPI is still exceeding the threshold.

h) DDPs/ Custodians will inform NSDL about any change in the status of exempted FPIs as and when assessed. Custodians / DDPs shall be responsible to communicate the exemption details to NSDL as mentioned in SOP.

i) Upon rectification of the breach, NSDL will inform the same to the concerned DDPs /Custodians for unblocking the accounts of such FPIs. DDP/ Custodian shall inform the same to the FPI.

In view of the above facility, a screen-based option has been made available to capture or modify exempted FPI in NSDL FPI Monitor portal and operationalised since EOD of October 31, 2023.

Other Points to be noted:

a) Custodians will be required to report to NSDL on T+1 day by 3 P.M. the trade(s) done in respect of T day for monitoring.

54.4. As per SEBI amendment to Circular for mandating additional disclosures by FPIs that fulfil certain objective criteria, Custodians and Depositories shall track the utilisation of this 3% limit for apex companies, without an identified promoter, at the end of each day.

When the 3% limit is met or breached, NSDL shall make this information public before start of trading on the next day.

a) For this purpose, the list of corporate groups based on the corporate repository published by the Stock Exchanges and their respective apex companies having no identified promoters shall made public by NSDL

b) The process flow to implement this circular shall be framed by the pilot Custodians and DDPs Standards Setting Forum (CDSSF) and adopted by all the DDPs/ Custodians, in consultation with SEBI.

55. **BLOCK MECHANISM IN DEMAT ACCOUNT OF CLIENTS UNDERTAKING SALE TRANSACTIONS**

Block mechanism are not applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.[61]

[61] Circular No.: NSDL/POLICY/2022/150 dated November 01, 2022

CHAPTER 15 - INSTRUCTIONS PROCESSING

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Sr. No.	Topic	
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(1) Types of DIS:

The various types of DIS forms are given below [1]:

(a) Form 12 - Delivery Instructions By Client

(b) Form 13 - Delivery Instructions by PoA/DDPI Holder on behalf of Clients

(c) Form 14 - Receipt Instructions

(d) Form 15 - Inter-Depository Delivery Instructions

(e) Form 16 - Inter-Depository Delivery Instructions by PoA/DDPI Holder

(f) Form 17 - Inter-Depository Receipt Instructions

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(h) Form 19 - Inter-Settlement Instructions by Clearing Member

(i) Form 20 - Pool to Pool Instructions by Clearing Member

(j) Form 21 - CM Pool to CM Pool Receipt Instructions by Clearing Members

(k) Form 22 - Delivery Instructions upon Pay-out by Clearing Member

(l) Form 36 – Combined delivery Instructions by client

(m) Form 37- Combined delivery Instructions by PoA/ DDPI holder

(2) Issuance, Re-issuance and Processing of DIS booklets:[2]

(i) All DIS must bear pre-stamped Client ID and pre-printed unique identification number (serial number). Participants may consider printing the name(s) of account holder(s) as well, on the DIS. Further, if the DIS booklet is issued to an illiterate person, the same should be pre-stamped as "Thumb Impression", in case of blind person, DIS booklet should be pre-stamped as "Visually Challenged" and in case of blind illiterate person, DIS booklet should be pre-stamped as "Visually Challenged and Thumb Impression".

(ii) All DIS booklets must contain a Requisition form that should bear pre-stamped Client ID and a provision to attest the signature of the person to whom the account holder wishes to authorize to collect the booklet on his/her behalf. Participants may consider printing the name(s) of account holder(s) as well on the Requisition form.

(iii) Initial issuance of DIS will be with account opening[3]

[1] Circular No.: NSDL/POLICY/2014/0092 dated August 25, 2014.
[2] Circular No.: NSDL/POLICY/2008/0011 dated February 29, 2008; Circular No.: NSDL/POLICY/2007/0049 dated August 21, 2007; Circular No.: NSDL/POLICY/2007/0030 dated June 18, 2007; Circular No.: NSDL/POLICY/2007/0011 dated February 15, 2007; Circular No.: NSDL/PI/2004/1401 dated August 5, 2004 and Circular No. NSDL/PI/2002/0709 dated May 3, 2002.
[3] Circular No. NSDL/PI/2000/834 dated June 2, 2000.

(A) In case the person seeking to open the depository account has given a PoA/ DDPI to operate the depository account to a stock broker/ /Portfolio Manager, the Participant may give an option (as per *illustrative format*) to such Client to either

(a) Receive the DIS at the time of account opening itself; or

(b) Receive the DIS at any later date on request from the Client. If at a later date, the Client makes a request for issuance of DIS, the procedure mentioned below at point no. (2) (iv) must be followed for issuance of DIS and the Participant must promptly issue the DIS to the Client.

(B) The above option to the Client may be incorporated as a part of Account Opening Form[4] or may be given separately.

(C) No such option must be given to the Client

(a) in case the Participant desires to provide DIS at the time of account opening itself to all Clients.

(iv) **Re-issuance**[5] of DIS booklet should strictly be on receipt of Requisition form (contained in the previous booklet) duly complete in all respects and signed by all account holder(s).

If the DIS booklet /Requisition form is lost/misplaced/stolen by the client (BO), the same must be intimated to the DP immediately by the BO in writing, signed by all account holders. On receipt of such intimation, the DP shall cancel the unused DIS of the said booklet or the Client has opted not to receive DIS booklet with account opening, the Client should make a written request on a plain paper signed by all the account holders(s) and submit the latest Transaction Statement, for issuance of DIS booklet.

Further, in case the request for issuance of the DIS booklet is received in an inactive/dormant account (*demat account having no 'debit' and 'credit' transaction(s) in the last 12 months is considered as 'dormant' account*), the DIS booklet shall be delivered at the registered address of the BO as per the DP records. This shall help ensure the genuineness of the BO's request for issuance of DIS. Such issuance of DIS shall be authorized by the Compliance Officer or any other designated senior official of the DP.

(v) A "DIS Issuance Register" should be maintained, which should have details such as Client's name, Client ID, unique identification number (serial number) of DIS (start and end), date of issue and mode of issue. In case the DIS booklet is delivered by hand, name of the person to whom it is handed-over (address as well as contact telephone number(s) in case of authorized person) along with his/her signature should be obtained on the DIS Issuance Register.

[4] Circular No. NSDL/POLICY/2011/0103 dated December 5, 2011.
[5] Circular No.: NSDL/POLICY/2024/0036 dated March 21, 2024 and Circular No.: NSDL/POLICY/2024/0075 dated June 05, 2024

File format in respect of DIS Issuance and Processing[6]:

File formats in respect of the back-office interface with e-DPM and Local DPM system are available at https://nsdl.co.in/nsdlnews/udiff.php.[7]

The entry of reason code and consideration (wherever applicable) shall be mandatorily inputted in the DPM system for off-market and Inter-Depository Instructions. In view of the above, the changes in the file formats in respect of the back-office interface with e-DPM and Local DPM system are **available at** https://nsdl.co.in/nsdlnews/udiff.php.[8]

Combined DIS[9]:

a) Form 36 and Form 37 have been inserted in Business Rules for combined delivery instructions by Client.

b) Standardization of DIS (as per Circular No. NSDL/POLICY/2014/0092 dated August 25, 2014) should be carried out with respect to Combined DIS as well.

c) Form 37 must be issued only to POA/ DDPI holders provided the POA holder is registered with SEBI as Stock Broker or custodian or portfolio manager. Form 37 issued to POA/ DDPI holder must contain pre-printed or pre-stamped POA ID/ DDPI ID which is generated from the DPM and is mapped to the demat account of the Client in DPM.

d) Illustrative formats of Form 36 and 37 for computer print-outs are designed for these forms which are accepted as per the stipulated procedure (Ref. point no. 17 of this Master Circular). Participants may continue to accept Annexures in any other format or computer printouts provided it meets with the stipulated procedure and the size of Annexure is not more than A4 size.

e) The format for the information of the revised reason code is required to be printed on the inside front cover of the DIS booklet. Therefore, the information as per the format specified at **Annexure A** must be printed on the DIS booklet. The inside back cover of the DIS booklet should be printed with information on Grievances Redressal Mechanism enclosed under **Annexure B**.[10]

f) The DPM system validates mapping between Client ID and DIS serial number and other details viz. transaction type, format of DIS etc. at the time of execution of DIS. In respect of combined DIS, it may be mentioned that Participants may upload DIS details in DIS Issuance Master under any of the 'Transaction Type' viz., 'Account Transfer' or 'Inter Depository Transfer'. Further, in order to facilitate Participants, a feature has been incorporated in the DPM system to allow execution of both transaction types i.e. 'Account Transfer' or 'Inter Depository Transfer' even though the DIS is uploaded in the DIS Issuance Master under any of the transaction type.

[6] Circular No.: NSDL/ POLICY/2014/0072 dated June 4, 2014
[7] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024 and Circular No.: NSDL/POLICY/2024/0084 dated June 14, 2024
[8] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024 and Circular No.: NSDL/POLICY/2024/0084 dated June 14, 2024
[9] Circular No.: NSDL/POLICY/2014/0105 dated September 30, 2014 and Circular No.: NSDL/POLICY/2014/0108 dated October 13, 2014
[10] Circular No.: NSDL/POLICY/2021/0023 dated March 03, 2021 and Circular No. NSDL/POLICY/2012/0100 dated September 25, 2012

g) A DIS serial number can be used for same transaction type either for 'Account Transfer' or 'Inter Depository Transfer'. The transaction type and execution date for a DIS serial number will be determined by the DPM system on the basis of first instruction entered in DPM system. For example: if first instruction against a DIS serial number is a 'Account Transfer', then the other instructions being entered under the same DIS serial number must be for transaction type 'Account Transfer' only.

h) The same DIS shall not be used for giving both 'Account Transfer' and 'Inter-Depository Transfer' instructions and shall not be used for transactions with multiple execution dates.

(3) Mode of providing DIS booklets to Clients:

Participants are advised as follows:

Sr. No	Particulars	Action
a	When a Client's request for DIS booklet is received through post/courier.	Send DIS booklet through registered post/courier, to the address of the Client captured in the DPM System after duly verifying the signature(s) of the Client(s).
B	When a Client (sole holder or either of the holders) comes in person and submits the Requisition form for re-issuance of DIS.	Hand-over DIS booklet to the Client, only after satisfying about the identity of the Client.
C	When a Client authorizes a representative to collect DIS.	Hand-over the DIS booklet to the authorized person, only after establishing the identity of the authorized person. However, in case the Participant is not in a position to establish the identity of the authorized person, DIS booklet should be sent through registered post/courier, to the address of the Client.
D	In case a Client reports (in writing) that the Requisition form (slip) has been lost / misplaced / stolen.	Send DIS booklet through registered post/courier, to the address of the Client registered with the Participant. However, in case the Client or its authorized person comes in person to collect the DIS, it may be handed-over only after the identity of the person is established.

E	In case a request for issuance of DIS booklet is received through post/courier immediately (i.e. within 30 days) after change in the address in the depository account of the Client.	Participant should obtain an independent confirmation (by way of letter/e-mail/telephone) from the Client(s) in this regard, before issuing the DIS.
F	Request for issuance of the DIS booklet is received in an inactive/dormant account.[11]	The DIS booklet shall be delivered at the registered address of the BO as per the DP records. Such issuance of DIS shall be authorized by the Compliance Officer or any other designated senior official of the DP.

(4) Standardization, Monitoring and Scanning of DIS[12]

I. **Standardization of DIS**

1. DIS must meet the following specifications[13]:

   i. The printable area of DIS should be 13 x 19 cm (Length x Breadth) excluding space for margin.

   ii. Font must be Arial Narrow with font size 7.

   iii. DIS must have a pre-printed unique serial number with the maximum length of 12 characters consisting of 2 alphabets (not mandatory) followed by 10 numeric digits. The numeric part of DIS serial number must contain minimum 8 digits. This means serial number should not be less than 10000000.

   iv. DIS serial number should be unique within a DP ID.

   v. All DIS must bear the pre-printed DIS serial number, DP ID, and a pre-printed/ pre-stamped Client ID (or POA ID/DDPI ID for FORM 13, FORM 16, FORM 36 and FORM 37).

2. Participants must ensure that the formats prescribed in the aforesaid Annexures including the watermark and the placement of the logo are strictly adhered to. DIS Forms printed on or after October 1, 2014 must adhere to the aforesaid specifications.[14]

3. For DIS received after the deadline prescribed by Participant for accepting instructions from Clients, Participants were earlier required to put remarks on the DIS ('At Client Risk' - ref.: Circular Nos. NSDL/PI/2003/0406 dated March 7, 2003 and NSDL/PI/2004/1911 dated October 21, 2004). Participants are requested to take note that such remarks need not be affixed for instructions

[11] Circular No. NSDL/POLICY/2024/0036 dated March 21, 2024 and Circular No.: NSDL/POLICY/2024/0075 dated June 05, 2024

[12] SEBI CIR/MRD/DP/ 01/2014 dated January 07, 2014 and Circular No.: NSDL/POLICY/2014/0004 Date: January 8, 2014.

[13] Circular No.: NSDL/POLICY/2014/0092 dated August 25, 2014

[14] *Id*

received after the deadlines since the required remarks are incorporated in the new format of DIS ['Instruction will be accepted by DP at 'Client's risk' without any liability/claim in following cases: a) Non-pay in (Off-market) related instruction received on the day of execution. b) Pay-in (Market) instruction received after 4 p. m. on the previous day of the settlement date'].[15]

4. FORM 13, FORM 16, FORM 36 and FORM 37 must be issued only to POA/ DDPI holders provided the POA/ DDPI holder is registered with SEBI as stock broker or custodian or portfolio manager. FORM 13, FORM 16, FORM 36 and FORM 37 issued to POA/ DDPI holder must contain pre-printed or pre-stamped POA ID/ DDPI ID which is generated from the DPM and is mapped to the demat account of the Client in DPM.

5. Illustrative formats[16] are designed for the instructions of the Clients, Clearing Members or POA/ DDPI holder which are accepted along with computer print-outs as per the stipulated procedure (Ref. point no. 17 of this Master Circular). Participants may continue to accept Annexures in any other format provided it meets with the stipulated procedure and the size of Annexure is not more than A4 size.

6. The same DIS shall not be used for giving both **market and off-market** instructions and shall not be used for transactions with **multiple** execution dates.

7. In case of off-market and Inter-Depository Instruction, reason and consideration was required to be specified by the Client on the DIS. In the new DIS formats, reason codes are assigned for the 'reasons' and included as a part of the DIS format. Accordingly, the reason codes will have to be specified by the Clients on the DIS along with consideration (wherever applicable).[17]

8. New DIS forms, shall be in compliance with the following[18]:

   i. DIS serial number is not greater than 12 digits.

   ii. DIS serial number is unique within a DP ID.

   iii. DIS has pre-printed DIS serial number, DP ID and a pre-printed/ pre-stamped Client ID/ POA ID or DDPI ID

II. **Monitoring of DIS**

1. Upon issuance of DIS booklets or loose slips to BO, Participants shall make available immediately the following details of the DIS to the depository system electronically:

   a) the DIS serial number,

[15]Circular No.: NSDL/POLICY/2014/0092 dated August 25, 2014
[16] Form 12, Form 13, Form 15, Form 16, Form 18, Form 19, Form 20 and Form 22.
[17] Circular No.: NSDL/POLICY/2014/0092 dated August 25, 2014.
[18] *Id.*

b) BO ID,

c) date of issuance, and

d) any other relevant detail as decided by the depository.

2. At the time of execution of DIS, Participants shall enter the serial number of DIS in the depository system for validation. The depositories shall make provisions in their systems to facilitate the same.

3. In respect of all the transfer instructions on a DIS, NSDL shall validate the serial number of DIS and shall ensure that no instructions accompanied by a used DIS or unissued DIS are processed.

4. DIS Issuance: Features provided in DPM for monitoring of DIS by Participants are as followed[19]

a) A facility is provided in e-DPM system to enter the details of DIS issued to Clients through front end screen or through file upload. Details of DIS includes fields like DIS serial number range [From – To], Client ID/ POA ID or DDPI ID, DIS Issuance Date, DIS Transaction Type, etc. The Client ID or the POA ID or DDPI ID for which DIS details are entered/ uploaded must be in 'Active' status. To enter these details through file upload, Participants may refer to file formats available https://nsdl.co.in/nsdlnews/udiff.php[20]

b) Participant are required to ensure that upon issuance of DIS booklet or loose slip to the Client, DIS details are entered in e-DPM immediately[21]. Further, Participants please note that the date of issuance captured in the e-DPM should be actual date of issuance to client and not the date of entering into e-DPM.

c) In case any Client reports (in writing) that DIS(s) has/ have been lost/ misplaced/ stolen or the account is closed, Participant must block unused DIS serial number(s) in e-DPM.

d) In case of any error in DIS issuance entry by the Participant, a facility to cancel the DIS details entered/uploaded in e-DPM and to re-enter/ re-upload the same is provided. Audit trail for the same will be maintained in the e-DPM.

e) In case of requests executed through Account Transmission/Account Closure module, the DIS range mapped with the Client ID will get immediately blocked if there are no securities lying in the account. In case some securities are pending in the account, the DIS will be

[19] Circular No.: NSDL/POLICY/2014/0092 dated August 25, 2014
[20] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024 and Circular No.: NSDL/POLICY/2024/0084 dated June 14, 2024
[21] Circular No.: NSDL/POLICY/2025/0073 dated June 11, 2025

blocked whenever all securities move out of the account.

5. **DIS Execution**[22]:

a) Participant must enter DIS serial number in e-DPM at the time of DIS execution. The DIS serial number will be required to be entered irrespective of whether the old DIS formats or new DIS formats are used.

b) The e-DPM system facilitates Participants to enter DIS serial number, DIS Format Indicator and DIS Type Indicator (i.e., Physical, Fax, Electronic, etc.) for following types of instructions:

i. Account transfer

ii. Inter-Depository transfer

iii. Delivery out

iv. CM Pool to Pool transfer

v. Inter-settlement transfer

c) For off market and Inter-Depository Instructions, a facility to enter reason code and consideration in the DPM has been provided. The entry of reason code and consideration (wherever applicable) in the DPM is mandatory to enter such reason and consideration (wherever applicable) in the DPM for off-market and Inter-Depository Instructions.

d) For account closure where the securities are to be transferred to an account of the same holder(s) or for transmission by using account closure/transmission module, entering DIS serial number is not mandatory.

e) For instructions to be executed in the DPM system based on a court or regulatory orders where no delivery instructions are available, Participant may capture 'RO9999999999' against DIS serial number and execute the instruction.

6. **DIS Validation**[23]**:** e-DPM will validate the DIS details while executing the instructions. Details of validation are given below:

a) e-DPM will validate the DIS serial number as entered with the DIS issuance details and will ensure that no instruction with a DIS serial number of used DIS or unissued DIS or blocked DIS is accepted. For DIS issued to POA/DDPI holder, system will validate POA ID/ DDPI

[22] Circular No.: NSDL/POLICY/2014/0092 dated August 25, 2014
[23] Circular No.: NSDL/POLICY/2014/0092 dated August 25, 2014

ID and mapping of POA ID/ DDPI ID with the Client ID.

b) Once an instruction is 'captured' in the e-DPM, DIS serial number will be marked as 'used' in the DIS Master.

c) A DIS serial number can be used for multiple instructions being entered/ uploaded for the same execution date. In such case, DIS serial number can be used for same type of instructions i.e., either for 'market trades' or 'off market trades'. The type of instruction and execution date for a DIS serial number will be determined by the system on the basis of first instruction entered in e-DPM. For example: if first instruction against a DIS serial number is a 'Market trade', then the other instructions being entered under the same DIS serial number must be for market trades only.

d) As same DIS serial number cannot be used for execution of transaction with multiple execution dates, after EOD of execution date, Participant will not be able to submit any new instruction with the same DIS serial number.

e) The above validations will also be applicable for loose DIS issued to a Client i.e. at the time of issuance of loose DIS, an entry will be required to be made in the DPM system and at the time of execution of loose DIS, the DIS serial number will be have to be entered, which will be validated by the DPM system.

f) In case a Participant desires, the DPM system can be configured for the Participant to facilitate entry of loose DIS in the DIS master at the time of execution of DIS thereby avoiding double data entry. To avail this facility, Participant must send request to Participant Interface & Inspection Department (Email ID participant-interface@nsdl.com) along with confirmation on the following:

   i. It has sufficient internal controls for issuance of loose DIS and execution of loose DIS.

   ii. Concurrent Audit will cover execution of loose DIS instructions on 100% basis, in addition to issuance of loose DIS.

III. **Scanning of DIS**

1. Every DIS executed in the DPM must be scanned along with all annexures / computer printouts (if any) by the end of the next working day. In order to assist the Participants to monitor compliance of the same, pending report is available in the DMS module on e-PASS portal .[24] Detailed specifications regarding scanning of DIS are given at **Annexure C**.[25]

2. **Tamper proof storage (Uploading of Delivery Instruction Slip(s) (DIS)**

[24] Circular No.: NSDL/POLICY/2016/0029 dated March 15, 2016.
[25] Circular No.: NSDL/POLICY/ 2025/0175 dated December 30, 2025.

image(s) in DMS module of NSDL e-PASS system.): The processes for scanning, uploading, and maintaining Delivery Instruction Slips (DIS) have been revised with effect from January 01, 2026, all DIS and related annexures processed by the Participant are required to be scanned and uploaded in a timely manner to the DIS Management System (DMS) module of the NSDL e-PASS portal.

a) Participants are advised to upload the DIS received and Annexures to DIS in new DIS Management System (DMS) module on e-PASS system to maintain scanned Delivery Instruction Slips (DIS) on a T+1 basis with effect from January 1, 2026 onwards.

b) Data of DIS processed on a daily basis shall also be made available on the e-PASS portal to identify the DIS images pending to be scanned if any.

a) In the event of any authorized replacement required in the original DIS after scanning and storage, the DIS must be scanned again. The nomenclature of such rescanned DIS image file must be in accordance with the file naming convention given at **Annexure C**. The reason for such replacement must be recorded in the Index file. The Participant must follow above mentioned procedure for signing and posting the new scanned image to DMS module on e-PASS system

b) For instructions received through fax, the Participant must scan the DIS received through fax and post the same to the DMS module of e-PASS in the same manner as prescribed above. Subsequently, when original DIS is received [which is expected within three working days (excluding Sundays and Bank holidays) from the date of receipt of the fax instruction], the Participant shall post details of the same in DMS module of e-Pass within one working day from receipt of original DIS[26].

3. **Exemption from putting Participant official's signatures on original DIS[27]**: For those Participants who process the DIS based on the scanned image, the Participant's officials need not put his/her signature on the original DIS, provided details of the maker, checker and additional checker, as may be applicable, who have captured and verified the DIS are maintained in the back-office system of the Participant and such records are made available, as and when required.

(5) Issuance of Loose leaf DIS:[28]

In case a Client (all the holders in case of joint holding) wishes to submit an instruction but does not have the DIS, the Participants are advised as follows:

[26] Circular No.: NSDL/POLICY/ 2014/0085 dated August 5, 2014
[27] Circular No.: NSDL/POLICY/ 2014/0085 dated August 5, 2014
[28] Circular No.: NSDL/PI/2004/1401 dated August 5, 2004, NSDL/POLICY/2007/0011 dated February 15, 2007 and NSDL/POLICY/2008/0011 dated February 29, 2008 and Circular No.: NSDL/POLICY/2024/0036 dated March 21, 2024 (SEBI circular no. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/18 dated March 20, 2024

(a) The Client visits the Participant's office in person;

(b) Participant satisfies itself about the identity of the Client and issues loose leaf DIS; and

(c) The Client signs the DIS in the presence of authorized official of the Participant.

Participants must ensure that the DIS issued to the Client also bears pre-printed unique identification number (serial number), which should be from a different series, and a record thereof is maintained by the Participant in a "Loose-leaf DIS Register". The Loose-leaf DIS Register should contain Client's name, Client ID, serial number of loose-leaf DIS, date of issue and his/her signature. Further, the Participant shall not issue more than 10 loose DIS to one account holder in a financial year (April to March).

In addition to the existing process of verification, another staff of Participant should also verify the signature(s) separately.

(6) Checks and Controls required in case Participant is using back office system / Manual controls:

(i) **Automated checks in the back office system of the Participant*:***

(a) Participants must record the serial numbers and run an automatic check while executing transactions based on DIS.

(b) Ensure that the system has in-built controls for matching of serial numbers with the respective Client IDs and that the system blocks the DIS permanently that have been used.

(c) In case any Client reports (in writing) that DIS(s) has/have been lost/misplaced/stolen or the account is closed, unused serial number(s) should be permanently blocked.

(d) In case any DIS is presented for execution that has already been used or is part of the series of DIS which have been reported as lost/misplaced/stolen then the system should give automatic alert, in which case, Participant should contact the Client(s) immediately.

(ii) **Manual controls:**

(a) Participants must ensure that a "DIS Control Register" is maintained for recording details of serial numbers and Client IDs with which the serial numbers are associated. Participants should verify the same at the time of receipt of DIS and make a remark that it has been used.

(b) In case a Client reports (in writing) that DIS is lost/misplaced/stolen or the account is closed, the same should be cancelled in the DIS Control Register.

(c) In case any DIS is presented for execution that has already been used or is part of the series of DIS, which have been reported as lost/misplaced/stolen then there should be a mechanism to raise an alert, in which case, Participant should

contact the Client(s) immediately.

(iii) **Important note on automation and manual control[29]:**

The following safeguards shall be put in place to address the concerns of the investors arising out of transfer of securities from the BO Accounts:

(a) Employees of Participant processing DIS should put their signature on the DIS indicating that they have verified the signature(s) of the account holder(s) and that the unique identification number (serial number) belongs to that Client. In case of manual controls, employees of Participants, before signing on the DIS, should also ensure that the DIS bearing unique number belongs to that Client.

(b) There shall also be an indication of the value of the transactions contained in a single DIS on the system of Participant and in case the value of securities on the DIS amounts to Rs. Five lakh or more, it should be subject to two step verification, especially for off market transactions.

(c) The DPs shall mandatorily verify with a BO before acting upon the DIS, in case of an inactive/dormant account, whenever any security in such account is transferred at a time. Such verification by DPs shall require a recorded phone call on registered number of BO by the authorized official of the DP and shall be additionally authorised by the Compliance officer or any other designated senior official of the DP. The authorized official of the DP verifying such transactions with the BO, shall record the details of the process, date, time, etc., of the verification on the instruction slip under his/her signature.

However, in case of active accounts, such verification may be made mandatory only if the BO account has 5 or more International Securities Identification Number (ISINs) and all such ISIN balances are transferred at a time. The authorized official of the DP verifying such transactions with the BO, shall record the details of the process, date, time, etc., of the verification on the instruction slip under his signature. Such verifications shall be additionally authorized by the Compliance Officer or any other designated senior official of the DP.

Beneficiary owner demat account having no

'Debit' and ‘Credit’ transaction(s) in the last 12 months is considered as 'Dormant' account.

Explanation:

1. An inactive/dormant account refers to an account where no transaction has taken place for a continuous period of 12 months.

2. Further, a credit in the demat account through purchase of securities and voluntary corporate action (such as subscribing to rights issues/ systematic investment plans (SIPs) of mutual funds, etc.) may be considered as a

[29] Circular No.: NSDL/POLICY/2024/0036 dated March 21, 2024 and Circular No.: NSDL/POLICY/2024/0075 dated June 05, 2024

transaction for assessing the dormancy. However, any credit due to involuntary corporate action (such as bonus, split, etc.) may not be considered as transaction for assessing the dormancy.

Accordingly, an alert is given when DP Captures or Verify releases any of the following instruction from the 'dormant' accounts.

- Account Transfer (Debits)
- Inter depository (Debits)
- Remat/Redemption
- Pledge
- NDU (Hold)

In case aforesaid instructions are being executed using DPM import facility, an error file (".prn") is generated containing warning message.

The demat account of client who has not executed any of the following transaction in any of the ISINs for last 12 months through manual data entry in the DPM or uploading the instructions through Back-office system is marked as dormant account.

- Account Transfer (Debits and Credits)
- Inter depository Transfer (Debits and Credits)
- Corporate Action (i.e., CA Type as IPO, FPO, ESOP, Allotment (Debt Instruments), Details,
- Preferential Allotment, Redemption – Call \ Put Option, Buy Back, Incorporation of Lock-in
- Mutual Fund, Offer for Sale, Commercial Paper)
- Demat \ Mutual Fund Conversion
- Remat \ Repurchase \ Mutual Fund Reconversion \ Mutual Fund Redemption • Pledge \ Hypothecation Creation \ Closure \ Invocation
- Margin Pledge Creation \ Closure \ Invocation
- NDU (Hold) Creation \ Closure

After any debit or credit transaction is executed in a dormant account, it will be marked as non-dormant in the EOD process of that day. This implies that alerts will be generated for all instructions executed on that day for the dormant account till EOD.

Further, any credit due to involuntary corporate action (such as bonus, split, merger, consolidation, compulsory conversion, NPP to PP, Fractional elimination, redemption on maturity, etc.) will not be considered as a transaction for assessing the dormancy.

Participants can also generate Transaction Statement Report for dormant Client accounts, which give the list of transactions that are executed in a dormant account for the day when account is marked as non-dormant at EOD. The report will be generated based on date range such that Date wise and Client account wise Transaction Statement report are generated for all the transactions that are executed in dormant accounts on the day when the account was marked from

Dormant to Non-Dormant.[30]

(d) Participant shall cross check with the Client(s) under exceptional circumstances before acting upon the DIS.

(e) In case DIS received is pre-signed with blank columns, Participant should not accept such DIS.

(f) Participant shall put in place appropriate checks and balances with regard to the verification of signatures of the BOs while processing the DIS

(7) Execution of transactions based on receipt of electronic instruction[31]:

Participants can execute transactions based on receipt of electronic instructions from Client by the Trading Members and / or the Participants which are authenticated by the Participant and / or Trading Member and accepted by the Client on the NSDL's system shall be after ensuring compliance with Rule 4.5.1 of the NSDL Business Rules and upon receipt of prior approval from NSDL. Such transactions shall also be bound by the terms and conditions as specified in Annexure O of the NSDL Business Rules.[32]

To effect such transaction as may be specified by the Depository based on the electronic instructions received from the Client by the Trading Members and/or the Participants which are authenticated by the Participant and/or Trading Member and accepted by the Client on the Depository system, shall be bound by the terms and conditions as specified at Annexure O of NSDL Business Rules.

As per Rule 4.5.1 of Business Rules of NSDL, Participants are required to ensure compliance with the following conditions for accepting instructions in electronic form:

"(i) The Participant has adequate systems and security features in place to authenticate the Client and the Client to authenticate the Participant;

(ii) The Participant is able to conclusively prove the origin, destination, date and time of receipt or dispatch of such electronic instructions received by it;"

Explanation:

(a) As per the provisions of the Information Technology Act 2000 (IT Act), legal recognition for transactions carried out electronically envisages use of digital signature for authentication of electronic records. Thus, the instructions submitted electronically need to be authorized using Digital Signature Certificate issued by a Certifying Authority (CA) licensed by Controller of CA. This would ensure that the Client itself has submitted the instruction which cannot be repudiated later. Accordingly, as mentioned in point nos. (i) and (ii) hereinabove, Participants will be required to establish systems/process in place to confirm that the instructions received in electronic form are

[30] Circular No.: NSDL/POLICY/2008/0021 dated April 4, 2008.
[31] Circular No.: NSDL/POLICY/2008/0002 dated January 11, 2008.
[32] Circular No.: NSDL/POLICY/2022/082 dated June 10, 2022.

indeed digitally signed by the Client and are not modified subsequent to digitally signing of instructions. Further, the systems/process that Participant establishes must enable the Client to ensure that the digitally signed instructions are indeed received by the authorized person of the Participant.

(b) Participants will be responsible to establish the procedure that will ensure the validity of digital signature certificate of the Users and will also ensure that the person digitally signing the instructions is indeed authorized to do so.

(c) Participant will be required to establish the procedure which will be followed by the Client for authenticating the Participant.

"(iii) The Participant retains such electronic instructions in the format in which it was originally received or sent or in a format which can be demonstrated to represent accurately the information which was originally received or sent;"

Explanation:

(a) Electronic instructions received by the Participants must be authenticated using signature verification utility (SVU). This is required to ensure that the instructions are indeed received from the Client. SVU should be issued by a CA licensed by Controller of CA to validate the digitally signed files received from the Client. The SVU will strip the digital signature after successful authentication. The new file thus generated after authentication must be stored as a different file before uploading/executing in the DPM System so as to keep the original file with the digital signature intact. Participants will be required to ensure that the authenticated file should not be altered and should represent accurately the information which was originally received from or sent by the Client, before uploading/executing the file in the DPM System. In this regard, Participants will be liable for any claims that may be raised by the Client on account of any loss arising from execution of instructions which are altered subsequent to stripping the digital signature.

(b) Participants are advised to ensure that the instructions submitted electronically using digital signature must be retained along with the digital signature for the period as specified in various regulations.

(c) Participants are advised to retain the details of authorized persons who are digitally signing the instructions for the period as specified in various regulations.

"(iv) The instructions received remain accessible and usable for subsequent reference."

Explanation:

(a) Participants will be liable to produce these electronic records in a readable form to NSDL, SEBI or to any other Statutory Authority, whenever required. As Participants are aware, NSDL inspects the records of the Participants at regular intervals. Therefore, the file formats of digitally signed instructions should adhere to either of the file formats prescribed for DPM System or SPEED-e.

(b) The signed file should be such that instruction details can be clearly identified, thus it

can be in a flat file as per back office import file formats or SPEED-e import file formats or a format which is readable directly, without a need to interpret the information in the file.

(c) Participants will be required to provide the SVU that would enable NSDL inspection team to verify the transactions that are received electronically. Also, Participants will have to ensure that any new upgrades done by its CA is incorporated in the SVU and provided to NSDL at the time of inspection.

GENERAL COMPLIANCE

1. Participants must ensure compliance with the prevailing guidelines mentioned above regarding the requirements of time & date stamping and deadline for submission of electronic instructions received from Client.

2. Participants are advised to ensure compliance with respect to the requirements mentioned below regarding details to be obtained from Clients in respect of "Consideration" and "Reasons/Purpose" for off-market transactions.

3. Participants should be able to provide the details of the instructions to the NSDL inspection team based on the relevant details provided to the Participants by NSDL.

4. Participants are advised to follow the procedure mentioned in NSDL Circular No. NSDL/POLICY/2007/0054 dated September 22, 2007 regarding capturing of Power of Attorney holder/Authorized Signatory signature and the changes in the back-office module and the file formats in respect of the back-office batch interface with the DPM System. Participants are advised to select Signature Type as "Digital" only for those accounts for which NSDL has permitted Participants to use digital signature for submitting delivery instructions.

5. The internal auditors as appointed by Participants will be required to verify that necessary audit trails and checks have been implemented in conformity with NSDL prescribed guidelines / circulars and the deviations, if any, may be reported in the internal audit report.[33]. In case no deviations have been reported, it will be treated that the aforesaid requirements have been duly complied with by the Participant.

6. Participants will be responsible for ensuring compliance with the provisions of Depositories Act, SEBI (Depositories and Participants) Regulations, 2018, The Prevention of Money Laundering Act, 2002, Bye Laws and Business Rules of NSDL, as well as any other circulars / guidelines issued by NSDL from time to time, in this regard.

7. Participants can execute transactions based on the electronic instructions after ensuring compliance with each of the aforesaid conditions in this regard and upon receipt of prior approval from NSDL.

[33] Circular No.: NSDL/POLICY/2008/0077 dated November 3, 2008.

(8) Submission of instructions using SPEED-e facility of NSDL:[34]

SPEED-e enables demat account holders of the Participants to issue their delivery instructions, in expanded time frames and from anywhere directly through internet on SPEED-e website viz.; https://eservices.nsdl.com, thus eliminating the need to submit delivery instructions in paper form. Participants will have to download these instructions at regular interval from SPEED-e website, import them into the DPM System and upload the status of the instructions back to the site. Participants can access SPEED-e through smart card / e-token based authentication. The files downloaded by the Participant will bear digital signature of the site and files uploaded by the Participant will bear the digital signature of itself. SPEED-e has been designed to meet the requirements of both, the password user as well as smart card / e- token based user. This facility features smart card / e-token based access authentication and digital signature-based transaction authorization for the high-end users such as CMs, brokers and traders, high net worth individuals, etc. and password based authentication for the low-end users. For more details, Participants may refer to NSDL Circular No. NSDL/PI/2001/1307 dated August 27, 2001, and NSDL/POLICY/2008/0013 dated March 3, 2008.

Instructions on SPEED-*e* with current date as the execution date can be executed on SPEED-*e* by the Client up to 7:00 p.m. IST on weekdays and 3.00 p.m. IST on Saturdays. However, instructions with future date as the execution date can be executed at any time, even after the aforementioned deadline times.

I. **e-DIS facility for pay-in Instructions on SPEED-*e*[35]**

NSDL's e-DIS facility (NSDL Demat Gateway) is an integration between the brokers and NSDL Demat Gateway which facilitates Clients to provide mandate/consent to debit and transfer securities from their demat accounts towards the obligation arising out of trades executed at exchange(s).[36] Thus, Clients opting for e-DIS facility will not be required to enter instruction details on SPEED-*e*, obviating data entry errors, consumption of time for entering data, etc.

In view of the aforesaid, Clients will have option for submitting instructions to their Participants through SPEED-e facility by entering instructions details in favor of the pre-notified CM. The salient features of e-DIS facility are enclosed in **Annexure J**.

1. File formats with respect to Demat Gateway[37]

NSDL has launched Demat Gateway to facilitate Client to provide mandate to its stockbroker for debiting client's demat account towards its settlement obligation. Demat Gateway facilitates API interface between Stockbroker's web portal and NSDL depository system for Clients to authenticate their instructions for sale of securities or redemption (through stock exchange platform) of mutual fund units in their demat account.

[34] Circular No.: NSDL/PI/2001/1307 dated August 27, 2001, NSDL/POLICY/2008/0013 dated March 3, 2008. and NSDL/POLICY/SPEED-e/2009/0005 dated June 20, 2009.
[35] Circular No.: NSDL/POLICY/2014/0002 dated January 6, 2014.
[36] Circular No.: NSDL/POLICY/2021/0114 dated November 15, 2021.
[37] Circular No.: NSDL/POLICY/ 2021/0001 dated January 7, 2021

a) New DIS Type i.e., '07-Demat Gateway' is incorporated under e-DPM system to execute e-DIS instructions received from stock broker based on the mandate given by client through NSDL Demat Gateway.

b) All e-DIS instructions for debiting the securities which will be received from stockbroker based on the mandate given by the client to stock broker through NSDL Demat Gateway shall be mandatorily executed under DIS Type '07-Demat Gateway' on e-DPM system.

c) New field viz., 'e-DIS Mandate Reference Number' has been added in respect of Account Transfer instructions (Transaction Type: 904) in e- DPM system to capture the mandate reference number in respect of Demat Gateway transactions. The changes in file formats (DPM Transaction Upload and Changed Orders for the Day Download) in respect of the back-office interface with DPM system are available at https://nsdl.co.in/nsdlnews/udiff.php[38].

Acceptance of Delivery Instructions through Demat Gateway (e-DIS)[39]

2. The facility of accepting Delivery Instruction through Online Portal of Participants, which has been enabled by NSDL under the head Demat Gateway and its process of seeking mandate.

(a) e-DIS facility: The facility of e-DIS has to be true to its label and should:

(i) Necessarily capture all details that are otherwise being captured in physical DIS, including settlement number and actual quantity to be transferred in case of on–market transfers.

(ii) be an instruction toward actual transfer of securities to meet obligation for a single settlement number / date.

(b) Mandate/Pre-trade authorization: The following shall be required to be ensured:

(i) The mandate should be received from client authorizing the Participant to transfer specific securities for meeting on-market settlement obligation only.

(ii) Such mandate should necessarily pertain to a single settlement number / settlement date.

(iii) Client shall be required to authorize each mandate valid for a single settlement number/settlement date, by way of OTP and PIN /password, both generated at NSDL's end.

[38] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024
[39] Circular No.: NSDL/POLICY/2021/0004 dated January 28, 2021.

(iv) Prior to executing actual transfer of securities based on details provided by Participant, NSDL needs to match and confirm the same with mandate provided by client as well as client-wise net delivery obligation arising from the trade executed on exchange, as provided by Clearing Corporation to NSDL for each settlement date.

(v) Securities transferred on basis of mandate provided by client should be credited only to client's trading member pool account.

(vi) Participant providing this facility have enabled its client to revoke / cancel the mandate provided by them.

3. Participants providing this facility shall ensure that mandate provided by client adheres to following requirements:

(a) The mandate provided by client should: (i) be in favor of the concerned Participant only; (ii) not provide the authority to transfer the mandate in favor of any assignees of the Participant; (iii) require the Participant to return the securities to client(s) that may have been received by them erroneously or those securities that it was not entitled to receive from the client(s).

(b) The mandate provided by client shall not facilitate Participants to do the following: (i) Transfer of securities for off-market trades; (ii) To execute trades in the name of client without client's consent; (iii) To open an email ID on behalf of the client for receiving relevant commutations; (iv) Prohibit to issue DIS to beneficial owner; (v) Prohibit client from operating the account.

4. It is mandatory for the client to specify the settlement number / settlement date at the time of providing the pre-trade authorization/mandate.[40]

5. Mandate provided for multiple ISINs shall not lapse if the debit is affected only for one particular ISIN, however such mandate shall be valid only for a particular settlement number/date as specified in the mandate.[41]

6. Mandate received from client should only be for a single settlement number/date as provided by client. The same cannot be exercised before or after the given settlement date. [42]

7. All Participants to keep in mind the features, enclosed herewith as **Annexure L,** in respect of processing of e-DIS instructions based on matching with e-DIS mandate and client level obligation data received from Clearing Corporations. The system changes in this regard have been implemented in the NSDL System. [43]

[40] Circular No.: NSDL/POLICY/2021/0007 dated February 04, 2021.
[41] *Id.*
[42] *Id.*
[43] Circular No.: NSDL/POLICY/2021/0044 dated May 07, 2021.

II. **SPICE e-DIS on SPEED-*e* facility**[44]

SPICE facility available on SPEED-*e* has been enhanced to facilitate Stockbrokers/ Clearing Members to submit instructions related to e-DIS to the Participants of the Clients. User Guide to register Client's demat accounts for SPICE e-DIS facility and submit instructions pertaining to e-DIS through SPICE has been enclosed in **Annexure M.**

(9) Deadline for submission of market instructions on SPEED-*e*:[45]

Participants must take note of the following deadline time for submission of pay-in instructions on SPEED-e, on the pay-in day based on the market type for below given stock exchanges:

Name of the Stock Exchange	Market Types	Revised deadline time for submission of instructions (pertaining to pay-in) by Clients on SPEED-e on pay-in day	NSDL deadline time for execution of instructions in the DPM System on pay-in day
NSE	Auction Normal	7.15 am	7.50 am
	SLB First Leg	7.15 am	7.50 am
	SLB Return Leg	8.15 am	8.50 am
	SLB Auction Buy-in	8.15 am	8.50 am
	Normal, Trade for Trade	9.55 am	10.30 am
	T+1 – ITP For SME, Debt Segment	9.55 am	10.30 am
	T+0 - Normal	1.10 pm	01.45 pm
	Company Objection, Retail Debt Market, Bad Delivery,Institutional and MFSS T+3	9.30 am	10.30 am
BSE	Auction Rolling	7.15 am	7.50 am
	SLB.	7.15 am	7.50 am
	SLB-R	8.15 am	8.50 am
	SLB Buy in Auction	7.15 am	7.50 am
	T+1 – ITP For SME	9.15 am	9.50 am
	Rolling Market Lot	9.55 am	10.30 am
	T+0 - Normal	1.10 pm	01.45 pm
	Debt Segment	10.15 am	10.50 am
	Company Objection	11.00 am	12.00 pm

[44] Circular No.: NSDL/POLICY/2021/0114 dated November 15, 2021.

[45]Circular No.: NSDL/SPEED-e/POLICY/2022/0001 dated January 27, 2022, Circular No.: NSDL/POLICY/2023/0011 dated January 27, 2023, Circular No.: NSDL/SPEED-e/POLICY/2022/007 dated May 31, 2022, Circular No.: NSDL/SPEED-e/POLICY/2022/009 dated July 04, 2022, Circular No.: NSDL/POLICY/2022/094 dated July 04, 2022, Circular No.: NSDL/POLICY/2022/107 dated July 28, 2022 , Circular No.: NSDL/SPEED-e/POLICY/2022/011 dated July 28, 2022, Circular No.: NSDL/POLICY/2014/0016 dated February 12, 2014, Circular No.: NSDL/POLICY/2014/0033 dated March 24, 2014 .

CSE	Rolling Market Lot and Auction Rolling	9.30 am	10.30 am

Participants must take note of the following:

1. In case there are multiple pay-ins of same market type for a stock exchange happening on the same day, in such a case, there is change in the deadline time of submission of instructions on SPEED-e on the pay-in day and NSDL informs same separately by a circular.

2. Participants must ensure that all the instructions submitted by the Clients within the aforesaid deadline time are duly executed in the DPM System and in case Participants encounter any difficulty in downloading the instructions from SPEED-e, the same should be reported to Help Desk immediately.

(10) Instructions received from Clients who have attained majority:[46]

In case of Minor attaining majority, Participants should ensure that any request or instruction received from the guardian, which is to be processed or is having an execution date falling on or after the date, the Minor has turned Major, shall be processed/executed only after receipt of confirmation from the Client (Minor turned Major). Participants should note that the aforesaid guidelines are in addition to the existing guidelines with regard to executing instructions.

(11) Instructions received from illiterate person:[47]

Participants must follow the below given procedure for execution of DIS received from illiterate persons:

(a) The Client(s) must come in person to submit DIS and affix his/her thumb impression in the presence of the official of the Participant. The Participant should identify the Client(s) by verifying the photograph submitted by the Client(s) and read out/explain the contents of the delivery instruction form to the Client(s). The official of the Participant should then put his signature and remarks "Details explained to the Client(s)", on the DIS.

(b) In case such Client(s) is/are temporarily or permanently disabled due to which he/she cannot come in person to submit the instruction form as mentioned in point (a) above, the thumb impression of the Client(s) on the DIS must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the Seal of his office or a manager of the accountholder's bank. The Client should also produce a medical certificate about his/her disability.

Participants should note that the aforesaid guidelines are in addition to the existing guidelines with regard to executing instructions.

[46] Circular No.: NSDL/POLICY/2009/0029 dated April 16, 2009.
[47] Circular No.: NSDL/PI/2002/0709 dated May 3, 2002.

(12) Instructions received from Blind person:[48]

In case of DIS received from Blind persons, Participants should follow the existing guidelines with regard to executing instructions. In case such Client is illiterate, he/she should personally visit the office of the Participant for submitting the DIS.

(13) Instructions received through fax:[49]

Participants are advised to take note of the following precautions while executing such instructions:

1. Participant should obtain a fax indemnity duly signed by all the Client(s)/authorized signatories of the account.

2. Participant must advise its clients to mark "*This is a fax instruction*" on the face of the DIS with a view to identify the same from the original DIS received subsequently. Only such fax instructions should be executed by the Participant.

3. The Client, while issuing a fax instruction, must use the DIS issued to it by the Participant. The Participant should verify the signature(s) of Client(s) / authorized signatory(ies), pre- printed serial number and pre-stamped Client ID, as per the existing procedure for processing DIS.

4. The staff of the Participant who processes the fax instruction shallput his/her signature on the fax instruction indicating that the signature has been verified and that the DIS belongs to that Client.

5. Participant should affix the time stamp on the fax instruction form as well as on the original DIS, when received and keep both of them together for records.

6. Participant should ensure that it receives the original DIS subsequently, latest within three days (excluding Sundays and Bank holidays) from the date of receipt of the fax instruction. In case the Participant does not receive the original DIS within the stipulated time, it should inform such Clients that the facility of executing instructions received on fax is withdrawn, till the original DIS is received.

7. Participant must establish suitable procedure to prevent multipleexecution of the same instruction.

8. Participant should also take such steps to preserve the fax instruction form in legible form.

9. Participant, before providing this facility to the Clients, must obtain a suitable insurance cover in this regard.

10. Participants should note that the aforesaid guidelines are in addition to the existing guidelines regarding execution of delivery instructions.

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[48] Circular No.: NSDL/POLICY/2007/0049 dated August 21, 2007.
[49] Circular No.: NSDL/PI/2002/0740 dated May 9, 2002 and Circular No.: NSDL/POLICY/2008/0045 dated June 16, 2008.

(14) Facility for submitting consolidated delivery instruction slips accompanied by computer printouts by POA/DDPI holder on behalf of its Clients:[50]

Participants may accept delivery instructions (, Form 13, Form 16 and Form 37) accompanied by computer printouts from the POA/DDPI holder, subject to the following conditions:

1. A suitable mechanism should be implemented in the back-office system of the Participant to identify such Clients. In the absence of back-office system, Participant should maintain a separate DIS register (in physical or electronic mode as the Participant may deem fit) containing the details of such Clients and POA/DDPI holder.

2. The DIS must bear separate series of pre-printed serial numbers and should be distinguished by different color or by any other method. Participants may consider printing / stamping the name of the POA/DDPI holder on the DIS and requisition form.

3. The computer printouts must contain all the details as specified in Form 12, Form 15 and Form 36 of Business Rules and accompanied by a single DIS (Form 12, Form 15 and Form 36) as applicable. Further, the source Client ID should be mentioned against each instruction in the computer print-out.

4. Words "Details as per (total) number of pages attached" should be written on DIS.

5. The pre-printed serial number of the DIS should be mentioned on every page of the computer printout.

6. Every page of the computer printout including DIS should be signed by the POA/DDPI holder.

(15) Acceptance of Client's Delivery Instructions accompanied with computer printouts:[51]

Participants can accept the "Delivery Instructions by Clients" (Form 12, Form 15 and Form 36) accompanied by computer printouts of the instruction details, subject to the following conditions:

1. The computer printout (enclosure) should contain all the details as specified in the delivery instruction form.

2. Words "Details as per __ (total) number of pages attached" should be written on the delivery instruction form.

3. The pre-printed serial number of the delivery instruction form should be mentioned on every page of the enclosure.

4. Every page of the enclosure and the delivery instruction form should be signed by all the account holder(s)/authorized signatory(ies).

[50] Circular No.: NSDL/POLICY/2008/0004 dated January 24, 2008
[51] Circular No.: NSDL/PI/2000/500 dated April 18, 2000.

(16) Acceptance of instructions accompanied by computer printouts from Clearing Members:[52]

Participants can accept the following delivery instruction forms viz; "Delivery Instructions by Clearing Members for Pay-In" (Form 18), "Delivery Instructions by Clearing Members on Pay-Out" (Form 22) and "Inter-Settlement Instructions" (Form 19) accompanied by computer printouts of the instruction details, subject to the following conditions:

1. The computer printout (enclosure) should contain all the details as specified in the delivery instruction form.

2. Words "Details as per __ (total) number of pages attached" should be written on the delivery instruction form.

3. The pre-printed serial number of the delivery instruction form should be mentioned on every page of the enclosure.

4. Every page of the enclosure and the delivery instruction form should be signed and stamped by the authorized signatory(ies).

(17) Computer printouts allowed for other types of instructions:[53]

Participants are informed that the procedure mentioned in point no. 14 and 15 above must be followed while accepting the following types of instructions from their Clients:

(i) Pledge/Hypothecation

(ii) Inter-Depository Transfers

(iii) CM Pool to CM Pool transfers by Clearing Members

It may be mentioned that annexure attached to the instruction form may contain multiple target Client IDs with corresponding details.

(18) Instructions received for Buy Back / Open Offer:[54]

Participants are requested to advise their clients to submit such instructions at least one working day before the date of closure of such offers or prior to such deadline time as may be decided by the Participant for submission of delivery instructions by Clients. Further, Participant should advise their clients to mark "Buy back/Open offer" on the face of the instruction slips so as to identify such instructions and execute them on a priority basis.

Furthermore, Participants are requested to take note of the NSDL circular (Issuer & RTAs) No. NSDL/CIR/II/08/2022 dated March 21, 2022 w.r.t "*Procedure for facilitating off-market transfer for tendering securities for 'Buyback', 'Open offer for Acquisition' and 'Delisting - Exit offer'*., for facilitating off-market transfers for tendering securities for buyback.

[52] Circular No.: NSDL/PI/99/572 dated July 21, 1999.
[53] Circular No.: NSDL/PI/2003/0852 dated May 26, 2003.
[54] Circular No.: NSDL/PI/2002/1108 dated July 9, 2002.

Participants may take note of the off-market reason code available for transfer of securities for Buy Back[55]:

Reason Code No.	**Reason Code Description**	**System validation by Depository**	**Manual Verification by Participant (if any)**
12	Buy-back Transfers	Transfers with this reason code would be permitted From all type of accounts like Resident, NRI,HUF, Body Corporates, etc. To only those accounts which are enabled to receive securities for buy-back as per the request and details received from concerned Issuer.	-
28	Delisting - Exit offer	Transfers with this reason code would be permitted **From** All types of BO accounts. **To** Those accounts enabled to receive securities for exit offer for temporary period under account type - "Body Corporate", "Bank" as per the request and details received from concerned Issuer. Exceptions (for both from / to) above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	For these type of transfers, supporting documents like Copy of the delisting offer/ public notice (sent by the company to the shareholder, having target demat account details of the company) needs to be provided by transferor to Participants
13	Open offer for Acquisition	Transfers with this reason code would be permitted **From** all type of accounts like Resident, NRI,HUF, Body Corporates, etc. **To** only those accounts which are enabled to receive securities for open offer as per the request and details received from concerned Issuer.	-

[55] Circular No.: NSDL/POLICY/2024/0090 dated June 25, 2024

(19) Incorporation of details in DIS as advised by Financial Intelligence Unit (FIU):[56]

(i) Participants may note that Form 12, Form 13, Form 15, Form 16, Form 17, Form 36 and from 37 to Business Rules of NSDL have been amended to incorporate the details. viz. "Consideration" and "Reasons/Purpose" as advised by Financial Intelligence Unit – India

(ii) Participants will be required to ensure that additional details as per the guidelines issued by Financial Intelligence Unit-India (FIU-IND) under The Prevention of Money Laundering Act, 2002 (PMLA), has been incorporated in the DIS. NSDL has also incorporated the fields viz., "Consideration" and "Reasons/Purpose" for smart card / e-token Users as SPEED-e enables only the smart card / e-token Users to submit off-market instructions.

(20) Processing of DIS:

(i) **Acknowledgement of instruction at the time of accepting physical / electronic DIS.**

(a) **Physical DIS:[57]**
In view of the time-criticality of execution of Clients" instructions, especially those relating to market trades, all Participants are advised that the delivery / receipt instruction forms submitted by the Clients should be time-stamped. The time and date of receipt of the form should be put on both the portions of the form i.e., Participant's copy & Client's copy which should be duly signed & stamped by the Participant.

(B) **ELECTRONIC SUBMISSION OF INSTRUCTION:**

The Participants should be able to conclusively prove the origin, destination, date and time of receipt of dispatch electronic instructions received by it.

(ii) **Validation on Future-Dated Transactions:[58]**

The e-DPM system shall accept future-dated instructions having execution date upto 30 calendar days from the business date of instruction submission in respect of following transactions:

• Account Transfer and Inter-depository instructions through e-DPM / SPEED-e.

• Pledge / Hypothecation / Margin Pledge-Repledge / MTF Pledge / Pledge or Repledge of MFOS units / NDU (Hold): Creation, Invocation, Cancellation / Closure instructions.

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[56] Circular No.: NSDL/POLICY/2007/0069 dated November 12, 2007, Circular No.: NSDL/POLICY/2007/0071 dated November 12, 2007, Circular No.: NSDL/POLICY/2007/0072 dated November 23, 2007, Circular No.: NSDL/POLICY/2008/0062 dated September 12, 2008 and Circular No.:NSDL/POLICY/SPEED- e/2008/0006 dated November 10, 2008.

[57] Circular No.: NSDL/PI/98/519 dated October 13, 1998

[58] Circular No.: NSDL/POLICY/2025/0076 dated June 16, 2025

(iii) **Deadline time for submission of physical / electronic instructions related to pay-in:**[59]

Participants are advised to take note of the procedure given here below:

(a) Participants shall accept instructions from the Clients, in physical form up to 4
(b) p.m. (in case of electronic instructions up to 6.00 p.m.) on "T" day for pay-in of securities, For T+0 day settlements, Participants shall accept EPI instructions from the clients, till 11:00 AM on 'T' day.[60] Note: 'T' refers 'Trade Day' viz.; instructions to transfer securities from Client account to CM Pool account, CM Pool to CM Pool account transfers and Delivery-Out Instructions, etc.

(c) Settlement instructions received from any Client beyond the aforementioned deadlines would be received by the Participants at Clients" risk and acknowledgment thereof should be issued by Participants to the Clients, with suitable remarks.

(d) Participants should complete execution of pay-in instructions and ensure that they are in status "Instruction ready for Settlement**"** well before the pay-in deadline time.

(e) In case the Client account does not have sufficient balance, the Client to CM Pool account transfer instructions will reflect the status "Overdue" (*provided in the target CM Pool Account, the standing instruction indicator is enabled, or receipt instructions initiated is matched*), irrespective of the execution date and will remain valid till the pay-in for the requisite settlement number and market type, during the pay-in process;

(i) if partial balance is available in the Client account, then the same will be debited and transferred to the CM Pool Account. The status of the instruction will get updated as "Partially Settled".

(ii) if no balance is available in the Client account, then the instruction will get rejected. The status of the instruction will get updated as "Rejected".

(f) Delivery instruction initiated from the Client account will remain in status "Counterparty instruction awaited" till it matches with the Receipt Instruction initiated from the CM Pool Account (*where the standing instruction is not enabled*). Upon matching of delivery and receipt instruction:

(i) in case insufficient balance is available in the Client account, the status of the instruction will change from "Counterparty instruction awaited" to "Overdue" and will remain valid till the pay-in for the requisite settlement number and market type as explained in point no. 20 (ii) (d) above.

[59] Circular No.: NSDL/PI/2003/0406 dated March 7, 2003 and Circular No.: NSDL/POLICY/2009/0019 dated March 14, 2009

[60] Circular No.: NSDL/POLICY/2024/0089 dated June 25, 2024

(ii) in case sufficient balance is available at the time of matching the instruction in the Client account, the status of the instruction will change from "Counterparty instruction awaited" to "Settled" or "Instruction ready for Settlement".

(g) In respect of CM Pool Accounts where standing instruction indicator are not enabled in the DPM System, Participants are requested to note that delivery instruction from the Client account (*with or without security balances*) and/or Receipt Instructions from its CM Pool Account that are unmatched will remain valid till the end of the day (*EOD*) of the execution date.

(III) DEADLINE TIME FOR ACCEPTING NON-PAY-IN RELATED INSTRUCTIONS:[61]

SEBI has clarified that Participants can decide their own time frame for submission of such instructions by their Clients (i.e., one or two days before the execution date). However, Participants shall execute 'non-pay in' related instructions on the same day or on the next working day from the date of submission of instruction by the Client. Further, if the date of submission and the execution date are same, Participants may execute such instructions on the same day on a "*best effort basis*" at client's risk[62]. For example:

Date of submission	Execution Date	Date on which the Participant should execute the instruction
October 19, 2004	October 20, 2004	On or before October 20, 2004
October 19, 2004	October 22, 2004	On or before October 20, 2004
October 19, 2004	October 19, 2004	On October 19, 2004, on a "*best effort basis*"

Participants should communicate this information to their clients through regular communications / newsletters as well as put up this information on the notice board for information of all their Clients.

(IV) PROCESSING OF IDT INSTRUCTIONS:[63]

Participants are advised to note the following deadline timings for execution of IDT instructions:

Sr. No.	Particulars	On Weekdays	On Saturdays
1	Deadline time for Participants to verify & release IDT delivery/receipt instructions of same day execution.	9.30 p.m.	2.30 p.m.

[61] Circular No.: NSDL/PI/2004/1911 dated October 21, 2004
[62] Rule 6.4.6 of NSDL Business Rules (Circular No.: NSDL/POLICY/2023/0121 dated September 11, 2023)
[63] Circular No.: NSDL/PI/2002/2138 dated December 12, 2002 and Circular No.: NSDL/PI/2002/2180 dated December 19, 2002

(v) **Execution date of instructions falling on a Sunday or any other DM holiday:**[64]

Participants are advised to note that account transfer (debiting beneficiary or Clearing Member Pool accounts), pool to pool, inter-settlement, inter-depository and pledge related instructions that are verified/released in the DPM System with execution date falling on a Sunday or any other DM holiday will be executed on the next business day. In this regard, Participants are advised to note that such instructions should be received by NSDL and status of the instructions in the DPM System should be "Future Dated" before EOD of:

(i) Saturday if the execution date happens to be a Sunday,

(ii) Previous business day if the execution date happens to be a DM holiday.

Participants are requested to note that delivery-out instructions should be received by NSDL before the pay-in deadline time.

(VI) **RESTRICTION ON PROCESSING OF DIS AT FRANCHISEE:**[65]

Participants should ensure that the functions of verification of DIS serial numbers, signature(s) of authorized signatories and release of instructions should be carried out by the Participant itself and not left to the franchisee.

(21) Internal and Concurrent Audit - Control and Verification of Delivery Instruction Slips:[66]

The scope of concurrent audit with respect to control and verification of DIS should cover the areas given below:

(I) **ISSUANCE OF DIS**

The procedure followed by the Participants with respect to:

(a) Issuance of DIS booklets including loose slips.

(b) Existence of controls on DIS issued to Clients including pre-stamping of Client ID and unique pre-printed serial numbers.

(c) Record maintenance for issuance of DIS booklets (including loose slips) in the back office.

(II) **VERIFICATION OF DIS**

The procedure followed by the Participants with respect to:

(a) Date and time stamping (including late stamping) on instruction slips.

[64] Circular No.: NSDL/POLICY/2008/0079 dated November 5, 2008 and Circular No.: NSDL/PI/2001/0812 dated June 11, 2001

[65] Circular No.: NSDL/PI/2005/2088 dated October 28, 2005

[66] Circular No.: NSDL/POLICY/2008/0077 dated November 3, 2008

(b) Blocking of used/reported lost/stolen instruction slips in back-office system / manual record.

(c) Blocking of slips in the back-office system / manual record which are executed in DPM directly.

(d) Two step verification for a transaction for more than Rs. 5 lakhs, especially in case of off- market transactions.

(e) Instructions received from dormant accounts.

The Concurrent Auditor should carry out 100% verification with respect to control over issuance and acceptance of DIS booklets including loose slips; however, with respect to verification (execution and processing) of DIS, auditor should verify at least 25% of the DIS processed. In case of Digitally signed DIS images, at least 10% of the DIS samples selected by Auditor (having DP as well as NSDL digital signature) extracted from tamper proof storage shall be verified[67]. The sample percentage checked in this regard should be mentioned in the Concurrent Audit Report.

The Concurrent Auditor should conduct the audit in respect of DIS issued and controls on DIS as mentioned above, during the day, by the next working day. In case the audit could not be completed within the next working day due to large volume, the auditor should ensure that the audit is completed within a week's time.

Any deviation and/or non-compliance observed in the aforesaid areas should be mentioned in the audit report of the Concurrent Auditor. The Management of the Participant should comment on the observations made by the Concurrent Auditor.

Participants may note that if the Auditor for Internal and Concurrent Audit is the same, consolidated report may be submitted.

Participants will be responsible for ensuring compliance with the provisions of Depositories Act, SEBI (Depositories and Participants) Regulations, 2018, The Prevention of Money Laundering Act, 2002, Bye Laws and Business Rules of NSDL, as well as any other circulars / guidelines issued by NSDL from time to time, in this regard.

(22) Precautions to be taken at the time of accepting market related instructions:

1. The instructions relating to settlements should be segregated for each stock exchange, market type and settlement number. These instructions include delivery-out instructions, Client to CM Pool Transfer, inter-settlement transfers, CM Pool to CM Pool transfers and Inter Depository transfers with the target settlement pertaining to which pay-in is due. Priority should be given to the instructions relating to the settlements for which Pay-in date is current date or next date.

2. The execution of the instructions in DPM System for each stock exchange, market type and settlement number should be prioritized in a logical manner. Instructions that have

[67] Circular No.: NSDL/POLICY/2017/0053 dated September 5, 2017

the effect of crediting the CM Pool Accounts for a settlement, such as Client to CM Pool Transfer, CM Pool to CM Pool transfers and Inter Depository transfers should be given priority.

3. Instructions such as CM Pool transfer to client, client to client and pledge closure that have the effect of crediting those Clients account from where the securities have to be moved to CM Pool Accounts for the target settlement should be executed well in advance.

4. Participants should ensure that IDT instructions are verified & released well before the deadline so that the status of the instruction become "Acknowledgement awaited from other Depository"* at NSDL deadline time. However, future dated instructions can be verified & released without any time restriction as per the current practice. In case any IDT instruction is received by NSDL after NSDL deadline time, then the same will fail with the status "Rejected" with the reason 'Deadline time has passed'. If CDSL rejects NSDL's inter depository debit instructions (IDDs) in case it receives IDD after the deadline time of the current business date, the status of IDT instructions will change from "Acknowledgement awaited from other Depository" to "Rejected by other Depository".

5. Non-settlement related instructions like account opening, dematerialization, rematerialisation, etc. should not be captured/verified & released or exports should not be taken during settlement timings.

6. **MONITORING OF INSTRUCTIONS:**

   (a) Participants should ensure that the instructions that have the effect of crediting the CM Pool Accounts for a settlement, such as Client to CM Pool Transfer, CM Pool to CM Pool transfers and Inter Depository transfers are in the status "Settled" or "Instruction ready for Settlement" at least one hour before the NSDL Deadline time.

   (b) Participants should ensure that the delivery-out instructions are in the status "Instruction ready for Settlement" at NSDL deadline time. In case the instructions are in any other status including "Released" for a long time, Participants should report to NSDL Help- Desk immediately.

   (c) Participants may note that instructions such as account transfers, CM Pool to CM Pool transfers, Delivery Outs and Inter Depository transfers can be captured and verified/released even if BOD has not been received by the DPM System.

   Thus, the instructions which are verified/released before the receipt of BOD will be processed by NSDL after the BOD and such instructions will be transmitted provided all the services are running successfully at the Participant's end. However, Participants are advised to remain in contact with NSDL Help Desk and also ensure that all instructions have been transmitted to NSDL. Further, the status of such instructions may appear as "Released" in the DPM System and once the BOD is received, the status will change to

"Overdue" / "Accepted" / "Counterparty instruction awaited" / "Future Dated" / "Settled" / "Rejected" / "Instruction ready for Settlement", as the case may be.

(d) In case of IDT instructions, the status will change from "Acknowledgement awaited from other Depository" to "Other Depository response awaited" *standing instruction is not enabled and receipt instruction is not received in the target account maintained with other Depository*

(e) Participants are requested to ensure proper monitoring of the Delivery-Out Instructions especially those which are in the status of "Overdue" on account of partial or nil balances existing in the CM Pool accounts. In this context, all Participants are advised to note and ensure the following:

(i) On Verify/release the Delivery-out Instruction will go into the status *"Released"* irrespective of **sufficient balances** available in the CM Pool Account. In case of **insufficient balances**, the status of the instruction will change to *"Overdue"* and will remain in that status till such time the balance available in the CM Pool Account for the relevant settlement is less than the order quantity of the Delivery-Out Instruction.

(ii) On receipt of credit for the full order quantity in the CM Pool Account, the Delivery- Out Instruction is triggered and the status changes to "*Instruction ready for Settlement*".

(iii) At NSDL Deadline time, if the balance in the CM Pool Account does not become equal to the order quantity, then such Delivery-Out Instruction which is in the status "*Overdue*" will be executed partially to the extent of balance available in the CM Pool Account. The status of such Delivery-out Instruction will change to *"Partially Accepted" and then to "Partially Settled*". The partially executed quantity is displayed on the Delivery-Out Instruction screen separately against the field "**Delivered Quantity**".

(iv) Participants must monitor the status of such partially executed Delivery-Out Instructions at the NSDL Deadline time in the Delivery-Out Instruction screen by selecting the flag for the field "***See only Partial Delivery Out Instructions***" and querying on the same.

(v) Instructions in the status "*Overdue*" will remain in that status waiting for sufficient balance till the NSDL deadline time. On receipt of credit for the full order quantity in the CM Pool Account in the late pay-in window, the Delivery-Out Instruction is triggered, and the status will change to "*Instruction ready for Settlement*".

(vi) At the NSDL deadline time, if there is no balance in the CM Pool Account, then the Delivery-Out Instruction which is in the status "*Overdue*" will fail with the status "*Rejected*" with the reason

"*Cancelled, Overdue status during settlement*".

(vii) Participants should ensure that the Delivery-Out Instructions are in the status "*Overdue*" or "*Instruction ready for Settlement*" at least 30 minutes before the NSDL Deadline time.

(f) In *respect* of instructions remaining in status **"Released"**, Participants are advised that the **"Message Control Panel"** under GISMO allows the Participants to monitor the status of incoming messages as under:

Sr. No.	Tab	Function
1	Message Receiver	Receiving messages
2	Master Message Processor	Processing master messages
3	ISINWise Message Processor	Processing transaction messages

If the above-mentioned messages are received and processed properly, the same are highlighted through green color otherwise red color will be displayed. This indicates that the services are stopped, or any other kind of error has occurred.

(g) Participants are also advised to note the following:

(i) Participants should ensure that the following services are always running:

(a) NSDL HTTP Message Receiver Service

(b) NSDL ISINWise Message Processor Service

(c) NSDL Master Message Processor Service

(d) NSDL Export (File Generator) Service

(e) NSDL Automatic File Upload Service

These services can be monitored through the "Communication" tab available in GISMO. In case above mentioned services are stopped and/or any error is displayed, the same should be reported to NSDL Helpdesk.

(ii) In case the instructions or batch upload file remains in status **"Released"** or **"Transferred"** respectively for a long time**,** Participant should inform NSDL Help Desk immediately.

(iii) Participants must ensure that Ping to NSDL and Ping to router are functioning successfully and in case Ping to NSDL and Ping to router fails, Participant must report the same to NSDL Help Desk immediately.

* Status description changed from "Accepted by NSDL" to "Acknowledgement

awaited from other Depository". However, the status code "33" remains unchanged.

Participants may refer the following circulars for monitoring of Messages:

Sr. no.	Circular No.	Date of Circular	Particulars
(i)	NSDL/PI/99/199	March 26, 1999	Precautions to be taken at the time of accepting market related instructions
(ii)	NSDL/PI/2000/292	March 10, 2000	Precautions to be taken after acceptance of Delivery Out instructions from Clearing Member
(iii)	NSDL/PI/2002/1004	June 22, 2002	Monitoring of Messages in DPM and GISMO
(iv)	NSDL/PI/2002/2138	December 12, 2002	Processing of IDT Instructions
(v)	NSDL/PI/2005/1898	October 5, 2005	Measures available in DPM system for Business Continuity
(vi)	NSDL/POLICY/2008/0021	April 4, 2008	Reports for instructions in status "Other than Closed/Settled"

(23) Limited Purpose Holiday Master[68]

NSDL shall operate on all days except Sundays and such holidays as NSDL may declare from time to time. NSDL may close office on days other than and in addition to the scheduled holidays originally declared to be called unscheduled opening or closing of the Depository and the decision of the Depository in this regard shall be final and binding.[69] Participants are required to enter details of DIS issued to Clients in DPM immediately and to scan and upload images of DIS executed by end of the next working day to DMS module of e-Pass system. In order to determine what is a 'working day' for the above purpose, a Limited Purpose Holiday Master for DIS monitoring was introduced by NSDL. In the same manner, the Limited Purpose Holiday Master for DIS monitoring for the calendar year will be communicated to Participants separately through circular which will be used for monitoring of upload of DIS issuance details in e-DPM and scanned images in the DMS module of e-Pass system of the Local DPM.

(24) Penalty:

In the event the DIS is not scanned and uploaded in the system provided by NSDL, NSDL may levy a penalty on the Participant in a manner prescribed under Rule 18.1.1 of the NSDL Business Rules.

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[68] Circular No.: NSDL/POLICY/2025/0173 dated December 29, 2025.

[69] Rule 4.2 of the NSDL Business Rules

(25) INSTRUCTIONS PROCESSING - MISCELLANEOUS

1. BLOCK MECHANISM IN DEMAT ACCOUNT OF CLIENTS UNDERTAKING SALE TRANSACTIONS[70]

1. SEBI had issued a clarification in respect of Early Pay-In (**EPI**) of securities. Pursuant to this clarification, if any EPI was made to the clearing corporation (**CC**), then all margins would be deemed to have been collected and penalty for short /non-collection of margins including other margins shall not arise.[71]

2. This required the clients to give EPIs for sale trades which were yet to be executed. If the sale trade was executed, then the securities got adjusted against EPI, however, if securities remained unsold, then the securities were required to be returned to client's demat account, which took time and involved cost.

3. In lieu thereof, SEBI has provided a mechanism of block in the demat account of clients undertaking sale transactions. When the client intends to make a sale transaction, shares will be blocked in the demat account of the client in favor of the CC. If sale transaction is not executed, shares shall continue to remain in the client's demat account and will be unblocked at the end of the T Day. Thus, this mechanism will do away with the movement of shares from client's demat account for EPI and back to client's demat account if trade is not executed.

Process flow for Block Mechanism:

4. The securities lying in client's demat account will be blocked either by client himself using depository's online system or e-DIS mandate or the Participant based on physical DIS given by client or Power of Attorney (POA) holder.

5. NSDL may keep block on the securities in client's demat account in respect of Intra or Inter depository transfer instruction till pay-in day. The blocked securities will be transferred only after checking against the client level net delivery obligation received from CCs.

6. NSDL will provide the details of transfer instructions viz., UCC, TM ID, Exchange ID etc. to CCs for clients to avail EPI benefit.

7. CC will match the client level net obligations with the Block details provided by depositories and CC will provide EPI benefit to client if the client level net obligation exists for that client.

Matched orders:

8. In case of matched orders, block securities will be debited from Client's demat account and will be credited to linked TM Pool account up to pay-in day. TM shall further transfer such securities to CM Pool account.

[70] Circular No.: NSDL/POLICY/2021/0073 dated July 17, 2021.
[71] SEBI Circular SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated September 15, 2020

9. TM shall not transfer the securities to any other pool account other than CM pool account mapped to the TM account. Pool to Pool transfers except TM pool to CMpool shall not be permitted.

10. Inter-settlement shall not be allowed from TM Pool account and CM pool account.

11. Securities lying in CM pool account will be delivered in settlement process on the Pay- in date. If TM Pool Account is also mapped as a CM Pool Account, then, securities lying in such TM/CM Pool Account can also be delivered in the settlement process.

Unblocking of Securities:

12. After receiving client level net obligations on T Day from CCs, depositories will match the Intra or Inter depository transfer instruction details with CC obligation details based on UCC, TM ID, CM ID, Exchange ID, etc.

13. In case of unmatched orders, CCs shall upload cancellation of Block instruction on T Day so that securities are unblocked and become free in client's demat account on T day itself.

14. Broker or client shall not be allowed to unblock securities if EPI benefit is provided by CC to client for the same.

Margining of Trades:

15. When the client intends to block securities for a sale transaction, shares will remain blocked in favor of CC. If securities are blocked in favor of CC, then all Margin would have deemed to have been collected and penalty for short/ non collection of margin including other margins shall not arise.

16. Blocking shall be on 'time basis' and would mean if the order is not executed by the end of the T Day, the block shall be released.

17. The proposed facility of block mechanism shall be mandatory for all EPI transactions.[72] However, the block mechanism shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.[73]

18. A step-by-step guide by NSDL for block mechanism has been enclosed herewith as **Annexure N**.[74]

NSDL System

The facility to block the securities (for e-DIS & Block mechanism) in client's demat accounts till Pay-in date in respect of account transfer instructions has been implemented in NSDL system.[75]

19. The securities blocked in client's demat account will be debited in BOD of Pay-in date and

[72] Circular No.: NSDL/POLICY/2022/117 dated August 24, 2022.
[73] Circular No.: NSDL/POLICY/2022/150 dated November 01, 2022
[74] Circular No.: NSDL/POLICY/2021/0082 dated July 31, 2021.
[75] Circular No.: NSDL/POLICY/2021/0088 dated August 23, 2021.

will be credited to CM pool account and instantly, an auto Irreversible Delivery Out order will be generated to transfer securities from CM pool to CM delivery account. Subsequently, securities will be transferred to CC settlement account for pay-in purpose. Further, the export viz., 'e-DIS / Block Mechanism Early Pay-in Export' has been provided to DP users under 'Upload/Download → Download' menu in e-DPM system in respect of instructions executed under Block mechanism with Early Pay-in facility. Participants are required to provide respective functional rights to its users for accessing this export. [76]

File Formats for Block Mechanism & Pay-In Transactions[77]

NSDL has put in place system in respect of validation of Pay-in transactions before affecting actual debit from client account and mandating Participants / Brokers to seek UCC details at the time of processing pay-in instructions in all applicable modes viz., e-DIS/Physical DIS/DDPI/POA/etc.[78] The changes in file formats in respect of the back-office interface with SPEED-e & SPICE system is available at https://nsdl.co.in/nsdlnews/udiff.php.[79]

20. Participants are mandatorily required to provide additional details viz., Block Indicator Flag, Client UCC, TM ID, Exchange ID & Segment ID (optional) in respect of Client to CM transfers viz., Account Transfer & Inter Depository Transfer instructions. The requisite system changes for such disclosures have already been implemented in NSDL DPM, SPEED-e and SPICE system. The operating guidelines in respect of Mandatory Block Mechanism and Pay-in validations are given at **Annexure O**.[80] The relevant Forms in the NSDL Business Rules have also been updated in this regard.[81]

21. Participants have to ensure that additional details viz., UCC, TM ID, Stock Exchange ID etc., are required to be submitted in delivery instructions executed in NSDL system.[82]

22. Any discrepancy between instructions, UCC mapped in demat account and obligation details will result in the rejection of pay-in instruction. Further, the rejection of such instructions might result in a shortage towards Pay-in obligations.

23. Participants may take note to promptly inform the rejections to the TMs/CMs/clients so as to enable them to monitor shortages, if any, and take appropriate action.

24. Pay-in instructions (both EPI and Non-EPI) can be submitted to the Depository system with the 'execution date' before the trade date or between the trade date and pay-in date (within stipulated time before pay-in deadline). [83]

25. Participants are informed that the requisite system changes in respect of mandatory block mechanism for all Pay-in instructions have been implemented in accordance with the SEBI guidelines. The additional guidelines in respect of aforesaid implementation are enclosed at **Annexure P**.[84]

[76] Circular No.: NSDL/POLICY/2021/0088 dated August 23, 2021.
[77] Including DDPI.
[78] Circular No.: NSDL/POLICY/2022/103 dated July 23, 2022.
[79] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024 and Circular No.: NSDL/POLICY/2024/0084 dated June 14, 2024
[80] Circular No.: NSDL/POLICY/2022/153 dated November 8, 2022 and Circular No.: NSDL/POLICY/2022/155 dated November 10, 2022.
[81] Circular No.: NSDL/POLICY/2023/0008 dated January 23, 2023.
[82] Circular No.: NSDL/POLICY/2022/171 dated December 05, 2022
[83] Circular No.: NSDL/POLICY/2023/0095 dated August 02, 2023
[84] Circular No.: NSDL/POLICY/2023/0012 dated January 27, 2023.

2. INTER DEPOSITORY TRANSFER

1. Inter Depository Transfer (**IDT**) means transfer of securities which are admitted for dematerialization on both the depositories from an account held in one depository to an account held in the other depository.[85]

2. Instructions with respect to IDT are required to be executed by the Participants on receipt of a duly filled in inter-depository transfer instruction forms[86] from Clients, Clearing Members, Trading Members and Portfolio Managers for delivery and receipt of securities. However, for receiving credits to its account, a Client, Clearing Member, Trading Members and Portfolio Managers may give standing instructions to its Participant.[87]

3. The "Inter Depository Transfer of Securities" module has been released.[88] Participants to note that Central Depository Services (India) Limited (**CDSL**) has intimated NSDL that in case of IDT instructions where securities are to be credited to the Clearing Member Accounts maintained with CDSL, it is mandatory to capture target settlement ID details of CDSL as mentioned by Clients / Clearing Members in the inter depository instruction slips, otherwise, the same will not be considered for settlement at CDSL.[89]

4. No Inter Depository Transfer (IDT) instructions can be exchanged between depositories on holidays as may be classified as trading holidays by NSDL.[90] The list of trading holidays is communicated by NSDL through circular.

5. Participants to ensure that all IDT instructions are executed and are in the status "Acknowledgement awaited from other Depository" well before the time as may be prescribed. In case of any difficulty, the problem should be reported to NSDL Help Desk and Token Number for the complaint be obtained.

Implementation of IDT of Government Securities[91]

6. IDT (between Constituent Subsidiary General Ledger Accounts of depositories) shall be eligible for Value Free Transfer (**VFT**) if such transfers are arising out of trades in exchanges between demat account holders of different depositories.[92]

7. In view of the aforesaid, Participants shall obtain a one-time self-declaration (as per the format enclosed at **Annexure Q**) from the demat account holders that the transactions involved is a bonafide transfer instruction before executing IDT instructions in Government Securities in their demat accounts.

8. Participant shall verify the declaration before execution of every IDT instruction by retrieving such confirmation from its records.

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[85] Rule 3.1.20 of the NSDL Business Rules.
[86] Form 15 and Form 17 of the NSDL Business Rules.
[87] Rule 12.13 of the NSDL Business Rules.
[88] Circular No: NSDL/PI/99/734 dated September 14, 1999.
[89] Circular No: NSDL/POLICY/ 2009/0052 dated June 30, 2009.
[90] Circular No.: NSDL/POLICY/2014/0050 dated April 25, 2014
[91] Circular No.: NSDL/POICY/2020/0017 dated February 03, 2020.
[92] Point 3(ii)(b) of the RBI Circular No. RBI/2021-22/108 IDMD.CDD.No.S930/11.22.003/2021-22 dated October 5, 2021 available at: https://rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=12175.

9. Participants to note that IDT of Government Securities would be allowed only in the demat accounts that have one-time self-declaration flag enabled.[93]

10. NSDL DPM has been enhanced to allow market transfers for Government Securities between the Depositories through the "Inter Depository Transfer" module.

11. RBI requires Participants to ensure board approved risk management processes and audit oversight are applied before transactions in Government Securities are accepted and confirm the same to depositories. In view of the aforesaid, Participants are advised to comply with the same and confirm compliance in the format enclosed at **Annexure R** to NSDL by email at Participant-Interface@nsdl.com to enable NSDL to facilitate IDT of Government Securities by the Participant. The aforesaid feature has been released in DPM system.

12. Implementation of IDT of Government Securities to be done in accordance with the procedure mentioned in **Annexure S**.

3. **Value Free Transfer (VFT) of Government Securities (G-Secs) between Depositories and CCIL[94]**

As per RBI directions, NSDL Depository system is being enhanced for enabling Value Free Transfer (VFT) of Government Securities (G-Secs) between demat accounts within Depositories (NSDL and CDSL) and between NSDL demat account and RBI Retail Direct Gilt Account(s) (RDG) accounts maintained at CCIL for Own Account Transfers.

1. Transfer requests/instructions between NSDL depository system and RDG and vice versa and between depositories will be processed on all working days, including working Saturdays till the deadline prescribed for the working days, except on bank holidays declared in Maharashtra under the Negotiable Instrument Act, 1881.

2. Procedure to be followed by Participant for Own Account Transfer – NSDL to RDG:

a. Demat account holders may submit duly filled Inter Depository Delivery Instruction slip for initiating off-market transfer by providing RDG account (12 alpha-numeric) in Target Account details and using off-market reason code TOA (Transfer to own account). Details of RDG account may be split between DP ID and Client ID equally (i.e., 6-digits in each field).

b. NSDL eDPM system will facilitate transfer from NSDL Demat Account held under categories viz., Resident/NRI to RDG Account and vice versa as per details given below

Field Description	**ISO Tag**	**STD Value**	**Meaning**	**Category**
Beneficiary Sub Type / BO Sub Status	BnfcrySubTp	INRES	Individual-Resident / Ordinary	Resident
		INPRO	Individual-Promoters	Resident

[93] Circular No.: NSDL/POLICY/2019/0034 dated June 14, 2019.
[94] Circular No.: NSDL/POLICY/2025/0162 dated December 11, 2025

Field Description	ISO Tag	STD Value	Meaning	Category
		NRRP	NRI – Repatriable	NRI
		NNREP	NRI-Non Repatriable	NRI
		NRPRO	NRI Repatriable – Promoter	NRI
		NNPNO	NRI-NonRepat-Promoter-NoNominee	NRI

c. Upon verify/release of the instruction, NSDL eDPM system shall validate the following:

i. PAN(s) matching with same sequence of holders at the source and the target accounts

ii. any unpaid coupon payment in the source account

d. After successful validations the instruction shall be processed. In case of validation failure, the instruction for transfer will be rejected. Participant shall intimate the client regarding the rejection of the request.

e. Deadline for accepting off-market transfer requests/instructions for G-Sec by Participants for own account transfer shall be till 4.30 PM (from Monday to Friday) and till 1:00 PM (on working Saturday).

f. **Process for capturing instruction for Demat to RDG Transfer is provided at Annexure A2.**

3. Procedure to be followed by Participant for Own Account Transfer – between depositories:

a. Demat account holders may request transfer of G-Sec for off-market transfer as per extant process.

b. Upon verify/release of the instruction, system shall validate the following:

i. PAN(s) matching with same sequence of holders at the source and the target accounts

ii. any unpaid coupon payment in the source account.

c. After successful validations the instruction shall be processed. In case of validation failure, the instruction for transfer will be rejected. Participant shall intimate the client regarding the rejection of the request.

4. SPEED-e users (Password /e-token based) may initiate off market transfer request for Government Securities for own account transfers.

4. OFF MARKET TRADES

1. Off Market Trades refers to trades that are not cleared and settled through a CC admitted as a User by the Depository.[95] Such transfers shall be effected on receipt of a duly filled in securities transfer instruction form[96] from the Clients for delivery as well as a securities transfer instruction form from the Clients for receipt and after obtaining client's consent through OTP. Alternatively, standing instructions may also be given to a Participant to credit the account of the client.[97]

2. Participants are advised to refer the operational guidelines wrt "Addition of Beneficiary Demat account(s) for executing Off-Market Transfer" under para 19 of chapter 15-Instruction processing of this Master circular.

3. In respect of the off-market transfer's reason code, Participants are required to note the following:

    a) For transactions involving off-market transfers of securities between two entities including between family members / relatives, the reason code "Gift', 'Donation or 'for Off-Market Sale' may be used depending on the nature of transaction between the concerned parties.

    b) The Stock Lending & Borrowing (SLBM) mechanism may be used for loan of securities.

    c) In case of securities being given as collateral to NBFC/Bank or to any other person, pledge mechanism available in depository system shall be used.

4. The aforesaid enhancements for Phase I have been implemented in e-DPM and SPEED-e system.

5. Further, the enhancement for below mentioned reason codes has been implemented in e-DPM and SPEED-e system.[98]

New Reason Code	New Reason Code Name	Remarks

[95] Rule 3.1.4 of the NSDL Business Rules.
[96] Form 12 and Form 14 of the NSDL Business Rules.
[97] Rule 12.3 of the NSDL Business Rules.
[98] Circular No.: NSDL/POLICY/2019/0053 dated August 14, 2019.

21	Transfer from Nominee/Surviving holder to beneficiary	To be used for transfer of securities from nominee/Surviving holder to actual beneficiary of assets. Participant needs to verify whether the source account has received the securities through transmission and only those securities are getting transferred.
23	Transfer of securities from/to account of PMS provider to/from the account of its various clients.	To be used for transfer of securities other than secondary market trades to be distributed by the PMS provider to its various clients and vice-versa such as subscription of mutual fund units, redemption of mutual fund units, primary market acquisition, rights shares, unlisted securities distribution, etc. Participant shall ensure to keep the copy of the SEBI registration certificate as PMS provider on record.
24	Margin to Custodian	As per point no. 13 of the SEBI Circular no SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020
New Reason Code	**New Reason Code Name**	**Remarks**
25	Margin returnedby Custodian	February 25, 2020, on Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System states that "Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades shall continue to operate as per the extant guidelines". To be used by Custodial Participants. As per point no. 13 of the SEBI Circular no SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020, on Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System states that "Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades shall continue to operate as per the extant guidelines". To be used by Custodial Participants.

26	Change of nominee shareholder appointed under section 187(1) of Companies Act	To be used for transfer of shares inter-se between nominee shareholders or between the holding company and nominee shareholder. For these types of transfers, supporting documents like copy of the Board resolution of the company effecting change of nominee shareholders(evidencing change/ appointment of nominee shareholder) needs to be provided by transferor/transferee to Participant.
27	Off-Market Swap	To be used for off market sale of securities where consideration is in form of securities. Supporting documents like details of securities swapped to be obtained. Consideration field would be mandatory for this reason code. As consideration field would be mandatory, stamp duty as per prescribed rates shall be applicable.

New Reason Code	New Reason Code Name	Remarks
28	Delisting - Exit offer	To be used for allowing tendering of shares by investors to special demat account opened by delisting company where stock exchange platform for tendering shares is not adopted. Supporting documents like Copy of the delisting offer/ public notice (sent by the company to the shareholder, having target demat account details of the company) needs to be provided by transferor to Participants
29	Deposit of securities with Escrow Agent/Account and its return	To be used for deposit of securities or its return thereof to an escrow account for a temporary period for any Offer for Sale, Off-market Sale or acquisition triggering SAST, etc.
88	Transfer between Minor Account and Guardian Account	To be used for transfer of securities between Minor Account and Guardian Account
89	Transfer between specified family members	To be used for transfer of securities between specified family members: Participants should obtain the "relation" between the transferor and transferee & keep the same on record. Family members means relatives as given below: 1. Spouse, 2. Father (including stepfather), 3. Mother (including stepmother), 4. Son (including stepson) 5. Son's wife, 6. Daughter, 7. Daughter's husband, 8. Brother (including stepbrother), 9. Sister (including stepsister) 10. Members of same HUF. Requisite system changes to enable capturing the "relation" shall be notified subsequently.

90	Transfer between Partner and Firm, or Director and Company	To be used for transfer of securities between Partner and Partnership Firm in which he/she is a partner or transfer of securities between Director and the Company in which he/she is a director.

6. The DPM system enable Participants to use the following codes for relation under reason code 89, while transferring securities between following specified family members.[99]

a) The codes for relations have been provided below:

Relation Code	Relation Description
01	Spouse
02	Father (including stepfather)
03	Mother (including stepmother)
04	Son (including stepson)
05	Son's wife
06	Daughter
07	Daughter's husband
08	Brother (including stepbrother)
09	Sister (including stepsister)
10	Members of same HUF

In addition to the codes mentioned above, Participants are also required to note the following:

a) Participants are advised to obtain the "relation" between the transferor and transferee and keep the same on record, if the instruction(s) is for off-market transfer with reason code - 89.

b) In case of the off-market instruction executed with reason code - 89 through Account Transfer / IDT screen of e-DPM system, the system will prompt the user to mandatorily select the relationship from the newly incorporated drop-down option under the field 'Remark/Purpose'.

c) In respect of file upload for Account Transfer and IDT with reason code - 89, Participants are required to use Remark/Purpose field (which will be mandatory

[99] Circular No.: NSDL/POLICY/2019/0066 dated October 1, 2019; Circular No.: NSDL/POLICY/2019/0057 dated August 28, 2019 and Circular No.: NSDL/POLICY/2021/0003 dated January 25, 2021.

for reason code 89) to capture the relationship code i.e., "01" to "10" given in the aforesaid table against the Relationship Description. The instruction will be rejected, if invalid combination of reason code and relationship code is entered.

7. As regards to the discontinuation of two off-market reason codes '6 – Transfers to PMS account' and '7 – Transfers from PMS Account', the following system enhancements have been implemented: [100]

   i) SEBI registered Portfolio Managers have been given a facility to open pool account as currently available for clearing members. Accordingly, all debit and credit transfers from/to the pool account of Portfolio Manager have been considered as "Market" transfers, instead of "off-market" transfers. Post enhancement, off-market reason code 6 – 'Transfers to PMS Account' and 7 – 'Transfers from PMS account' have been discontinued.

8. As regards to the discontinuation of three off-market reason codes i.e., '9-Account Closure'; '10 - On-market Sale (Transfer towards Pay-in)' and '11- Transmission', following system enhancements have been implemented:[101]

   i) Account closure and Transmission instructions under Transfer of Holding module of DPM system have been enhanced to facilitate IDT in cases where the target account is held with another depository.

   ii) Transmission instructions under Transfer of Holding module of DPM system have been enhanced to facilitate transfers to multiple target demat accounts in respect of Transmission cases with the reason as 'Transmission To Nominee' (i.e., Multiple Nominations) and 'Transmission to Court Order / Legal Heirs'.

   iii) As regards to the discontinuation of off-market reason code viz., '10 - On-market Sale (Transfer towards Pay-in)', following changes have been implemented:

      a. The reason code i.e., '10 - On-Market Sale (Transfer towards Pay-in)' has been excluded from the list of off-market reason codes available in IDT module.

      b. On IDT module screen, the field name has been changed from "Reason Code" to "Reason Code / Market Identifier". The Market Identifier will be applicable only for processing the Market IDT instructions wherein the Source demat account maintained with NSDL is Beneficial Owner account and Target demat account maintained with other depository is Clearing Member pool account.

      c. Under the new field viz., "Reason Code/Market Identifier", a new market identifier has been incorporated (by replacing the existing reason code i.e., '10 - On Market Sale') i.e. '10 - Market IDT

[100] Circular No.: NSDL/POLICY/2019/0041 dated July 15, 2019.
[101] Circular No.: NSDL/POLICY/2019/0087 dated December 13, 2019.

Identifier', which needs to be selected by the Participants while processing Market IDT instruction. There will be no change in the file format in respect of Participants back-office system as existing reason code i.e., '10 - On Market Sale' shall be renamed as '10 - Market IDT Identifier' which shall be used for selecting Market IDT Identifier.

d. Participants shall select the code as '10 - Market IDT Identifier' only in respect of processing the Market IDT instruction based on the explicit declaration provided by the client in the field "reason/purpose" of Inter-Depository Delivery Instruction Slip along with settlement details that the given instruction is pertaining to Market IDT.

Validation of reason codes while execution of off-market transactions[102]

9. In order to ensure that the off-market transfer is indeed for the purported reason as declared by the account holder(s) at the time of off-market transfers, system level validation have been being implemented by NSDL for off-market transfers.

10. The system level validation has been put in place for off-market transfers between accounts held within depository (i.e., source and target accounts are held with NSDL) and the same has been enclosed herewith as **Annexure T**.

a) **Introduction of flag to identify the demat account of PMS service provider:** NSDL has provided a facility to Participants to open new demat accounts to identify the demat account of PMS service provider and also allow to enable the flag for all existing accounts in order to facilitate the Off-Market transfers with reason code such as "Transfer of securities from/to account of PMS provider to/from the account of its various clients" in the Client Maintenance Module of Local DPM system. Participants are requested to verify and enable the flag in all applicable existing accounts in the local DPM system based on internal records/ back-office system or PMS account holder's request to avoid non-execution of off-market instructions due to implementation of reason code validations.

11. Pursuant to the introduction of the system level validation and basis a review of the compliance and regulatory aspect of the said representations, the following changes in the earlier validation process have been incorporated:

a) Addition of new reason code for transfer of constituent shares for creation of ETF Units. This new reason code are available from June 25, 2022.

New Reason Code No.	New Reason Code Description	System Validation by Depository	Security type permitted for transfer		Manual Verification by Participant	Remarks

[102] Circular No.: NSDL/POLICY/2021/0122 dated December 15, 2021 : Circular No.: NSDL/POLICY/2022/084 dated June 18, 2022 and Circular No.: NSDL/POLICY/2024/0090 dated June 25, 2024 and Circular No.: NSDL/POLICY/2025/0141 dated October 13, 2025

30	Transfer of constituent shares for creation of ETF units	Transfer with this reason code would be permitted, if either source or target account is opened under the Type: "Mutual Fund" Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	All		-	

b) Transfer from the Escrow Accounts are permitted back to the client accounts after the closure of the Buy Back / Tender Offer / Delisting Offer Period for the securities that are not accepted by the Issuer Company in the respective offer period indicated by the company.

c) Off-market transfers from Stockbroker Proprietary Accounts are permitted for all reason codes excluding the following reason codes

- Transfer between Minor Account and Guardian Account
- Transfer between specified family members

- Transfer from Nominee/Surviving holder to beneficiary.

12. The system level validation for Inter depository off-market transfers (where the target account is held with other depository) will be implemented in phase-II and date of implementation of the same shall be informed separately.
13. Pursuant to SEBI directives on 'Credit of units of AIF in dematerialized form' & 'maintenance of Aggregate Escrow Demat Account' the below mentioned changes have been incorporated in the validation for offmarket transfer reason code '29- Deposit of securities with Escrow agent and its return'[103]

Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
29	Deposit of securities with Escrow Agent/Account and its return	Transfer with this reason code would be permitted, *if either from (source) / to (target) account is an 'Escrow Account'/'Unclaimed Securities-Suspense Escrow account'/ 'Aggregate Escrow Demat Account'*	-

Capturing payment details in case of off-market transfers made for the reason 'off - market sale'[104]

14. Participants to note that for all off-market transfers made for the reason 'off market sale', in addition to mandatorily capturing consideration, Participants must also mandate clients to provide evidence of the consideration details.

15. In this regard, the consideration details to be captured will include:

    (a) Mode of payment which can be Cash, Cheque or Electronic payment.

    (b) Date of payment;

    (c) In case mode of payment is Cheque or Electronic payment;

        (i) Transferee's name, bank account number and bank name.

        (ii) Transaction reference number for electronic payments or cheque

[103] Circular No.: NSDL/POLICY/2024/0090 dated June 25, 2024
[104] Circular No.: NSDL/POLICY/2018/0035 dated July 9, 2018.

number for cheque payments.

16. In case of an off-market transfer, the reason 'others' can be selected only if it does not fall in any other specified reasons, and thus if the reason given by the client is'sale', it must not be captured in 'others' category.

17. Participants are requested to take note that the changes in the system required to enable capturing of the same will be notified separately.

18. All Participants are requested to obtain payment details in case of off market transfer made for the reason off-market sale in the format enclosed at **Annexure V**.[105]

19. The below mentioned Off-market Transfer Reason Code has been implemented in DPM System[106]:

New reason code	New reason code description
31	Transfer From/To for Tri-party Repo Collateral

Operational guidelines in respect of OTP for off market transfers[107]

20. NSDL is required to obtain client's consent through One Time Password (OTP) for all off-market transfer of securities from client's demat account.

21. In this context, all Participants are requested to take note of the following operational guidelines for necessary implementation of the aforesaid SEBI circular:

    (a) The off-Market transfer instructions will be processed after taking consent from the transferor client by way of OTP confirmation.

    (b) On the execution date of off market transfer instruction, a link would be generated and sent by NSDL on mobile number and e-mail id as registered in the demat account of the client.

    (c) On clicking the said link, client will be redirected to a web page where after authentication, client will be displayed the details of off-market transfer instructions for the specific demat account which are pending for his confirmation. On OTP confirmation, Off Market Transfer instruction(s) as selected by the client will be processed, subject to payment of stamp duty, as applicable.

    (d) As the off-market transfer instructions have to be confirmed by the client using OTP, Participants may guide their clients to ensure that the mobile number and / or email ID is registered in the demat account of the clients.

[105] Circular No.: NSDL/POLICY/2018/0054 dated October 1, 2018.
[106] NSDL/POLICY/2023/0065 dated June 12, 2023 & NSDL/POLICY/2023/0090 dated July 27, 2023
[107] Circular No.: NSDL/POLICY/2020/0138 dated October 20, 2020.

(e) Transactions pending for OTP confirmation will be reflected in the new status "Pending for OTP Confirmation" and in case OTP confirmation is not completed till EOD of the execution date, transactions lying in the aforesaid status will be rejected. A new Status (Pending for OTP confirmation – 21) will be added in Changed Orders for the Day (COD) which can be used by Participants to update their Back Office (BO).

22. In this regard, Participants be required to note that the requirement of obtaining consent through OTP has been waived for off market transfer reason code "Implementation of Government / Regulatory Direction / Orders". Further, Participants may note that consent through OTP would continue to be required for all other reasons for any off- market transfers.[108]

23. A facility to view off-markets instructions *(submitted by smart card / e-token Users through **SPEED-e**)* on ***SPEED-e*** has been provided for Participants subscribed for ***SPEED-e*** facility. Participants are requested to follow the process enclosed at **Annexure W** for viewing the off-market instruction details. Participants can view off- market instruction details of past three months.[109]

5. SECURITIES LENDING AND BORROWING SCHEME

1. The framework for Securities Lending and Borrowing (**SLB**)[110] was operationalized from April 21, 2008[111]. The SLB framework has been revised based on the feedback received from the market participants from time to time.[112] The SLB framework as on the date of this Master Circular has been produced hereunder.

2. The SLB shall be operated through clearing corporation(s) / clearing house of stock exchanges having nation-wide terminals who will be registered as **Approved Intermediaries (AIs)** under the Securities Lending Scheme, 1997. In this regard, NSE Clearing (erstwhile National Securities Clearing Corporation (NSCCL)) and Indian Clearing Corporation Limited (erstwhile BOI Shareholding Ltd.) have issued SLB Schemes and the same is available on their websites.

3. The SLB shall take place on an automated, screen based, order-matching platform which will be provided by the AIs. This platform shall be independent of the other trading platforms.

6. COLLECTION OF STAMP DUTY

1. The Government of India (GOI) has notified the Indian Stamp (Collection of Stamp- Duty

[108] Circular No.: NSDL/POLICY/2020/0147 dated November 05, 2020
[109] Circular No. NSDL/POLICY/SPEED-e/2009/0003 dated May 15, 2009.
[110] SEBI circular no. MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007.
[111] Circular No. NSDL/POLICY/2007/0078 dated December 24, 2007.
[112] Circular No. NSDL/POLICY/2007/0078 dated December 24, 2007; NSDL Circular No. NSDL/POLICY/2008/0078 dated November 5, 2008; Circular No.: NSDL/POLICY/2010/0005 dated January 11, 2010; SEBI Circular No. CIR/MRD/DP/ 33 /2010 dated October 07, 2010; Circular No.: NSDL/POLICY/2012/0136 dated November 26, 2012; Circular No.: NSDL/POLICY/2013/0077 Date: May 30, 2013; Circular No.: NSDL/POLICY/2014/0074 dated June 6, 2014; Circular No.:NSDL/POLICY/2017/0069 dated November 29, 2017.

through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 (**Stamp Duty Rules**)[113] dated December 10, 2019, which came into force on April 1, 2020[114].[115]

2. In terms of the Rule 5 (7) of the said Stamp Duty Rules, in the case of transfer of securities pursuant to invocation of pledge, duty shall be collected from the pledgee on the market value of the securities. Therefore, Participants to take note that the consideration is to be obtained in case of **"pledge invocation"** from the pledgee in the format enclosed as **Annexure X** along with the Pledge/Hypothecation Form (Form 28).[116]

Guidelines for collection of stamp duty[117]

3. As per rule 5(1) of the Stamp Duty Rules, stamp duty leviable under clause(b) of sub-section (1) of Section 9A of the Indian Stamp Act, 1899 (**Stamp Act**) is to be collected before execution of all off-market transfers on the consideration amount specified by the transferor. Further, in case of transfer of securities pursuant to invocation of pledge, duty shall be collected from the pledgee on the consideration.

4. Stamp duty will be remitted to NSDL for off-market transfers (including inter- depository transfers) involving consideration and pledge invocation before executing the transaction in the NSDL system.

5. The stamp duty will be collected on the 'Consideration Amount' captured in NSDL system based on the consideration amount mentioned on Delivery Instruction Slips (DIS) and Pledge invocation slips.

6. Rate of Stamp Duty is specified in schedule I of the Stamp Act. Participants may refer to the Schedule I for the rates. Rates have been specified for following three categories

   viz. Debentures, Securities other than debentures & Government Securities. The rate of stamp duty specified for Government Securities is 0%.

7. It is mandatory to capture the consideration amount for reason codes 'sale' and 'Commercial Paper Issuance'.

8. For all off-market transfers for reasons other than 'sale' and 'Commercial Paper Issuance', in the Delivery Instruction Slips, clients must either provide a declaration that transaction is 'without consideration' or consideration amount should be specified.

9. Stamp duty is applicable for all off-market transfers. In case of any future dated off market transfer already entered in the system, Participants shall be required to obtain the consideration amount and ensure remittance of the stamp duty to NSDL.

10. All off-market transfers with reason codes 'sale' and 'Commercial Paper Issuance' shall be

[113] https://nsdl.co.in/downloadables/pdf/Indian%20Stamp%20(Collection%20of%20Stamp- Duty%20through%20Stock%20Exchanges,%20Clearing. Pdf
[114] Circular No.: NSDL/POLICY/2020/0039 dated March 30, 2020.
[115] Circular No.: NSDL/POLICY/2019/0086 dated December 12, 2019.
[116] Circular No.: NSDL/POLICY/ 2019/0089 dated December 18, 2019.
[117] Circular No.: NSDL/POLICY/2020/0002 dated January 6, 2020; Circular No.: NSDL/POLICY/2020/0085 dated June 26, 2020; Circular No.: NSDL/POLICY/2020/0140 dated October 26, 2020.

executed only after remitting stamp duty in NSDL Account.

11. In case stamp duty amount maintained with NSDL is not sufficient, uploaded transaction will be rejected with appropriate error message.

12. **Filling of DIS by client** –

    i. If consideration is involved in the off-market transfer, in the 'Consideration' field of the Delivery Instruction Slip, the client can specify '*As per Annexure*' and it will be necessary to fill up the Annexure to DIS as prescribed in **Annexure Y**.

    ii. For consideration for the reason 'sale', the payment details will be required to be filled-up and for reasons other than 'sale', in the space for payment details, not applicable may be mentioned.

    iii. If the consideration is paid in part or in instalments, full consideration amount should be mentioned in the Annexure to DIS & stamp-duty shall be remitted on the entire consideration.

    iv. If consideration is not involved in the off-market transfer, then client(s) can specify "without consideration" in the "Consideration" field of Delivery Instruction Slip (DIS).

    v. In case of reason code 'sale' and 'Commercial Paper Issuance', it will be necessary to provide the consideration details.

13. Payment of Stamp Duty: The procedure to be followed by Participant while making payment towards Stamp Duty is given as **Annexure Z**.

14. To enable collection of stamp duty on off-market transfers in accordance with the Indian Stamp Act, the following measures have been implemented:

    i. NSDL system has been enhanced to mandatorily capture 'Consideration Amount' for all types of off-market transfers and pledge invocation requests.

    ii. The stamp duty will be collected on the basis of 'consideration amount' entered in the NSDL system.

    iii. In cases where no consideration is involved in off-market transfers, an option is given to select the flag 'Without Consideration', this option will not be available for reason codes 'Sale' and 'Commercial Paper Issuance'.[118]

15. The NSDL system has been enhanced to capture stamp duty payment indicator for payment of stamp duty either by client itself or by the Participant on behalf of client.

    In the NSDL system, amount remitted towards stamp duty shall be utilized as per the indicator selected while executing the transaction in the system i.e.,

[118] Circular No.: NSDL/POLICY/2020/0085 dated June 26, 2020

i. If client indicator is selected, then balance available at the time of execution against the 'DPIDClientID' will be utilized on First In First Out (FIFO) basis;

ii. If DP indicator is selected, then balance available against the 'DPID" will be utilized on FIFO basis. [119]

16. Stamp duty calculator - For simplicity and convenience of clients, a stamp duty calculator will be made available.

17. The stamp duty utilization report in respect of payments made at DP ID level has been made available on ePASS. This report will enable the Participants to reconcile the details of stamp duty paid and utilized.[120]

    i. The report can be accessed using the existing log-in credentials for ePASS.

    ii. The report is available under path Stamp duty > Stamp duty utilization report.

    iii. Process flow for viewing / downloading Stamp duty utilization report is enclosed as **Annexure AA.**

18. Participants are requested to inform their client(s) about applicability of stamp duty on all off-market transfers involving consideration including pledge invocations.

19. Transactions pending for receipt of stamp duty, will be placed in the new status called "Stamp duty Payment Overdue" and in case of non-receipt/partial receipt of stamp duty till EOD of the execution date, transactions lying in the aforesaid status will be rejected.

20. The stamp duty amount will be blocked for the instructions pending in 'Overdue status – Quantity not being there' of the respective entity (DP/client) till EOD of the execution date of the pending instructions. In instances, where instruction is not executed till EOD of the execution date after blocking of the stamp duty, blocked amount would be reversed to the respective entity ledger (DP/Client) maintained with NSDL, which can be utilized for future transactions eligible for payment of stamp duty. Amount blocked will not be available for use against other instructions till the time block is reversed.

21. In case of off market transactions, through SPEEDe / SPICE platform, option would be provided to users for making payment of stamp duty upfront.

22. Rate of stamp duty specified in Schedule I of the Indian Stamp Act, 1899 is given as **Annexure BB**.

23. Participants should take additional care that consideration amount as mentioned in the DIS or annexure is correctly captured in the NSDL system.

24. Participants are requested to inform their client(s) about applicability of stamp duty on all off-market transfers involving consideration including pledge invocations and the procedure

[119] Circular No.: NSDL/POLICY/2020/0085 dated June 26, 2020.
[120] Reference: Circular No.: NSDL/POLICY/2020/0140 dated October 26, 2020

to be followed, if clients directly want to make payment of stamp duty to NSDL.

25. No stamp duty shall be collected from the State of Sikkim till further communication and stamp duty collected in respect of Sikkim shall be refunded to the concerned from whom the stamp duty has been collected.[121]

7. PLEDGE

1. A pledge of shares in the system of NSDL is required to be created in accordance with the provisions of Section 12 of the Depositories Act, 1996, Regulation 79 of the D&P Regulations, Paragraph 4.8 of the Master Circular for Depositories, the NSDL Byelaws[122] and NSDL Business Rules[123]. Any procedure followed other than as specified under the aforesaid provisions of law for creating pledge of the dematerialized securities is prohibited. An off-market transfer of securities leads to change in ownership and shall not be treated as pledge.

2. The Participant of the Pledgor shall request creation of pledge on receipt of the pledge creation form as laid out in Form 28 of the NSDL Business Rules from the Pledgor. The Participant of the pledgee shall request confirmation of creation of pledge on receipt of the pledge creation confirmation form as laid out in Form 28 of the NSDL Business Rules from the pledgee.[124] On receipt of request and confirmation a pledge will be created by NSDL. Any request for closure / invocation shall also be made in Form 28.[125]

3. SEBI vide circular dated February 09, 2026 issued guidelines Creation / Invocation of Pledge instructions, Accordingly, Participants are advised to obtain signed undertaking by client as mentioned below along with pledge request for pledge creation and pledge invocation:[126]

Undertaking

a) The pledger and pledgee undertake to abide with the provisions of the Indian Contract Act, 1872, the Depositories Act, SEBI Regulations, circulars, and bye-laws in force from time to time, as may be applicable.

b) The pledgee undertakes to provide reasonable notice to the pledger and comply with the requirements of Sections 176 and 177 of the Indian Contract Act, 1872.

4. Participants to note that NSDL may levy a penalty on the Participant in a manner prescribed under Rule 18.1.1 of the NSDL Business Rules in the event the margin pledge or re-pledge is not done in accordance with the procedure prescribed by NSDL in this regard.[127]

5. A fee at the rate of ₹25 per instruction for creation of pledge hypothecation shall be charged to the Participant of the pledgor/ hypothecator. No fee shall be charged when a pledge /

[121] Circular No.: NSDL/POLICY/2020/0120 dated August 28, 2020.
[122] Byelaw 9.9 of the NSDL Byelaws
[123] Rule 12.9 of the NSDL Business Rules.
[124] Rule 12.9.1 and Rule 12.9.2 of the NSDL Business Rules.
[125] Rule 12.9.5 and Rule 12.9.8 of the NSDL Business Rules.
[126] NSDL circular no. NSDL/POLICY/2026/0019 dated February 09, 2026 & Circular No.: NSDL/POLICY/2026/0041 dated March 20, 2026
[127] Para 5 of Rule 18 of the NSDL Business Rules.

hypothecation is closed or invoked.[128]

6. Participants are requested to take note of the following: [129]

6.5.1. The timeline for registering pledge by the Depository Participants are provided as 'within 15 days from the date of receipt of proper documents'.Accordingly, mandatorily capture the 'Pledge request received date' for registering of pledge request by the Participant in e-DPM system through front end.

6.5.2. Accordingly, mandatorily capture the 'Pledge request received date' for registering of pledge request by the Participant in e-DPM system through front end.

6.5.3. The UDiFF catalogue is published on the NSDL Website (accessible at https://nsdl.co.in/nsdlnews/udiff.php) and contains the details of the formats and ISO tags wherein the information about Pledge request received date are required to be captured.

SPEED – e Facility

7. All Participants are informed that SPEED-e facility has been enhanced to include the feature of enabling clients to submit Pledge instructions through SPEED-e facility. This facility will be available to only e-Token based users who are registered by their Participants for SPEED-e Direct Facility.[130] The salient features of the aforesaid facility are enclosed at an **Annexure CC**.

8. Participants are informed that SPEED-e facility has been further enhanced to facilitate the Pledgee (i.e., target demat account holder in whose favor pledge instruction has been submitted in the NSDL depository system for confirmation) to view the report of pledge instructions pending for confirmation. This facility has been made available to only e-Token based users who are registered by their Participants for SPEED-e Direct Facility. Further,

9. Participants may note that e-Token User (i.e., Pledgee) will be able to view the report of the "pledges pending for confirmation" which are either initiated by pledger through SPEED-e facility or captured by Participants in the DPM system. The operational process of the aforesaid facility is enclosed at an **Annexure DD**.[131]

10. The facility for uploading pledge initiation instruction is provided to e-Token based Users (i.e., Beneficial Owner) has also been implemented on SPEED-e facility. In this regard, file formats related to pledge initiation instruction file upload, response file and error code descriptions are enclosed at **Annexure EE**.[132]

11. The Pledgee can also confirm the pledge instructions through SPEED-e facility. This facility has been made available to e-Token based users whose depository account is

[128] Rule 21.2.2.2. of the NSDL Business Rules.
[129] Circular No.: NSDL/POLICY/2025/0025 dated February 24, 2025, Circular No.: NSDL/POLICY/2024/0089 dated June 25, 2024 and Circular No.: NSDL/POLICY/2025/0041 dated March 29, 2025
[130] Circular No.: NSDL/POLICY/2017/0023 dated April 24, 2017
[131] Circular No.: NSDL/POLICY/2017/0043 dated July 14, 2017
[132] Circular No.: NSDL/POLICY/2017/0052 dated August 22, 2017.

registered by their Participants for SPEED-e Direct Facility. The salient features of the aforesaid facility are enclosed as **Annexure FF**.[133]

Standing Instruction Indicator[134]

12. Currently a pledge request can be initiated by Pledgor in favor of Pledgee by submitting the Form 28 to its Participant. The pledge initiation request executed by Participant of Pledgor in the e-DPM system will remain in "Pending for Pledgee Confirmation" status till the time the same is "Confirmed / Rejected" by the Participant of Pledgee. In order to confirm the pledge request, Pledgee is also required to submit Form 28 to its Participant. Participant of Pledgee will be required to "confirm" the pledge instruction in e-DPM system either manually or through back-office system.

13. In this regard, to eliminate the manual process of pledge confirmation and to facilitate Participants of Pledgee to automatically confirm the pledge request in e-DPM system, a flag namely "Standing Instruction Indicator for Auto Pledge Confirmation" is incorporated in client maintenance module of Local DPM / e-DPM system. Accordingly, the pledge request initiated by the Pledgor in favor of Pledgee client where "Standing Instruction Indicator for Auto Pledge Confirmation" flag is enabled in the DPM system, the pledge instruction will automatically get Confirmed and the status will be updated as "Pledged" without the need to submit Form 28 by the Pledgee for confirmation of pledge request.

14. For this purpose, Participants of Pledgee will obtain additional undertaking (illustrative format enclosed as **Annexure GG**) on a plain paper duly signed by the applicant(s). If Participant wishes to incorporate such an option in Account Opening Form (AOF) i.e., Form 9 or Form 11 as may be applicable.

Auto Cancellation of Pledge[135]

15. All unconfirmed pledge / hypothecation creation, pledge / hypothecation closure, hypothecation invocation, lend initiation, borrow initiation, recall initiation and repay initiation requests for those ISINs for which Auto Corporate Actions have been executed so far will get automatically cancelled and securities will get transferred to the new ISINs on the execution date of the Auto Corporate Action. The cancelled Pledge orders will be reflected in the changed orders for the day (COD) Export. Participants should re-execute such cancelled Pledge orders immediately.

16. Fresh instruction forms will not be required to be obtained from the clients for re- execution of the automatically cancelled Pledge on account of ACA.

17. **Cancellation of Unconfirmed Pledges after fifteen days of receipt of the pledge initiation request:**[136]

    In case of pledge requests which are not confirmed by pledgee, securities remain in unconfirmed pledge balance till pledge initiation orders are confirmed or rejected by pledgee.

[133] Circular No.: NSDL/POLICY/2017/0059 dated October 9, 2017.
[134] Circular No.: NSDL/POLICY/2013/0125 dated October 30, 2013.
[135] Circular No.: NSDL/PI/2001/1559 dated October 12, 2001.
[136] Circular No.: NSDL/POLICY/2024/0128 dated September 13, 2024

Participants are advised to take note of following points:

a) In case the participant of pledgee does not confirm the pledge initiation request in the NSDL Depository system within 15 calendar days, NSDL Depository system shall auto-cancel such the pledge request and the securities lying in unconfirmed balance will move to free balance in the pledgor's demat account.

b) NSDL Depository system will auto-cancel aforesaid unconfirmed pledge request in the BOD of the 16th calendar day

c) The auto-cancellation process will not be applicable for Margin Pledge / Repledge and MTF pledges.

d) The status of the aforesaid pledges will be provided in the Pledge Master Report as well as downloads viz., Change Order of the Day (COD), and respective transactions and balances will be reflected in transaction statement (SOT) and holding statement (SOH) respectively.

e) The following rejection reason code / error code will be shown in the COD to indicate the pledge initiation request is cancelled due to non-acceptance.

Sr. No.	**jctnRsnCd**	**Existing Error Code**	**Description**
1.	**PRNV**	**PL0112**	request not verified / accepted within 15 days of creation / modification of pledge

Auto-cancellation of unconfirmed pledge request will be carried out in BOD process of business day.

SMS Alerts

18. Participants to note that the SMS Alert facility has been enhanced whereby Pledgor Client will receive SMS alerts upon initiation and confirmation of securities pledged in their demat accounts.

19. These SMS Alerts will be sent to the Clients on the same day when instructions for pledge initiation / confirmation are processed in respect of the pledgor demat account.

20. Sample text message of SMS Alerts is given below:

a) Pledge Initiation: On _____ (date, dd/mm/yy), Pledge initiation instruction for ____ (quantity) _____ (company name), has been submitted in respect of your demat a/c no. xxxx1234. NSDL.

b) Pledge Confirmation: On _____ (date, dd/mm/yy) Pledge initiation instruction for ____ (quantity) _____ (company name), has been confirmed in respect of your demat a/c no. xxxx1234. NSDL. A list of features of SMS Alert facility is enclosed for information of Participants.

The list of features for this SMS Alert Facility have been provided herein as **Annexure HH**.

8. MARGIN PLEDGE

1. SEBI issued a framework for Margin obligations to be given by way of Pledge/ Re- pledge in the Depository System to mitigate the risk of misappropriation or misuse of client's securities available with the Participants.[137]

2. With effect from August 01, 2020, Trading Member (TM)/Clearing Member (CM), inter alia, accept collateral from clients in the form of securities, only by way of 'margin pledge', created in the Depository system in accordance with Section 12 of the Depositories Act, 1996 read with Regulation 79 of the SEBI (Depositories and Participants) Regulations, 2018, Paragraph 4.9 of the Master Circular on Depositories and NSDL Byelaws and NSDL Business Rules. [138] Any procedure followed other than as specified under the aforesaid provisions of law for creating pledge of the dematerialized securities is prohibited. An off-market transfer of securities leads to change in ownership and shall not be treated as pledge.

3. To initiate a request for a margin pledge, the Participant of the pledger shall request initiation of margin pledge or re-pledge on receipt of the margin pledge form i.e., Form 43 of the NSDL Business Rules from the pledgor. The Participant of the pledgee shall be required to request confirmation of initiation of margin pledge or re-pledge on receipt of the Form 43 from the pledgee. Alternatively, pledgee may give standing instructions to its Participant to confirm the margin pledge. Requests to release or invoke margin pledge or re-pledge shall also be made in Form 43.[139]

4. For the purpose of margin pledge, the TM or CM are required to have a designated account with a Participant. Upon creation of margin pledge on securities, no transfer, hold, pledge, hypothecation, lending, rematerialisation, or alienation of securities in any manner shall be permitted, unless the margin pledge on securities is released or invoked.[140]

5. ***Fees:*** **The fees shall be charged in the following proportion:**

    - INR 5.00/-: For each margin pledge initiation and each margin pledge release between the account of the client and the account of the Trading Member or Clearing Member shall be charged to the Participant of the Client and Participant of Trading Member or Clearing Member respectively.

    - INR 1.00/-: For each re-pledge and each margin pledge release between the account of the Trading Member and the account of the Clearing Member shall be charged to the Participant of the Trading Member and Clearing Member respectively.

    - INR 5.00/-: For each margin pledge invocation by Trading Member and Clearing Member shall be charged to the Participant of the Trading Member

[137] Circular No.: NSDL/POICY/2020/0023 dated February 26, 2020.
[138] Circular No.: NSDL/POLICY/2020/0073 dated May 27, 2020.
[139] Rule 12.16 of the NSDL Business Rules.
[140] Byelaw 9.16 of the NSDL Byelaws.

and Clearing Member respectively.

- INR 25.00/-: For Margin Trading Funding Pledges (For creation of Margin trading Funding pledge. No fee for closing/invoking pledge). The aforesaid revised charges will be incorporated in the monthly DP billing.[141]

6. No Participant shall accept any fresh for creation margin pledge, with effect from the date of receipt of notice of the termination of participantship, issued by the Depository to Participant, or from the date incorporated in the notice of termination of Participantship issued by Participant to the Depository; or from the effective date of the order of Participant's Expulsion passed by the Depository; or from the date of the receipt of the order of Participant's expulsion passed by the Depository; whichever is later; or from the date of the receipt of the order of cancellation of Participant's registration certificate passed by SEBI.[142]

7. The Participant shall not accept any instruction for debit or pledge or margin pledge or hold of securities from a Client unless the Participant has fully satisfied itself that the instruction has been given by the Client itself. In respect of instructions received in paper form, the Participant shall ensure that the Client submits the instructions only on an instruction form issued by the Participant to the Client by verifying the instruction forms with its records pertaining to serial numbers of instruction forms issued to the Clients.[143]

8. Participants to note that NSDL may levy a penalty on the Participant in a manner prescribed under Rule 18.1.1 of the NSDL Business Rules in the event the margin pledge or re-pledge is not done in accordance with the procedure prescribed by NSDL in this regard.[144]

9. NSDL has issued certain Operational Guidelines on margin obligations to be given by way of Pledge/ Re-pledge. Participants to take note.[145]

    a) Opening of demat accounts by TM/CM for margin pledge

        i. To facilitate TM/CM to open separate demat account(s), tagged as 'Client Securities under Margin Funding Account', for accepting margin pledge, a list of new type and sub-types has been introduced in the DPM system and has been communicated to Participants. [146]

        ii. Trading member (TM) / Clearing member (CM) shall endeavor to align their systems and accept client collateral and margin funded stocks by way of creation of pledge / re-pledge in the Depository system.[147]

        iii. The TM / CM shall also be allowed to accept client securities as collateral by way of title transfer into the Client Collateral Account as

[141] Circular No.: NSDL/POLICY/2022/121 dated August 31, 2022.
[142] Rule 22.1 of the NSDL Business Rules.
[143] Business Rule 4.5 of the NSDL Business Rules.
[144] Para 5 of Rule 18 of the NSDL Business Rules.
[145] Circular No.: NSDL/POLICY/2020/0077 dated June 1, 2020; Circular No.: NSDL/POLICY/2020/0101 dated July 28, 2020; Circular No.: NSDL/POLICY/2020/0103 dated July 31, 2020; Circular No.:NSDL/POLICY/2020/0107 dated July 31, 2020.
[146] Circular No.: NSDL/POLICY/2020/0101 dated July 28, 2020.
[147] Circular No.: NSDL/POLICY/2020/0077 dated June 1, 2020.

per the present system. [148]

iv. Funded stocks held by the TM / CM under the margin trading facility shall preferably be held by the TM / CM by way of pledge.[149] For this purpose, the TM / CM shall be required to open a separate demat account tagged 'Client Securities under Margin Funding Account' in which only funded stocks in respect of margin funding shall be kept/ transferred, and no other transactions shall be permitted. The securities lying in 'Client Securities under Margin Funding Account' shall not be available for pledge with any other Bank/ NBFC.[150]

v. A TM, who is not a CM, may open demat account under sub-type "TM – Client Securities Margin Pledge Account" and client securities pledged in the said account can in turn be re-pledged with a CM for providing collateral in form of securities as margin.

vi. A TM, who is also a CM, may open demat account under sub-type "TM/CM – Client Securities Margin Pledge Account' and client securities pledged in the said account can in turn be re-pledged with another CM (in its capacity as a TM) or CC (in its capacity as a CM) for providing collateral in form of securities as margin.

vii. A CM who wants to take re-pledge of securities from a TM may open demat account under sub-type "CM – Client Securities Margin Pledge Account" and client securities re-pledged in the said account can in turn be further re-pledged with CC for providing collateral in form of securities as margin.

viii. On activation of Margin Pledge account, TM/CM will upload additional details like TM/CM Code, Segment ID, Exchange code, role, etc. with respect to its 'Client Securities Margin Pledge Account' through SPEED-e.

ix. If TM/CM opts to open the 'Client Securities Margin Pledge Account' with the existing Participant, then a consent form enclosed as **Annexure N/II** for the same needs to be obtained by Participant from TM/CM. However, if TM/CM opts to open 'Client Securities Margin Pledge Account' with any other Participant, then TM/ CM will be required to follow the complete procedure of account opening.

b) Initiation of Margin Pledge/ Re- pledge:

i. Client can initiate a margin pledge in favor of 'TM – Client Securities Margin Pledge Account' or 'TM/CM – Client Securities Margin

[148] Circular No.: NSDL/POLICY/2020/0103 dated July 31, 2020.
[149] Circular No.: NSDL/POLICY/2020/0103 dated July 31, 2020.
[150] Circular No.: NSDL/POLICY/2022/121 dated August 31, 2022.

Pledge Account' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e. Such instructions should have details of client UCC, TM, CM and Default Segment. In case the client has given a Power of Attorney (POA) to a TM which is registered in the demat account of the client, such instructions may be given by the TM on behalf of the Client.

ii. On receipt of margin pledge instruction either from a client or TM (based on the POA), a link to 'Confirm Margin Pledge Transactions' would be generated and sent by NSDL through SMS on registered mobile number and registered e-mail id in the demat account of a client. On clicking the said link, client will be redirected to a web page where client will be authenticated with "PAN" (not applicable in case of PAN exempt clients), After authentication, One Time Password (OTP) will be sent on the registered mobile number and registered e- mail id of the client and client will be displayed the details of outstanding margin pledges for the specific TM. On OTP authentication, margin pledge transaction would be processed further.

iii. Further, margin funded shares shall be pledged in favor of the TMs / CMs 'Client Securities under Margin Funding Account' (CSMA a/c) only through OTP confirmation by the concerned clients and pledged securities could move to the CSMA a/c only on invocation. The margin pledge module shall be used and the OTP mechanism as used for margin pledge will be used for validating margin funding transaction by the clients.[151]

iv. As the margin pledge transactions have to be authenticated by the client using OTP, Participants are advised to ensure that the client is registered for SMS alert facility and has a valid and active email ID registered in the demat account.

v. Re-pledge shall not be permitted from CSMA account. [152] However, depositories may use the same OTP mechanism for validating margin funding transaction by client as used for margin pledge.[153]

vi. TM/CM can initiate a margin re-pledge in favor of 'CM – Client Securities Margin Pledge Account' / 'CC' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

vii. While re-pledging the securities to the CM / CC, TM / CM are required to provide specific pledge instruction number for which re-pledge is required to be initiated. The CM/CC will be able to view the details of the specific pledge instruction number which will also include the details of the client for which the re-pledge is initiated.

[151] Circular No.: NSDL/POLICY/2020/0101 dated July 28, 2020.
[152] Circular No.: NSDL/POLICY/2020/0101 dated July 28, 2020.
[153] Circular No.: NSDL/POLICY/2022/121 dated August 31, 2022.

viii. Margin pledge and re-pledge instruction shall be reflected in the client account against each security provided as collateral to a TM, and in whose favor i.e., TM / CM / CC.

c) Release of a Margin Pledge/ Re- Pledge:

i. Client can initiate a release of margin pledge request for the securities pledged/ re-pledged with TM/CM/CC for margin/collateral purpose by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

ii. For release of client securities (based on client request to TM) pledged in favor of a TM to provide collateral / margin, the TM can initiate a unilateral release of pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

iii. For release of client securities (based on TM request to CM) pledged in favor of a TM to provide collateral / margin and which are subsequently re-pledged in favor of a CM, the CM can initiate a release request (by the way of unilateral closure) of re-pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

iv. For release of client securities (based on CM request to CC) pledged in favor of a TM to provide collateral / margin and which are subsequently re-pledged in favor of a CM and further re-pledged by CM to the CC, the CC may initiate a release request (by the way of unilateral closure) of re-pledge through Participant on e-DPM.

v. TM /CM/CC may initiate request for release of margin pledge/re-pledge.

d) Invocation of Margin pledge/re-pledge:

i. TM/CM may initiate an invocation request of pledged/ re-pledged client securities by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

ii. CC may initiate an invocation request of re-pledged client securities by giving an instruction to the depository.

e) Invocation by TM:

i. For invocation of client securities pledged in favor of TM as collateral / margin, the TM will request to invoke the securities by submitting a Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

ii. For invocation of client securities pledged in favor of a TM to provide collateral / margin and which are subsequently re-pledged in favor of a

CM, the CM may give instructions to its Participant or electronic instruction through SPEED-e to release (by the way of unilateral closure) the re-pledged client securities to TM. The TM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

iii. For invocation of client securities pledged in favor of a TM to provide collateral / margin and which are subsequently re-pledged in favor of a CM and further re-pledged by CM to the CC, the CC may initiate a release of pledge (by the way of unilateral closure) and the CM may give instructions to its Participant or electronic instruction through SPEED-e to release (by the way of unilateral closure) the re-pledged client securities to TM. The TM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

f) Invocation by CM:

i. For invocation of client securities re-pledged in favor of CM as collateral / margin, the CM will request to invoke the securities by submitting a Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

ii. For invocation of client securities re-pledged in favor of a CM to provide collateral / margin and which are subsequently re-pledged in favor of a CC, the CC may submit instructions through e-DPM system to release (by the way of unilateral closure) the re-pledged client securities to CM. The CM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

g) Invocation by CC:

i. For invocation of client securities re-pledged in favor of CC as collateral / margin, the CC will invoke the securities by giving instructions to the depository. Such instructions will includethe pledge instruction number and client details.

h) Other Points:

i. Existing pledge mechanism shall remain unchanged and will continue to co-exist along with the ‘Margin Pledge’ type mentioned above.

ii. For margin pledge functionality, it will be necessary to open the designated demat accounts by TM/CM.

iii. Validation of the margin pledge instruction will be done with the UCC database (i.e., Client UCC, TM ID, Segment) which is linked in the demat account of the Client.

iv. Since TM / CM are required to close all their existing demat accounts

with sub-type 'Client Margin/Collateral Account' by the date specified by SEBI, Participants may facilitate closure of such accounts upon receipt of closure request forms from the TM/CM.

v. In case the margin pledge is initiated by the Client for 'All segments', the re-pledge by the TM for such securities can be done for any specific segment or 'All segments'. However, the re-pledge by the CM for such securities which were pledged by client and re-pledged by TM to CM with 'All segments' will be allowed with the specific segment only.

10. The DPM system has been enhanced to facilitate Participants to open demat accounts in respect of stockbrokers and PCMs. The following new client types & sub-types are available in the Client Maintenance module of DPM system through the Local DPM:[154]

Account Category	**New Client Type**	**New Client Type Code**	**New Client Sub-Type Description**	**New Client Sub-Type Code**
Individuals	Stockbroker	19	TM – Client Securities Margin Pledge Account	01
			CM – Client Securities Margin Pledge Account	02
			TM/CM – Client Securities Margin Pledge Account	03
Corporates	Stockbroker	20	TM – Client Securities Margin Pledge Account	01
			CM – Client Securities Margin Pledge Account	02
			TM/CM – Client Securities Margin Pledge Account	03
			TM - Client Securities under	04

[154] Circular No.: NSDL/POLICY/2020/0091 dated July 07, 2020

			Margin Funding Account	
Corporates	PCM	21	CM – Client Securities Margin Pledge Account	

11. Participants to also note the changes made to file formats[155] are available at (https://nsdl.co.in/nsdlnews/udiff.php.[156]

12. Participants shall also be required to make the following changes to the booking narration codes added in respect of Statement of Transaction (SOT) download of DPM system pertaining to Margin Pledge / Re-pledge. Further, there will be no changes in respect of Statement of Holding (SOH) download pertaining to Margin Pledge / Re- pledge.[157]

Booking Narration Code & Description

Sr. No.	Code	Description
1	11551	REPLEDGE_TM_TO_CM
2	11552	REPLEDGE_CM_TO_CC
3	11553	REPLEDGE _RELEASE_CC_TO_CM
4	11554	REPLEDGE _RELEASE _CM_TO_TM

13. Registration process for Investors, Trading Members and Clearing Members on NSDL e-services (i.e., SPEED-e & IDeAS) in respect of Margin Pledge/Re- Pledge is enclosed under **Annexure KK**.[158] The salient features and process of aforesaid Margin Pledge and Re-pledge functionality are enclosed at **Annexure LL**.[159]

14. In respect of partial re-pledge / release / invocation of margin pledged securities available in Margin Pledge / Re-pledge (MPR) module of NSDL system, Participants to note that there will be no changes in respect of screen based / file upload/download-based mechanism for partial margin re-pledge / release / invocation functionality.[160]

    The user can capture the full or partial quantity in field viz., 'Quantity' in respect of Margin re-pledge / release / invocation instructions. In addition, the user can view the break-up of quantity details under instruction details of Margin Pledge / Re-pledge screens under MPR module, as mentioned below: 1) Pledged Quantity 2) Open Quantity 3) Closed Quantity 4) Invoked Quantity 5) Re-pledged Quantity 6) Re-pledged Invoked Quantity. [161]

9. TRANSFER OF SECURITIES WHEREIN MATURITY DATE HAS EXPIRED IN RESPECT OF ACCOUNT CLOSURE INSTRUCTION THROUGH TRANSFER OF

[155] Circular No.: NSDL/POLICY/2020/0094 dated July 14, 2020
[156] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024 and Circular No.: NSDL/POLICY/2024/0116 dated August 26, 2024
[157] Circular No.: NSDL/POLICY/2020/0096 dated July 23, 2020.
[158] Circular No.: NSDL/POLICY/2020/0107 dated July 31, 2020.
[159] Circular No.: NSDL/POLICY/2020/0107 dated July 31, 2020.
[160] Circular No.: NSDL/POLICY/2020/0113 dated August 17, 2020.
[161] Circular No.: NSDL/POLICY/2020/0113 dated August 17, 2020.

HOLDINGS (ACCOUNT CLOSURE) MODULE[162]

1. As Participants are aware, NSDL had vide circular nos. NSDL/POLICY/2013/0020 dated January 30, 2013, and NSDL/POLICY/2015/0099 dated October 30, 2015 facilitated Participants to execute "Account Closure" instruction through Transfer of Holdings (Account Closure) module wherein securities held under free balances as well as Locked-in balances lying under source depository account can be transferred to target depository account in NSDL depository system. Further, securities lying in the source depository account wherein maturity date of securities has expired used to remain in the source depository account and hence, Participant were not able to close source depository account.

2. In this regard, NSDL has enhanced the Transfer of Holding (Account Closure) module to facilitate Participants to transfer securities for which maturity date has expired from the source depository account to the target depository account where both source and target depository accounts within NSDL depository system are of the same person.

3. The features of the same are given below:

    9.3.1. Upon execution of Account Closure instructions through transfer of holdings module, in case there are any securities wherein maturity date has expired in the source depository account, such securities will be moved to the target account provided:

        i) PAN flag is enabled in both source and target depository accounts.

        ii) PAN in the source depository account and target depository account are matching across holders and are in the same pattern of holding.

        iii) The ISIN is either in "Active" or "Suspended" status.

        iv) Standing Instruction (SI) indicator to receive credits is enabled in the target depository account. (If Standing Instruction (SI) indicator to receive credits is disabled in the target depository account, the instruction status will be updated as "Counter Party Instruction awaited" and such instruction will be cancelled at EOD.)

    9.3.2. Upon successful validation, the status of the Account Closure instructions will be updated as "Accepted". In case PAN validation fails, then the transfer of such securities (i.e., securities wherein maturity date has expired) will be rejected.

    9.3.3. Securities (if any) those are lying under below status will continue to remain in the Source Client depository account and the Account Closure instructions in respect of below securities will be updated as "Rejected".

        i. Pending Demat

        ii. Pending Remat

[162] Circular No.: NSDL/POLICY/2018/0057 dated October 5, 2018

iii. Pledge balance / unconfirmed pledge

iv. Blocked Inter Depository Transfer

v. Quantity level freeze

9.3.4. In case the source depository account is not closed due to non-transfer of securities as per any of the above reasons, Participants are requested to ensure to freeze the account i.e., "Suspended for Debit and Credit".

10. Redemption of Commercial Papers – no transfers after maturity date.[163]

Investors will no longer be required to transfer commercial paper held in their beneficial owner accounts to Issuing and Paying Agents (IPAs) Redemption account. Commercial Papers will be extinguished directly from the beneficial owner accounts of Investors through corporate action for the purpose of redemption. In order to facilitate the Issuers and the IPAs to comply with the aforesaid guidelines, NSDL depository system is being enhanced so that no transfers will be permitted in the ISINs for commercial paper on or after its maturity date.

11. LAUNCHING OF TRADE REPOSITORY FOR CORPORATE BONDS BY NSDL

1. NSDL has launched a Trade Repository for Corporate Bonds. The NSDL's Trade Repository will provide consolidated information on primary issuance and secondary market trades reported on stock exchanges. Currently, the information pertaining to primary issuance and secondary market trades in corporate bonds are available in fragmented manner. With NSDL's Trade Repository, all primary issuance and secondary market data available across depositories and exchanges will be available at single location and will provide a single view for the benefit of the market. This will enhance transparency in the market and enable investors to take an informed decision.

2. The link for NSDL's Trade Repository is available at www.nsdl.co.in under the menu "Data Releases."[164]

12. SETTLEMENT OF GOVERNMENT SECURITIES THROUGH NSDL DEPOSITORY SYSTEM[165]

1. All Participants are informed that the depository system is enhanced to facilitate demat account holders to settle their trades in Government Securities on the Negotiated Dealing System–Order Matching (NDS-OM) platform, which is operated by Clearing Corporation of India Ltd (CCIL) on behalf of Reserve Bank of India (RBI).

2. Attention of Participants is invited to RBI Circular Ref. No. FMRD.DIRD.3/14.03.07/2016-17 dated July 28, 2016, issued in this context. Accordingly, this facility is made available to demat account holders of bank Depository Participants who are SGL Account Holders

[163] Circular No.: NSDL/POLICY/2018/0009 dated February 6, 2018
[164] Circular No.: NSDL/POLICY/2016/0090 dated November 8, 2016
[165] Circular No.: NSDL/POLICY/2016/0071 dated August 18, 2016

and direct members of NDS- OM and CCIL. With this, retail individual investors holding Demat Accounts with Bank DPs of NSDL will be able to purchase or sell government securities through the NDS-OM system. So far, access for trading in secondary market on NDS-OM was limited to only those maintaining SGL/CSGL accounts. These guidelines will now facilitate efficient access for retail investors holding demat accounts to the government securities market and encourage retail participation. To make it easier for retail investors to trade, NSDL has also integrated NDS-OM web module with its e-services facility. It allows the Bank DPs to make available web trading facility to investors so that investors can directly trade online in government securities using the web module of NDS-OM and their existing NSDL demat account.

3. Bank Participants which are SGL Account Holders and direct members of NDS-OM and CCIL are requested to take note of the following:

    a. Changes in static data code (incorporation of new booking code) in respect of download of SOT for the back-office interface with Local DPM system in respect of settlement of G-sec trades on the NDS-OM platform through depository (NSDL) settlement mechanism. The new booking code details are given below:

Booking Code	Booking Narration Code (Description)
11601	RBI_CCIL_CM_POOL (By RBI / CCIL Pay-Out)

    Bank Participants which are SGL Account Holders and direct members of NDS-OM and CCIL are advised to make necessary changes in their depository back-office system as per the enclosed static data code in respect of Local DPM System.

    b. The Primary Member will have to open a Pool Account in the Depository System. The process for activation of Primary Member Pool Account is given below:

        i. Documents to be obtained from Primary Member (PM) and retained with the Participants. For opening of pool account of PM associated with CCIL, Participants are advised to obtain the following documents from the PM:

            a. KYC Application Form and Account Opening Form .

            b. A copy of the email / letter received from CCIL intimating for allotment of Membership ID to the PM.

            c. Board Resolution for authorized signatory.

            d. Memorandum of Association and Articles of Association.

            e. Specimen copy of the cheque for capturing the 9-digit MICR code.

f. Any other documents as specified in the Master Circular for opening of Account from time to time.

Participants should verify the completeness of the aforesaid documents submitted by the PM and verify the copies submitted with the original documents and retain the same. These documents / copy of these documents need not be forwarded to NSDL.

ii. Documents to be provided by Participants to NSDL

a. Participants must provide a consent letter (as per format enclosed **as Annexure O/MM)** for opening of Pool Account in respect of PM to NSDL in hard copy. Alternatively, the scanned copy of aforementioned duly signed consent letter can be emailed to NSDL at ccinterface@nsdl.com

b. After the receipt of aforesaid document, NSDL will allot the CM BP ID for PM Pool account and intimate the same to the Participants electronically.

13. GUIDELINES FOR PARTICIPANTS HAVING CM ACCOUNTS

All Participants having Clearing Member Accounts are requested to note and ensure the following for the purpose of monitoring Delivery Out Instructions**:**

1. On Verify/release the Delivery-out Instruction will go into the status "In Transit to NSDL" irrespective of sufficient balances available in the CM Pool Account. In case of insufficient balances, the status of the instruction will change to "Overdue at DM" and will remain in that status till such time the balance available in the CM Pool Account for the relevant settlement is less than the order quantity of the Delivery-Out Instruction.

2. On receipt of credit for the full order quantity in the CM Pool Account, the Delivery- Out Instruction is triggered and the status changes to "Accepted by NSDL".

3. At NSDL Deadline time, if the balance in the CM Pool Account does not become equal to the order quantity, then such Delivery-Out Instruction which is in the status "Overdue at DM" will be executed partially to the extent of balance available in the CM Pool Account. The status of such Delivery-out Instruction will change to "Partially Accepted by NSDL". The partially executed quantity is displayed on the Delivery-Out Instruction screen separately against the field "Delivered Quantity."

4. Participants must monitor the status of such partially executed Delivery Out Instructions at the NSDL Deadline time in the Delivery-Out Instruction screen by selecting the flag for the field "See only Partial Delivery-out Instructions" or by selecting the status "Partially Accepted by NSDL" and querying on the same.

5. At NSDL Deadline time if there is no balance in the CM Pool Account, then the Delivery-Out Instruction which is in the status "Overdue at DM" will fail with the status "Closed, Failed during settlement" with the reason "Insufficient positions".

6. In case of those settlements where the facility of late pay-in window is provided, the Delivery-Out Instruction will be executed to the extent of balance available in the CM Pool Account at the first NSDL deadline time and the status of the same will be updated to "Partially Accepted by NSDL" or "Accepted by NSDL". If no balance is available in the CM Pool account at the first NSDL deadline time, the Delivery-Out Instruction will continue to remain in status "Overdue at DM". Participants must monitor such Delivery-Out Instructions which are still in status "Overdue at DM" at the NSDL Deadline time by selecting the status "Overdue at DM" and querying on the same.

7. Such instructions in the status "Overdue at DM" or "Partially Accepted by NSDL" will remain in that status till the final NSDL deadline time waiting for sufficient balance. On receipt of credit for the full order quantity in the CM Pool Account in the late pay- in window, the Delivery- Out Instruction is triggered and the status changes to "Accepted by NSDL".

8. At the final NSDL deadline time, if there is still no balance in the CM Pool Account, then the Delivery-Out Instruction which is in the status "Overdue at DM" will fail with the status "Closed, Failed during settlement" with the reason "Insufficient positions".

9. Participants should ensure that the transactions that have the effect of crediting the CM Pool Accounts for a settlement, such as Client to CM Pool Transfer instructions, inter- settlement instructions and inter depository instructions are in the status "Closed, Settled" at least one hour before the NSDL Deadline time.

10. Participants should ensure that the Delivery-Out Instructions are in the status "Overdue at DM" or "Accepted by NSDL" at least 30 minutes before the NSDL Deadline time.

11. Participants must ensure through GISMO panel that Communications to NSDL, NSDL Interface Transmit, NSDL Interface Receive as well as Ping to NSDL is functioning successfully when there are Delivery-Out Instructions in the status "In Transit to NSDL". If any of the above processes are stopped due to an error, Participants must report the same to the NSDL Helpdesk immediately. Whenever an error message is displayed on the DPM server do not click on the "OK" button of the error message. Participants must report the same to the NSDL Helpdesk Also please note that the DPM system should not be switched off and back-ups should not be taken until all Delivery- out Instructions for the day's settlements become "Accepted by NSDL".

14. TRANSFER OF FUND AND SECURITIES FROM CM POOL ACCOUNT & PENALTY[166]

1. Clearing members shall transfer the funds and securities from their respective pool account to the respective beneficiary account of their clients within 1 working day after the pay-out day. The securities lying in the pool account beyond the stipulated period shall attract a penalty at the rate of 6 basis point per week on the value of securities. The penalty so collected by the depositories shall be credited to a separate account with the depository and earmarked for defraying the expenses in connection with the investors' education and

[166] Circular No: NSDL/PI/2004/0721 dated April 22, 2004

awareness programs conducted by the depository.

2. The securities lying in the pool account beyond the above period shall not be eligible either for delivery in the subsequent settlement(s) or for pledging or stock lending purpose, until the same are credited to the beneficiary accounts.

3. The securities lying in the Clearing member's pool account beyond the specified time period shall be identified based on the settlement number. The clearing corporation/houses of the stock exchanges shall provide the settlement-wise details of securities to the depositories and the depositories shall maintain the settlement-wise records for the purpose.

4. Further, stock exchanges shall execute direct delivery of securities to the investors. Clearing corporation/clearing house (CC/CH) shall ascertain from each clearing member, the beneficial account details of their respective clients due to receive pay out of securities. Based on this, the CC/CH shall send pay out instructions to the depositories so that the client receives pay out of securities directly to the extent of instructions received from the respective clearing members. To the extent of instruction not received, the securities shall be credited to the CM pool account.

15. HANDLING OF CLIENTS' SECURITIES BY TRADING MEMBERS/CLEARING MEMBERS

Operational guidelines for implementation of the SEBI Circular regarding Handling of Clients' Securities by Trading Members (TM) / Clearing Members (CM)[167]

1. SEBI *vide* its Circular[168] mentioned that, in order to protect clients' funds and securities and to ensure that the Stockbroker segregates securities or money of the client(s) and does not use the securities or money of client(s) for self or for any other client, SEBI has introduced the new client account type viz. "Client Unpaid Securities Account".

2. Further, to streamline the process of handling of unpaid securities by TM/CM and also to prevent any kind of misuse of such unpaid securities, additional direction was prescribed by SEBI[169] as mentioned below:

    a) All the securities received in pay-out, shall be transferred to the demat account of the respective clients directly from the pool account of the TM/CM within one working day of the pay-out.

    b) With regard to the unpaid securities (i.e., the securities that have not been paid in full by the clients), such securities shall be transferred to respective client's demat account followed by creation of an auto-pledge (i.e., without any specific instruction from the client) with the reason "unpaid", in favor of a separate account titled – "Client Unpaid Securities Pledgee Account" (CUSPA), which shall be opened by TM/CM.

    c) If TM/CM opts to open the 'Client Unpaid Securities Pledgee Account' with a Participant with whom the TM/CM has an existing TM/CM account, then a

[167] Circular No.: NSDL/POLICY/2023/0028 dated February 23, 2023
[168] Circular No.: Circular No.: NSDL/POLICY/2019/0036 dated June 24, 2019.
[169] Circular No.: NSDL/POLICY/2022/159 dated November 14, 2022

consent form enclosed as **Annexure NN** for the same needs to be obtained by Participant from TM/CM. However, if TM/CM opts to open 'Client Unpaid Securities Pledgee Account' with a Participant with whom TM/CM does not have an existing TM/CM account, then TM/ CM will be required to follow the complete procedure of account opening.

d) If the client fulfills its funds obligation within five trading days after the pay-out, TM/CM shall release the pledge so that the securities are available to the client as free balance.

e) If the client does not fulfill its funds obligation, TM / CM shall dispose-off such unpaid securities in the market within five trading days after the pay-out.

In view of the above guidelines (as specified in point no. (d) and (e), the following changes have been incorporated in NSDL Depository system.[170]

1. TMs/CMs shall be able to execute Unilateral Closure instruction and release the CUSPA pledge within only five trading days after the pay-out of unpaid securities so that the securities will be debited from Client's demat account Pledge balance and credited in Client's demat account as Free Balance.

2. TMs/CMs shall not be able to execute Unilateral Closure instruction on 6th and 7th trading days after the pay-out of unpaid securities.

3. TMs/CMs shall be able to execute invocation of the pledge within five trading days after the pay-out of the unpaid securities only against the delivery obligation of the client.

f) 4. Invocation of the pledge shall not be allowed on the 6th and 7th trading days after the pay-out of unpaid securities. The unpaid securities shall be sold in the market by TM/CM with the Unique Client Code (UCC) of the respective client.

g) TM / CM shall invoke the pledge only against the delivery obligation of the client. On invocation, the securities shall be blocked for early pay-in in the client's demat account with a trail being maintained in the TM/CM's CUSPA.

h) Once such securities are blocked for early pay-in in client's demat account, the depositories shall verify the block details against the client level obligation.

i) In case, such pledge is neither invoked nor released within seven trading days after the payout, the pledge on securities shall be auto released and the securities shall be available to the client's demat account as free balance.

j) All the existing "Client Unpaid Securities Accounts" (CUSA) shall be wound up. The securities lying in such accounts shall either be disposed-off in the market or be transferred to the client's demat account by the TM/CM, accordingly, failing which such accounts shall be frozen for debit and credit.

[170] Circular No.: NSDL/POLICY/2024/0080 dated June 12, 2024 & Circular No.: NSDL/POLICY/2025/0050 dated April 15, 2025

3. In this regard, the following changes have been proposed in the NSDL system for Client Unpaid Securities Pledgee account (CUSPA) mechanism are as follows:

A. Client Maintenance Module of Local DPM system:

1) Opening of new demat account by TM / CM in respect of Stockbrokers - Client Unpaid Securities Pledgee account (CUSPA).

NSDL has vide its circular no. NSDL/POLICY/2022/176 dated December 28, 2022, informed Participants regarding incorporation of new client types & sub-types for opening of demat accounts in respect of Stock Brokers Client Unpaid Securities Pledgee Account (CUSPA). The DPM system will be enhanced to facilitate Participants to open demat accounts in respect of Stockbrokers - CUSPA and the same will be made available to Participants from March 10, 2023.

2) Closure of existing "Client Unpaid Securities Accounts" (CUSA):

B. Participant are requested to close all the existing "Client Unpaid Securities Accounts" (CUSA) on or before April 15, 2023, as per SEBI guidelines. The CUSA which are not closed before April 15, 2023, such CUSA has been suspended (for debit and credit) at EOD of April 15, 2023 by NSDL.[171]**Transaction Processing in e-DPM / SPEED-e system – Account Transfer / Pledge Invocation instructions:** The facility to execute aforesaid list of transactions pertaining to CUSPA mechanism will be made available on NSDL e-DPM/SPEED-e system. Details are mentioned below.

Account Transfer Instruction: Clearing Member (CM) to Client – Payout Processing:

I. In respect of securities that have been paid by the clients: In case of payment made by the client, the CM should process normal payout instruction (CM Pool to Client demat account) as per existing mechanism through e-DPM/SPEED-e system.

II. In respect of securities that have not been paid for in full by the clients:

a. In case of payment is NOT made by the Client to CM, the securities will be transferred to the respective client's demat account and an auto-pledge instruction (without any specific instruction from the client) shall be created in favor of "Client unpaid securities pledgee account" (CUSPA) of TM/CM in NSDL Depository system.

b. In the aforesaid auto-pledged instruction, the Pledger demat account will be Client's demat account and Pledgee demat account will be TM/CM CUSPA.

[171] Circular No.: NSDL/POLICY/2023/0052 dated April 12, 2023

c. If the client pays the pending dues within five trading days after the pay-out, TM/CM will execute Unilateral Closure instruction and shall release the pledge so that the securities will be debited from Client's demat account Pledge balance and credited in Client's demat account as Free Balance.

III. Changes in Pledge Invocation instruction – In respect of Sale for Unpaid Securities:

a. If the client does not pay its dues, the TM / CM shall dispose- off (sell) such unpaid securities in the market within five trading days after the pay-out. The unpaid securities shall be sold in the market with the UCC details of the respective client.

b. TM / CM will process pledge invocation request only against the delivery obligation of the client. On invocation, the securities shall be credited to CUSPA, and will be automatically transferred to client's demat account and then will be blocked for early pay-in in the client's demat account (without any instruction).

c. The TM/CM shall provide additional details like UCC, TM ID, Exchange ID, Block indicator flag along with settlement details (CM BP ID, Market Type, Settlement No.) etc. while processing such Pledge invocation instructions through NSDL e-DPM system.

d. The facility of processing of Pledge Invocation will be introduced in NSDL SPEED-e system (which is currently not available on SPEED-e) through Screen based / file-based mechanism (as per file formats informed to Participants vide NSDL circular no. NSDL/POLICY/2023/0004 dated January 17, 2023). Accordingly, the Brokers are required to register their CUSPA on NSDL SPEED-e system as per the existing process available on NSDL e-Services portal (https://eservices.nsdl.com), if brokers wish to avail SPEEDe facility for executing pledge invocation instructions.

e. Once such securities are blocked for early pay-in in client's demat account, NSDL will verify the block EPI transaction details against the client level obligation details received from CCs.

f. Accordingly, the necessary fields viz., UCC, TM ID, Exchange ID, Block indicator flag along with settlement details (CM BP ID, Market Type, Settlement No.) etc. are added on the respective screens and in the file formats of Account Transfer / Inter Depository Transfer / Pledge Invocation instructions (Refer NSDL Circular no. NSDL/POLICY/2022/176 dated December 28, 2022).

g. Subsequently, the normal block mechanism process of UCC validation, blocking of securities in client account, sharing of EPI details to CCs, matching with CC obligation and delivery of shares for pay-in on BOD of pay-in date will be continued as per existing block mechanism.

h. Obligation Matching Process:

(i) In case of matched EPI: On BOD of Pay-in date. Securities will be debited from Client's demat account Block balance and credited to CC settlement account for Pay-in purpose.

(ii) In case of Not matched EPI: The securities will be debited from Client's demat account Block balance and credited in Client's demat account as Free Balance.

i. The auto pledge instruction, which is not invoked or not released by TM/CM within seven trading days after the pay- out, the pledged securities in client account will be auto released by NSDL and the securities will be available to the client demat account as free balance on BOD of next working day (after seven trading days after the pay-out).

C. Other Points to be noted:

1) The transfer of securities from CM Pool to CUSA will be restricted effective from April 1, 2023. As directed by SEBI, all the existing "client unpaid securities accounts" (CUSA) are required be closed on or before April 15, 2023. Accordingly, the transfer of securities from CUSA to CM Pool will be allowed till April 15, 2023, and restricted effective from April 16, 2023.

2) The payment of Stamp duty will be applicable for CUSPA pledge invocation requests same as Normal Pledge Invocation instruction.

3) The operating guidelines in respect of Inter Depository Transfer instructions pertaining to Client Unpaid Securities Pledgee Account mechanism has been communicated to Participants separately.

4. The following new client types & sub-types have been made available in the Client Maintenance module of DPM system:[172]

Account Category	New Client Type	New Client Type Code	New Client Sub – Type Description	New Client Sub – Type Code
Individuals	Stockbroker	19	TM - Client Unpaid Securities Pledgee Account	04

[172] Circular No.: NSDL/POLICY/2022/176 dated December 28, 2022

Individuals	Stockbroker	19	CM - Client Unpaid Securities Pledgee Account	05
Individuals	Stockbroker	19	TM/CM - Client Unpaid Securities Pledgee Account	06
Corporates	Stockbroker	20	TM- Client Unpaid Securities Pledgee Account	05
Corporates	Stockbroker	20	CM - Client Unpaid Securities Pledgee Account	06
Corporates	Stockbroker	20	TM/CM - Client Unpaid Securities Pledgee Account	07

[The changes to the file formats in respect of DPM Transaction Upload (Account Transfer & Pledge Invocation) & COD Download have been implemented in the system. These file formats are available at https://nsdl.co.in/nsdlnews/udiff.php.[173]

5. The changes to the file formats in respect of (a) CM to BO Instruction Upload; (b) Pledge Invocation Upload and Response (New Functionality) and (c) DP Download and Upload for Indirect Clients have been implemented in the system. These file formats are available at https://nsdl.co.in/nsdlnews/udiff.php.[174]

6. The changes in following file formats in respect of the back-office interface with SPEEDe systems for CM to BO Instruction Upload – Inter Depository Transfer Instructions & DP Download – Inter Depository Transfer are enclosed as **Annexure – PP**.

7. Further, the booking narration codes in respect of DPM system pertaining CUSPA mechanism-based instructions are enclosed at **Annexure QQ**.

8. While opening the demat accounts in respect of Stockbrokers Client Unpaid Securities Pledgee account, the flag viz., "Standing Instruction Indicator for Auto Pledge Confirmation" has been enabled in local DPM system.[175]

9. The file formats for Pledge Invocation Upload and Response (Inter Depository Transfer) have been enclosed herewith as **Annexure RR.**

Additional Operation Guidelines for executing Inter Depository Transfer instructions in respect of CUSPA.

10. The facility to execute Inter Depository Transfer instructions pertaining to CUSPA

[173] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024 and Circular No.: NSDL/POLICY/2024/0116 dated August 26, 2024

[174] Circular No.: NSDL/POLICY/2023/0004 dated January 17, 2023

[175] Circular No.: NSDL/POLICY/2023/0035 dated March 17, 2023

mechanism are available on NSDL e-DPM/SPEED-e system.[176]

Processing of Inter Depository Transfer instructions (IDT):

Assumptions:

1) CM Pool account held with Source Depository (**SD**)

2) Client demat account held with Target Depository (**TD**)

The following Process shall be followed in case of Processing of Payout of Unpaid Securities from CM Pool account held with Source Depository to Client's demat account held with Target Depository:

a) While processing payout instruction in respect of IDT (CM Pool to Client) instruction, the new flag viz., "Auto Pledge for Unpaid Securities" along with details of client's demat account and details of CUSPA (maintained with Target Depository) shall be provided.

b) Based on the aforesaid details received in IDT (CM Pool to Client) instruction, Target Depository will create auto pledge instruction wherein client demat account (held in Target Depository) will be considered as 'Pledger' and TM/CM CUSPA (held in Target Depository) will be considered as 'Pledgee'.

c) In case, payment of pending dues is made by client in specified time period, TM/CM will initiate Unilateral Closure in Target Depository and securities will be made free in client's demat account (held in Target Depository).

d) In case of NON payment of dues by client in specified time period, the TM/CM will sell such unpaid securities on stock exchange platform by mentioning the UCC details of clients.

e) TM / CM shall invoke the pledge only against the delivery obligation of the client. On invocation, the securities shall be blocked for early pay-in in the client's demat account in favor of CM/TM Pool account with either source or target depository with a trail being maintained in the TM/CM's CUSPA.

f) In such Pledge Invocation instruction, securities will be first move from client's pledge balance to free balance of CUSPA. Subsequently, the securities will move from free balance of CUSPA to Client's account free balance. These securities will then be blocked in client demat account maintained in Target Depository as Early Pay-in (EPI) block in favor of CM/TM Pool account with either source or target depository for pay-in purpose. Further, as per current block mechanism process, the Target Depository will share the EPI details to CCs for providing Early Pay-in benefits.

g) Based on the obligation details received from CCs, the Target Depository will match the IDT EPI instruction with obligation details. (i) In case of matched

[176] Circular No.: NSDL/POLICY/2023/0040 dated March 22, 2023

orders, securities will be given to CC on BOD of settlement date for pay-in purpose. (ii) In case of unmatched orders, securities will be debited from block balance and credited to free balance in client's demat account.

16. AUTO PLEDGE FOR UNPAID SECURITIES OF CLIENT WITH TRADING MEMBER/CLEARING MEMBER[177]

a. The Participant of the Trading Member/Clearing Member shall request the creation of an auto pledge in respect of unpaid securities alongwith instructions for pay-out of securities under Rule 13.8.4 on receipt of Form 22 from the Trading Member/Clearing Member.

b. On receipt of the request for the creation of an auto pledge from the Trading Member/Clearing Member through their Participants, the Depository may without any specific instructions from the Client, create the pledge.

c. The Participant of the Trading Member/Clearing Member shall request for release/invocation of pledge for full or partial quantity on receipt of Form 44 from the Trading Member/Clearing Member. Upon execution of instructions by the Participant, the pledge may be released either in full or partial quantity as per the request of the Trading Member/Clearing Member.

   Provided however that for the auto pledge release request received from the Trading Member/Clearing Member, no separate confirmation or instructions for release of auto pledge is required from the Client.

   Provided further that for Invocation Cum Transfer request received from the Trading Member/Clearing Member, the Depository may transfer the securities from client account to Trading Member / Clearing Member Account for pay-in against Client delivery obligation, without any specific instructions from the Client.

d. The CUSPA pledge which is not released/invoked within the specified period after the pay-out, the pledge on such securities shall be auto released and shall become available to the client's demat account, as free balance.

e. The aforementioned forms submitted by the Trading Member/Clearing Member shall be checked by the Participant to ensure completeness of the form and validity of the signature of the Trading Member/ Clearing Member before the requests on these forms are executed.

17. OPERATING GUIDELINES IN RESPECT OF MARGIN OBLIGATIONS TO BE GIVEN BY WAY OF PLEDGE/REPLEDGE IN THE DEPOSITORY SYSTEM[178]

[177] Circular No.: NSDL/POLICY/2023/0113 dated August 30, 2023 and Rule no. 12.19 of NSDL Business Rules.
[178] Circular No.: NSDL/POLICY/2025/0084 dated July 01, 2025

A. Introduction of "Pledge Release and Early Pay-in" Instruction (Margin/MTF/CUSPA Pledges)

- A new field titled "Pledge Release and Early Pay-in" shall be introduced in the existing file
- format of the NSDL depository system to accommodate the aforesaid new transaction.
- This new field shall be applicable only for active open pledge instructions under the following
- categories in favour of TM/CM:
- Margin Pledge
- Margin Funding Pledge
- CUSPA Pledge

- This instruction will facilitate the following processes as linked instructions

  - Simultaneous release of pledged securities, and
  - Immediate setup of a block for Early Pay-in instruction from the client's demat account, subject to pay-in validation based on the obligation file received from the Clearing Corporation (CC).

B. Release of Pledged securities & Early Pay-in Block creation (Collateral Margin Pledge / MTF Funded Pledge / CUSPA Pledge)

Upon submission of the "Pledge Release and Early Pay-in" instruction by the TM/CM, the following process will be followed in NSDL Depository System.

- TM / CM will process the instruction with the required quantity mentioned along with the new field "Pledge Release and Early Pay-in" only if delivery obligation exist for the client.

- The TM/CM shall provide additional details like UCC, TM ID, Exchange ID, along with settlement details (CM BP ID, Market Type, Settlement No.) etc. while processing such "Pledge Release and Early Pay-in" instructions through NSDL depository system.

- The NSDL depository system will validate and process the instruction and generate a corresponding Early Pay-in (EPI) instruction for reporting to the respective CCs.

- The existing active pledge instruction will not be released immediately. The securities will remain in 'pledged' status in favour of the TM/CM until obligation matching activity is completed in NSDL depository system.

- A new status 'Invocation/Closure Pending for Obligation Matching' will be assigned to this instruction till the time obligation matching activity is completed.

- No other transaction (such as invocation, closure, or release) will be permitted on these pledged securities till the time status of pledge release instruction is 'Invocation/Closure Pending for Obligation Matching'

- In the case of partial quantity instructions, the NSDL depository system will allow other

pledge Invocation/Closure instructions only up to the remaining open pledge quantity.

• An EPI instruction will be generated and communicated to the respective CC as per extant process.

• Only Block with EPI instructions shall be permitted under this facility. Block without EPI shall not be generated.

1. Obligation Matching Process

a) In Case of Matched EPI

• Active open pledge transaction with status as 'Pledged' shall be unpledged to the extent of obligation quantity received from the CC and securities will become free balance.

• EPI block will be set up immediately in client demat account in favour of CC to the extent of obligation received from CC. The details of EPI block will be communicated to CCs as per extant process.

• On BOD of Pay-in date, securities will be debited from Block balance in respect of Client's demat account and credited to CC settlement account maintained with CC for Pay-in purpose.

b) In case of Not matched EPI:

• Active open pledge transaction with status as 'Pledged' shall not be unpledged as matching obligation details are not received from CC and shall continue to remain in pledge form in favor of TM/CM.

2. Additional Points:

• This new facility shall be applicable only in the case of the sale of pledged shares. The existing pledge release process shall continue for the pledge instructions where the client has not sold the pledged shares.

• A new flag shall be introduced in the existing file format viz., "Pledge Release and Early Pay-in" which will indicate whether, along with the pledge release, an EPI block needs to be set up.

• Pledge Release and Block Creation for Early Pay-in shall be applicable only for TM/CM to whom the shares were originally pledged for Margin/MTF or CUSPA.

C. Invocation of Pledged Shares & Early Pay-in Block creation (Collateral Margin Pledge / MTF Funded Pledge / CUSPA Pledge)

The operating guidelines for invocation of pledged securities under Collateral Margin Pledge, MTF Pledge, and CUSPA Pledge in respect of client delivery obligations while ensuring early pay-in processing are as follows:

• TM/CM shall process Margin/MTF/CUSPA pledge invocation requests for the required quantity only if delivery obligation exists for the client.

• This Transaction type is applicable to all active (open) Margin Pledge, Margin Funding

Pledge (MTF), and CUSPA Pledge transactions. Upon submission of the "Pledge invocation instruction" by the TM/CM, the following process will be followed in NSDL Depository System.

- TM / CM will process pledge invocation request only if the delivery obligation exist for the client.
  The TM/CM shall provide additional details like UCC, TM ID, Exchange ID, along with settlement details (CM BP ID, Market Type, Settlement No.) etc. while processing such Pledge invocation instructions through NSDL depository system.

- The NSDL depository system will validate and process the instruction and generate a corresponding Early Pay-in (EPI) instruction for reporting to the respective CCs.

- The original active open pledge transaction shall not be Invoked immediately, and securities will continue to remain in 'pledged' status in favour of TM/CM until obligation matching activity is completed.

- A new status 'Invocation/Closure Pending for Obligation Matching' will be assigned to this instruction till the time obligation matching activity is completed.

- No other transaction (such as closure or release etc.) will be permitted on these pledged securities while status of pledge invocation instruction is 'Invocation/Closure Pending for Obligation Matching'.

- In case of partial quantity instructions, the depository system will allow other pledge Invocation/Closure instructions only up to the remaining open pledge quantity.

- An EPI instruction will be generated and communicated to the respective CCs as per extant process.

- Only Block with EPI instructions shall be permitted under this facility. Block without EPI shall not be generated.

1. Obligation Matching Process

1) In case of matched EPI:

- Active open pledge transaction with status as 'Pledged' shall be invoked to the extent of obligation received from the CC and securities will become free balance in in the TM/CM Margin Pledge account/ Margin Funding Pledge Account/CUSPA account.

- Securities will be subsequently transferred from TM/CM Margin Pledge account/ Margin Funding Pledge Account/CUSPA account to the client demat account as free balance.

- EPI block will be set up immediately in client demat account in favor of CC to the extent of obligation quantity received from CC. The details of EPI block will be communicated to respective CCs as per extant process.

- On BOD of Pay-in date, securities will be debited from Block balance in respect of Client's demat account and credited to CC settlement account maintained with CC for Pay-in purpose.

2) In case of Not matched EPI:

- Active open pledge transaction with status as 'Pledged' shall not be unpledged as matching obligation details are not received from CC and shall continue to remain in pledge form in favor of TM/CM.

D. **Invocation cum Redemption' Functionality for MF Units Not Traded on Exchange**

To enhance operational efficiency and reduce manual intervention, a new single-instruction-based process will be implemented into the NSDL depository system to handle both invocation and redemption as single transaction for MF units which are not traded on exchange platform.

Upon submission of the "Invocation cum Redemption" instruction by the TM/CM, the following process will be followed in the NSDL Depository System.

- The TM/CM shall submit the invocation instruction for MF units that are not traded on exchange along with the required details necessary for the creation of a simultaneous redemption request.

- The above-mentioned instruction shall be applicable only to those Margin Pledge / Margin Trading Funding (MTF) Pledge transactions wherein non-Exchange traded Mutual Fund (MF) units held in the client's demat account are pledged in favour of TM/CM account.

- The depository System will validate and process the instruction, The client demat account will be debited and MF units will be transferred to TM/CM's Account as free balance.

- Immediately upon credit of the MF units into the TM/CM's account, the NSDL system will Simultaneously generate a redemption request for the requested MF units. No separate instructions for redemption will be required to be submitted from the TM/CM account.

- The default and only permitted option for auto-generated Redemption requests for non exchange traded MF units in case of invocation shall be redemption through the NSDL Depository system process.

- Redemption through Stock Exchange order entry platforms shall not be applicable for the above-mentioned auto-generated Redemption instructions in case of invocation.

- A simultaneous auto generated redemption request from the TM/CM Pledgee Account shall be shared with the Registrar and Transfer Agent (RTA) for further processing as per the extant procedures followed in the NSDL depository system.

- Post implementation of this process, the existing provision for submission of only invocation instructions for MF units that are not traded on exchange shall be discontinued. Going forward, only the 'Invocation cum Redemption' option shall be available for TM/CM in the NSDL Depository System.

18. UPSTREAMING OF CLIENTS' FUNDS BY STOCK BROKERS (SBS) / CLEARING

MEMBERS (CMS) TO CLEARING CORPORATIONS (CCS):[179]

a) SEBI has issued a guidelines w.r.t "Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)" with a view to safeguard clients' funds placed with SBs/CMs, it has been decided to require the upstreaming of all client funds received by SBs/CMs to the Clearing Corporations (CCs).

b) In the aforesaid SEBI circular, it has been mentioned that, 'no clients' funds shall be retained by SBs/ CMs on End of Day (EoD) basis. The clients' funds shall all be upstreamed by SB/ CMs to CCs only in the form of either cash, lien on FDR (subject to certain conditions enumerated below), or pledge of units of Mutual Fund Overnight Schemes (MFOS)'

c) Further, at point no. III of Part B of the aforesaid SEBI circular it is stated that: "SBs/CMs shall maintain a dedicated demat account (hereinafter referred to as "Client Nodal MFOS Account") for subscription/ redemption of MFOS units. The depositories shall allow subscription/redemption transactions only in the said account"

d) In this context, DPM system has been enhanced to facilitate Participants to open demat account in respect of Stock-Brokers Client Nodal MFOS Account.

e) The following new client have been made available in the Client Maintenance module of DPM system.[180]

Account Category	Client Type	Client Type Code	New C`lient Sub-Type Description	New Client Sub-Type Code
Individuals	Stock Broker	19	TM - Client Nodal MFOS Account	7
Individuals	Stock Broker	19	CM - Client Nodal MFOS Account	8
Individuals	Stock Broker	19	TM/CM - Client Nodal MFOS Account	9
Corporates	Stock Broker	20	TM - Client Nodal MFOS Account	8
Corporates	Stock Broker	20	CM - Client Nodal MFOS Account	9
Corporates	Stock Broker	20	TM/CM - Client Nodal MFOS Account	10

f) If TM/CM opts to open the 'Client Nodal MFOS Account' with a Participant with whom the TM/CM has an existing TM/CM account, then a consent form enclosed as **ANNEXURE SS (1)** needs to be obtained by Participant from TM/CM. However, if TM/CM opts to open 'Client Nodal MFOS Account' with a Participant with whom TM/CM does not have an existing TM/CM account, then TM/ CM will be required to follow the complete procedure of account opening as per prescribed guidelines.

g) If TM/CM has existing account with Participant and opted SPEED-e facility for

[179] SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 dated June 08, 2023; NSDL/POLICY/2023/0067 dated June 13, 2023; NSDL/POLICY/2023/0174 dated December 13, 2023
[180] NSDL/POLICY/2023/0068 dated June 14, 2023

same, then TM/CM can opt SPEED-e facility for 'Client Nodal MFOS Account' by mentioning Y for SPEED-e Facility Required in consent form enclosed in **ANNEXURE SS (1)**. Participant are required to create user ids in SPEED-e login of Participant as per details available in existing account. For mapping of DSC, participant are required to send email to NSDL as per **ANNEXURE SS (2)** to speede@nsdl.com

19. OPERATIONAL GUIDELINES IN RESPECT OF UPSTREAMING OF CLIENTS' FUNDS BY STOCK BROKERS (SBS) / CLEARING MEMBERS (CMS) TO CLEARING CORPORATIONS (CCS). [181]

1. To streamline the process of handling of Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs), the additional direction prescribed by SEBI in aforesaid circular are mentioned below:

2. Units of Mutual Fund Overnight Schemes (MFOS) is a new avenue being made available to SBs/ CMs to deploy client funds. MFOS ensures minimal risk transformation of client funds (that are withdrawable on demand) available with SBs/ CMs because of overnight tenure and exposure to only risk-free government securities.

3. SBs/CMs shall ensure that client funds are invested only in such MFOS that deploy funds into risk-free government bond overnight repo markets and overnight Triparty Repo Dealing and Settlement (TREPS). Such MFOS units should be in dematerialized (demat) form, and must necessarily be pledged with a CC at all times.

4. SBs/CMs shall maintain a dedicated demat account (hereinafter referred to as "Client Nodal MFOS Account") for subscription/ redemption of MFOS units. The depositories shall allow subscription/redemption transactions only in the said account.

5. From "Client Nodal MFOS Account", SBs/CMs shall provide MFOS units as collateral to the CC. While providing the units as collateral, SBs/CMs shall identify the end clients. In order to implement the same, a pledge shall be created from the Client Nodal MFOS account to SB/CM margin pledge account of the SB/CM. The SB/CM shall further repledge the same to CC using the existing pledge/ re-pledge mechanism

6. Clause 15.3.2.3 of SEBI's "Master Circular on Stock Brokers" dated May 17, 2023 mandates stock brokers to maintain demat accounts under 5 defined categories. The said clause of master circular is being modified to include 'Client Nodal MFOS Account' as sixth category of permissible demat account that can be maintained by stock brokers.

Proposed changes in NSDL system for Client Nodal MFOS Account mechanism are as follows:

A. Client Maintenance Module of Local DPM system :

[181] Circular No.: NSDL/POLICY/2023/0077 dated June 30, 2023

Opening of new demat account by TM / CM in respect of Stock Brokers (or Trading Member) - Client Nodal MFOS Account. NSDL has vide its circular no. NSDL/POLICY/2023/0068 dated June 14, 2023 informed Participants regarding incorporation of new client types & sub-types for opening of demat accounts in respect of TM's/CM's Client Nodal MFOS Account. The DPM system has been enhanced to facilitate Participants to open demat accounts in respect of TM's/CM's Client Nodal MFOS Account.

B. Transaction Processing in eDPM / SPEED-e system – Initiation of Margin Pledge / Repledge

TM/CM can initiate a margin pledge of MFOS Unit(s) from 'Client Nodal MFOS Account' in favour of 'TM – Client Securities Margin Pledge Account' or 'TM/CM – Client Securities Margin Pledge Account' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e. Such instructions should be submitted with the details of end client, whose funds (that are withdrawable on demand) are available with TMs/ CMs, viz., UCC, TM, CM and Default Segment.

TM/CM can initiate a margin re-pledge in favour of 'CM – Client Securities Margin Pledge Account' / 'CC' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e

While re-pledging the MFOS Units to the CM / CC, TM / CM are required to provide specific pledge instruction number for which re-pledge is required to be initiated. The CM/CC will be able to view the details of the specific pledge instruction number which will also include the details of the 'Client Nodal MFOS Account'.

Margin pledge and re-pledge instruction shall be reflected in the 'Client Nodal MFOS Account' against each MFOS units provided as collateral to a CM, and in whose favour i.e. TM / CM / CC.

C. **Release of a Margin Pledge / Re-Pledge:**

1. TM/CM can initiate a release of margin pledge request for the MFOS units pledged/ repledged with TM/CM/CC for collateral purpose by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

2. For release of MFOS units pledged in favour of a TMfor collateral purpose, the TM can initiate a unilateral release of pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

3. For release of MFOS units (based on TM request to CM) pledged in favour of a TM for collateral purpose and which are subsequently re-pledged in favour of a CM, the CM can initiate a release request (by the way of unilateral closure) of re-pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e

4. For release of MFOS units (based on CM request to CC) pledged in favour of a TM for collateral purpose and which are subsequently re-pledged in favour of a CM and further repledged by CM to the CC, the CC may initiate a release request

(by the way of unilateral closure) of re-pledge through Participant on eDPM.

5. TM /CM/CC may initiate request for release of margin pledge/re-pledge.

D. **Invocation of Margin pledge/ re-pledge**:

1. CC may initiate an invocation request of re-pledged MFOS Unit/s by giving an instruction to the Depository.

2. Invocation by CC:
   a. For invocation of MFOS units re-pledged in favour of CC for collateral purpose, the CC will invoke the securities by giving instructions to the Depository. Such instructions will include the pledge instruction number and TM details.

E. **Other points**

1. For margin pledge functionality, existing Client Securities Margin Pledge Account of TM/CM to be used.

2. The provisions of this framework shall not be applicable to bank-CMs (including Custodians that are banks), and for proprietary funds of TMs/CMs in any segment and TM's proprietary funds deposited with CM in the capacity of a client.

Participants were advised to inform their TM and CM to ensure that only subscription/redemption transactions of MFOS units shall take place in "Client Nodal MFOS Account" as per guidelines issued by SEBI. [182]

Changes in file format in respect of Upstreaming of clients' funds by Stock Brokers **(SBs) / Clearing Members (CMs) to Clearing Corporations (CCs).[183]**

The facility is being provided in INVESTOR portal to upload margin pledge instructions file to initiate a margin pledge of MFOS Unit(s) from TM/CM's 'Client Nodal MFOS Account' in favour of 'TM – Client Securities Margin Pledge Account' or 'TM/CM – Client Securities Margin Pledge Account' and view the uploaded instruction file status.

The changes in the file format of "Margin Pledge transaction data upload (INVESTOR portal)", in respect of the back-office interface with SPEEDe systems enclosed at **ANNEXURE SS (3) (**changes are highlighted in yellow).

11. Basis on recommendations made by Broker's Industry Standards Forum (ISF) and for ease of doing business, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023 has issued revised framework w.r.t "Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)

21. INTRODUCTION OF BETA VERSION OF T+0 ROLLING SETTLEMENT CYCLE ON OPTIONAL BASIS IN ADDITION TO THE EXISTING T+1 SETTLEMENT CYCLE IN EQUITY CASH MARKETS[184]:

[182] Circular No.: NSDL/POLICY/2023/0080 dated June 30, 2023
[183] Circular No.: NSDL/POLICY/2023/0081 dated June 30, 2023
[184] SEBI Circular no. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/20 dated March 21, 2024 and Circular No.: NSDL/POLICY/2024/0038 dated March 22, 2024 and SEBI Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/172 dated December 10, 2024 (Ref . NSDL Circular No.

21.1 SEBI has issued guidelines in respect of a framework for introduction of the Beta version of T+0 settlement cycle on optional basis in addition to the existing T+1 settlement cycle in equity cash market.

21.2 **Operational** guidelines in respect of Beta version of T+0 rolling settlement cycle on optional basis in Equity Cash Markets/[185]

21.2.1 New Market Types for T+0 Settlement: NSDL vide its circular NSDL/POLICY/2024/0029 dated March 11, 2024 informed participants about the new market type codes for T+0 Settlement. The deadline time for pay-in of securities for T+0 Settlement of NSE and BSE are as under:

CC ID	Market Type	Market Type Description	NSDL Deadline time (cut-off time for executing EPI Instructions)
IN001002	55	T+0 Normal	1:45PM
IN001150	45	T+0 Norma	1:45PM

21.2.2 Participants can capture and verify/release instructions till the aforementioned NSDL Deadline time. However, it is advisable that all instructions related to Pay-in are executed in the eDPM system well before the aforesaid NSDL Deadline time.

21.2.3 T+0 Settlement Process:

i. SEBI has vide its circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/20 dated March 21, 2024, introduced T+0 settlement cycle on optional basis in addition to the existing T+1 settlement cycle in equity cash segment with limited set of securities (ISINs). The list of such approved securities will be published by the stock exchanges.

ii. All clients are eligible to participate in the segment for T+0 settlement cycle, if they are able to meet the timelines, process and risk requirements as prescribed by the CCs/exchanges. Clients have to opt to execute trades under T+0 settlement cycle

iii. Participants must accept only intra-depository or inter-depository early pay-in (EPI) transfer instructions from the Clients for T+0 market type.

iv. As per the existing process for submitting early pay-in (EPI) instructions, participants must ensure that additional details, as applicable, are submitted while executing delivery instructions in NSDL depository system.

v. Participants are advised to ensure that no other type of Pay-in instructions viz., account transfer instruction with 'Block with no Early Pay-in' indicator flag, Delivery out (DO / IDO) instructions from CM Pool account is submitted for T+0 settlement.

vi. Participants are advised to bring to the notice of their clients that all EPI instructions must be submitted to the Participants before the NSDL deadline time of 1:45PM.

NSDL/POLICY/2024/0180 dated December 12, 2024)

[185] Circular No.: NSDL/POLICY/2024/0039 dated March 22, 2024

vii. Participants can execute Early Pay-in instructions (Intra or Inter depository transfer) on or before the trade date till NSDL deadline time of the specific settlement number defined in CC Settlement Calendar

viii. In case the demat account does not have sufficient balance, the status of EPI instruction will automatically change to 'overdue'.

- **a.** Such EPI instruction in 'Overdue' status shall automatically be cancelled by the system at NSDL deadline time (i.e., 1:45PM).
- **b.** Participants or Clearing members or Clients may submit new EPI instruction before the NSDL deadline time to the extent of balances available in the demat account of client.

ix. All the EPI instructions with the status as 'Ready for Settlement' are shared with respective CCs at a pre-defined interval, as per existing defined mechanism between CC and NSDL.

x. For T+0 settlement, the Full / Partial EPI cancellation facility is provided to CCs for executing reversal of EPI instructions for which matching obligation is not available at CCs.

xi. As per the T+0 settlement schedule informed by CCs, the cut-off time for pay-in is scheduled at 3:30PM. The pay-in process at NSDL Depository system will be executed prior to the pay-in cut-off time wherein blocked securities are debited from client's demat account and credited to CC settlement account routed through TM/CM Pool account as per the existing process.

xii. The pay-out of securities for T+0 Settlement shall be executed by CC as per extant process of payout of securities.

21.2.4 Other Points:

As T+0 prices are not considered in index calculation or settlement price, there shall be no separate close price for T+0 segment. Hence, there is no change in existing 'Price file" provided to the Participants via e-PASS[186].

The necessary system changes in respect of the aforesaid guidelines has been implemented in NSDL depository system at EOD of March 27, 2024.

Participants are requested to inform their clients, trading members and clearing members about the same and ensure compliance

22. TRADING SUPPORTED BY BLOCKED AMOUNT IN SECONDARY MARKE[187]

1. SEBI has issued the guidelines about the framework for trading in secondary market based on blocked amount in investor's bank account.[188]

2. **PAY-OUT BY CLEARING CORPORATION**: [189]

[186] Circular No.: NSDL/POLICY/2024/0084 dated June 14, 2024
[187] Circular No.: NSDL/POLICY/2023/0074 dated June 27, 2023
[188] SEBI Circular No. SEBI /HO /MRD/MRD-PoD-2/P/CIR/2023/99 dated June 23,202
[189] Rule No. 12.20 of NSDL Business Rules

a) Based on the instructions received from the Clearing Corporation, the Depository shall credit the securities in the client's account(s).

b) In case of unpaid securities, upon receipt of instructions from the Clearing Corporation to autopledge such securities in the client's account(s) in favour of the Trading Member's / Clearing Member's "Client Unpaid Securities Pledgee Account (CUSPA)", the Depository shall do so without any specific instructions from the client.

c) **Payout of securities directly to Client's Demat account[190]**

The operational guidelines in respect of the Payout of securities directly to Client's Demat account is enclosed as **Annexure A1**

d) Participants are requested to note the following additional points in respect of process followed for pay-out of securities directly to Client's Demat account[191]:

1. In respect of client's demat account in NSDL depository system where standing instruction indicator is not enabled in the DPM System, such securities shall be successfully credited in such client's demat account after CCs upload instructions in respect of direct pay-out of securities.[192]

2. . As mentioned in SEBI guidelines pertaining to pay-out of securities directly to client demat account, the processes of direct pay-out of securities shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.

3.. In Phase I, the processes of direct pay-out of securities shall not be applicable to the NRI clients. The pay-out of securities pertaining to NRI clients shall be delivered to CM pool account by CC as per the extant process.

e) The pilot launch of Direct Payout of securities to client's demat account was made operationalized on February 25, 2025, for following market types[193]:

Market Type Description	**Market Type (NSDL)**	**Clearing Corporation**	**Market Type (CC)**
T+1 NORMAL	S1	NCL	49
T+1 ROLLING	S1	ICCL	41

[190] Circular No.: NSDL/POLICY/2024/0076 dated June 06, 2024 (SEBI Circular no. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 05, 2024, Circular No.: NSDL/POLICY/2024/0150 dated October 11, 2024, Circular No.: NSDL/POLICY/2024/0159 dated October 24, 2024,
[191] Circular No.: NSDL/POLICY/2024/0167 dated November 08, 2024
[192] Circular No.: NSDL/POLICY/2025/0109 dated August 20, 2025
[193] Circular No.: NSDL/POLICY/2025/0021 dated February 17, 2025

Market Type Description	Market Type (NSDL)	Clearing Corporation	Market Type (CC)
T+1 TRADE FOR TRADE	G1	NCL	50
T+1 ITP FOR SME	M1	NCL	51
ITP	IT	ICCL	30
AUCTION Normal	DD	NCL	14
AUCTION ROLLING	AU	ICCL	04

3. The operational guidelines in respect of the framework for Trading supported by Blocked Amount in Secondary Market: [194]

a. **Registration Process flow for availing UPI block** facility:

i. The facility of UPI Block in secondary market shall be at the option of the Client and it will be non-mandatory facility to be provided by the Stock Broker to Client

ii. All Clients who are permitted to use RBI's UPI facility and who are meeting the criteria defined by CCs shall be eligible.

iii. As per the criteria defined by CC, currently this facility shall be extended to resident individuals and Hindu undivided families (HUFs) only.

iv. The Client who wishes to avail Trading supported by Blocked Amount in Secondary Market facility (i.e., UPI block facility) needs to approach his/her Stock Broker (i.e.,TM) that offers such facility. TM shall enroll the Client for the said facility subject to meeting the eligibility criteria as defined by CC.

v. At the time of registration of Client for availing UPI block facility on Stock Exchange platform, the TM shall be required to provide one primary demat account of the Client wherein Client wish to receive pay-out of the securities.

vi. Stock Exchanges shall verify the PAN mentioned in the UCC database maintained at Stock Exchanges with PAN of the first holder mentioned in the demat account of Client.

b. Pay-in of securities in respect of the Clients who will opt for availing UPI block facility:

i. The Clients who wish to opt for this facility shall be required to execute early pay-in instruction as per extant process for settlement of trades executed with UPI Block option on stock exchange platform.

[194] Circular No.: NSDL/POLICY/2023/0172 dated December 11, 2023

ii. The Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades shall continue to follow extant process for pay-in of securities.

c. Pay-out of securities in respect of the Clients who will opt for availing UPI block facility:

i. CC will upload Intra/Inter depository instructions in NSDL depository system to transfer payout of securities to the primary demat account of the Client availing UPI block facility.

ii. CC will upload the pay-out instructions in NSDL depository system with details of CM ID, TM ID, Primary Demat account details viz., DP ID & Client ID, UCC, Auto pledge flag for unpaid securities, etc.

iii. CMs and TMs will not be required to execute instructions for transfer of securities in respect of pay-out from TM/CM Pool account to Client's primary demat account pertaining to UPI Block Facility.

d. Process to be followed in case of Client Unpaid Securities Pledgee Account (CUSPA):

i. In respect of the unpaid securities (i.e., the securities that have not been paid in full by the Client), such securities shall be transferred to respective Client's primary demat account followed by creation of an auto-pledge in favor of a separate account opened by CM or TM based on the "Auto-Pledge Flag for unpaid securities" provided in transfer instruction uploaded by CC in NSDL depository system in respect of pay-out of securities.

ii. NSDL Depository system shall identify details of CUSPA demat account of TM/CM based on TM/CM ID uploaded by CC in transfer instruction in respect of pay-out of securities.

iii. Participants may additionally refer to NSDL circular no. NSDL/POLICY/2023/0028 dated February 27, 2023, regarding "Operational guidelines in respect of Handling of Clients Securities by Trading Members (TM) / Clearing Members (CM) – Client Unpaid Securities Pledgee Account".

e. Process followed in case of pay-out of securities that could not be credited:

i. In case of scenarios wherein pay-out instructions (intra and inter-depository instructions submitted by CC) are not executed in NSDL depository system for any reason, then such securities shall remain in CC Pool account.

ii. In such scenarios, the Clients need to contact the TM for resolution of issue.

f. Miscellaneous points:

i. As per SEBI's guidelines, the aforesaid facility shall be applicable for the Cash segment only. Hence, UPI Block facility will be applicable for following Market Type(s) in NSDL depository system in respect of NSCCL and ICCL.

Market Type Description	Market Type (NSDL)	Clearing Corporation	Market Type (CC)
T+1 NORMAL	S1	NSCCL	49
T+1 ROLLING	S1	ICCL	41
T+1 TRADE FOR TRAD	G1	NSCCL	50
T+1 ITP FOR SME	M1	NSCCL	51
ITP	IT	ICCL	30
AUCTION Normal	DD	NSCCL	14
AUCTION ROLLING	AU	ICCL	04

ii. Settlement of trades for other market types or for Clients not availing UPI block facility, the Participants / Brokers can continue with existing settlement process for pay-out of securities.

iii. PAN Exempt / Sikkim Category Clients who do not have PAN captured in their demat account are not eligible.

iv. Clients who have availed Custodian services for trading and clearing are not eligible.

v. Clients opting UPI Block facility shall not be allowed to use the Margin Trading Facility (MTF)

vi. If Client has opted for UPI Block facility, until all obligations are not fulfilled, the Client cannot opt out/ deregister for UPI Block facility.

23. FACILITY TO REMEDY ERRONEOUS TRANSFERS IN DEMAT ACCOUNTS:[195]

23.1 As per SEBI guidelines Depositories are required to obtain client's consent through One Time Password (OTP) for all off-market transfer of securities from client's demat account.[196] However, as per SEBI directives, **exemption from OTP is provided in case of reversal of erroneous transfers in the demat account**s.[197]

23.2 Further as per SEBI directives, to minimize such erroneous transfers, Depositories required to provide a facility for the investors and DPs t**o add and verify the beneficiaries before execution of off-market transfers** including interdepository transfers"[198]

23.3 The "Operational Guidelines on Addition of Beneficiary Demat account(s) for executing Off-Market Transfer":

23.4 Addition of Target Beneficiary demat account(s):

F. Procedure for adding Target Beneficiary Demat Account(s) by Participant through File upload facility provided at eDPM:

1. Client shall initiate the request for addition of target beneficiary demat account(s) by submitting physical form (enclosed as **ANNEXURE TT (1)**) to its participant.
2. To facilitate Participants to add target Beneficiary demat account as per client request, file upload facility viz., Addition/Deletion Beneficiary Upload is provided under Upload/Download option on eDPM System. (Ref: NSDL Circular no. NSDL/POLICY/2023/0175 dated December 15, 2023).
3. Validations done at the time of addition of beneficiary target demat account are as follows:

a. Intra- Depository:

i. In case of addition of target Beneficiary demat account maintained in NSDL depository system, details of transferee client viz., PAN, DP ID & Client ID will be validated with the details available in demat account of respective target Beneficiary demat account.

ii. After successful validation, a link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of transferor client for authentication.

iii. On clicking the said link, transferor client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for transferor client's confirmation will be displayed to transferor client. On OTP confirmation, request for addition of target Beneficiary demat account will be processed and target Beneficiary demat account shall be added to the list of beneficiaries.

b. Inter-Depository:

i. In case of addition of target Beneficiary demat account in respect of inter depository offmarket transfer, details of the transferee client viz., PAN, DP

[195] Circular No.: NSDL/POLICY/2023/0103 dated August 09, 2023)
[196] SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023
[197] SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/139 datef August 08, 2023
[198] *Id*

ID & Client ID will not be validated with the details available in demat account of respective Beneficiary target demat account in target depository at the time of addition of target Beneficiary demat account in NSDL depository system. The aforesaid validation will be done by target depository at the time of processing the inter depository off-market transfer instruction received from source depository.

ii. A link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of transferor client for authentication.

iii. On clicking the said link, transferor client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for transferor client's confirmation will be displayed to transferor client. On OTP confirmation, request for addition of target Beneficiary demat account will be processed and target Beneficiary demat account shall be added to the list of beneficiaries.

4. In case OTP confirmation is not completed till EOD of the request initiation date, pending requests for adding target Beneficiary demat account will be rejected in EOD. DP can re-initiate such rejected requests for OTP confirmation.

B. Procedure for adding Target Beneficiary Demat Account by client using SPEED-e facility for password and e-Token based users.

1. Client shall login to NSDL SPEED-e Portal using password or e-token based option and click on TAB of 'Add Beneficiary' under inquiries and Submit request for Addition of target Beneficiary demat account.

2. Validations done at the time of addition of target beneficiary demat account are as follows:

a. **Intra- Depository:**

i. In case of addition of target Beneficiary demat account maintained in NSDL depository system, Client needs to provide details of target beneficiary demat account viz., PAN, DP ID & Client ID.

ii. After clicking on validate button, Details of transferee client viz., PAN and DP ID & Client ID will be validated with the details available in demat account of respective target Beneficiary demat account. After successful validation of details of transferee client's PAN and DP ID & Client ID, the name of transferee client in respect of target Beneficiary demat account will be displayed to client on SPEED-e website. In case of mismatch in validation, SPEED-e system shall display appropriate error.

iii. After clicking on Add button OTP shall be generated and sent on Mobile number and email ID as registered in demat account of transferor client for authentication.

iv. After successful OTP authentication, target Beneficiary demat account shall be added to the list of beneficiaries.

b. **Inter-Depository:**

i. In case of addition of target Beneficiary demat account maintained in other depository system, Client needs to provide details of target beneficiary demat account viz., PAN, DP ID & Client ID.

ii. Details of the transferee client viz., PAN, DP ID & Client ID will not be validated with the details available in demat account of respective target Beneficiary demat account in target depository at the time of addition of target Beneficiary demat account in NSDL depository system. The aforesaid validation will be done by target depository at the time of processing the inter depository off-market transfer instruction received from source depository.

iii. After clicking on Add button OTP shall be generated and sent on Mobile number and email ID as registered in demat account of transferor client for authentication.

iv. In case of addition of target Beneficiary demat account maintained in other depository system, validate option shall not be available.

v. After successful OTP authentication, target Beneficiary demat account shall be added to the list of beneficiaries.

C. Procedure for Deleting Target Beneficiary Demat Account (Intra and Inter Depository) by Participant through File upload provided at eDPM:

1. Client shall initiate the request for deletion of already added target Beneficiary demat account by submitting physical form (as enclosed as **ANNEXURE VV (1)**) to its depository participant.

2. The file upload facility is provided under Upload/Download option on eDPM system to facilitate Participants to delete already added target Beneficiary demat account as per client request. (Ref: NSDL Circular no. NSDL/POLICY/2023/0175 dated December 15, 2023).

3. The details of target Beneficiary demat account viz., PAN, DP ID & Client ID provided in the file uploaded for deletion will be validated with the details available in list of target Beneficiary demat account already added in client's demat account.

4. After successful validation a link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of client for authentication.

5. On clicking the said link, client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for client's confirmation will be displayed to client. On OTP confirmation, request for deletion of target Beneficiary demat account will be processed and target Beneficiary demat account shall be deleted from the list of beneficiaries.

6. In case OTP confirmation is not completed till EOD of the request initiation date, pending Requests for deleting target beneficiary demat account will be rejected. DP can reinitiate such rejected requests for OTP confirmation.

23.1.1 Procedure for off-Market transfers:

A. Procedure for off-Market transfer instruction processing Screen based/manual mode of instruction execution or through File upload provided at eDPM:

1. Existing process followed by participants for execution of screen based off-market instruction or uploading off-market transaction file through file upload provided in eDPM shall be continued.

2. In case of intra-depository off-market transfer instruction, NSDL depository system shall validate the target Beneficiary demat account details with the list of beneficiary's details which are already added in client's demat account. After successful validation NSDL depository system will process the off-market instruction as per existing mechanism.

3. In case of inter-depository off-market transfer, depository system shall validate the details of target Beneficiary demat account details with the list of beneficiary's details. After successful validation source depository will forward the details of the transferee client viz., PAN, DP ID & Client ID to target depository for Validation.
4. Target depository shall validate the details of target beneficiary demat account viz., PAN, DP ID & Client ID and process the instruction. Existing Mechanism will be followed post successful validation.

B. Procedure for Off-Market Transaction execution by Client through SPEED-e using eToken:

1. Client shall login on NSDL SPEED-e Portal using e-token and select appropriate option provided under TAB "Submit Instruction" as per the existing process and submit offmarket transfer instruction.

2. Drop-down facility is provided to the client to select the appropriate target beneficiary demat account which is already added to the list of beneficiaries.

3. In the case of Intra-depository off-market transfer existing mechanism shall be followed to process the instruction.

4. In the case of Inter-depository off-market transfer, NSDL system shall exchange the details of the transferee client viz., PAN, DP ID & Client ID with target depository for Validation.

5. Target depository shall validate the details of target beneficiary demat account viz., PAN, sDP ID & Client ID and process the instruction. Existing Mechanism will be followed post successful validation.

   The changes in respect to addition/deletion of beneficiary target demat account through file upload by participants are implemented in NSDL depository system on December 26, 2023

   The changes in SPEED-e system in respect to addition of target beneficiary demat account details by client and validation of target Beneficiary demat account with list of beneficiaries in NSDL depository system has been implemented at EOD of December 29, 2023.

23.1.2 Other points to be noted:

1. In case of PAN exempt category, Participants are advised to capture the value as "EXEMPTCATG" or "SIKKIMCATG" as applicable under the PAN field while adding beneficiary target demat account. (Ref: NSDL Circular nos. NSDL/POLICY/2006/0031 dated August 09, 2006).

2. Addition of beneficiary target demat details will be mandatory and applicable for all types of OFFMARKET TRANSFER REASON CODE available in NSDL system from January 1, 2024.

23.3.4 File formats in respect of Facility to remedy erroneous transfers in demat accounts:[199]

The new file formats in respect of the back-office interface in eDPM system for addition and deletion of Beneficiary Demat account for executing off-market transfer are available on https://nsdl.co.in/nsdlnews/udiff.php.[200]

The details in respect of file formats are mentioned below:

i. File Format for Addition/Deletion in respect of Beneficiary upload for executing Off Market Transfer

ii. File Format for Addition/Deletion in respect of Beneficiary download for executing Off Market Transfer

All Participants were advised to make necessary changes in their back-office system by December 29, 2023.

24. OPERATIONAL GUIDELINES FOR PROCESSING OF REQUEST FOR TRANSFER OF AIF UNITS AND CREATION OF ENCUMBRANCE ON AIF UNITS IN DEMATERIALISED FORM.[201]

1. The nomenclature of ISIN description in respect of AIF will have the wording as "Restricted Transferability" after security short name. For example: ISIN Short Name shall be shown as "XYZ GROWTH FD II – Restricted Transferability".

2. For AIF units held in dematerialised form under ISINs which are under 'Restricted for transfer' status, following transactions will require approval of AIF (issuer of AIF units) for processing:
   - Off-market transfer of AIF units (Inter-depository and Intra-depository both)
   - Creation of pledge/hypothecation on AIF units

[199] Circular No.: NSDL/POLICY/2023/0175 dated December 15, 2023
[200] Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024 and Circular No.: NSDL/POLICY/2024/0116 dated August 26, 2024
[201] Circular No.: NSDL/POLICY/2023/0156 dated November 08, 2023

- Creation of Margin Pledge on AIF units between investor and Trading Member (TM)/Clearing Member (CM).

3. The market transfers of AIF units from Client's demat account to Pool account and vice versa for any market type/settlement shall NOT be allowed.
4. For creation of any hold under non-disclosure undertaking (NDU), in respect of AIF units Participants must ensure that client has obtained prior approval from AIF issuer before processing NDU creation request.
5. Following transactions in respect of AIF units shall not require any approval of AIF and will be executed as per existing process:
    - Pledge/Hypothecation:
        - Unilateral and Normal Closure
        - Invocation
    - Margin Pledge/Re-Pledge
        - Release of Margin pledge
        - Invocation of margin pledge
        - Re-pledge to Clearing Member and to Clearing Corporation
        - Release of re-pledge from Clearing Member and from Clearing Corporation
    - NDU
        - Release of any hold created on AIF units due to non-disclosure undertaking (NDU)

Processing of Off-Market Transfer Instructions:

1. Clients who intend to carry out off-market transfer of AIF units will need to submit Delivery Instruction Slip (Form 12 / 13 / 15 / 16 / 36 / 37) for transfer of securities to their Participants or electronic instructions through SPEED-e.
2. The extant process for verification, capture and execution of client's request by Participants shall be followed.
3. Any off-market transfer will be processed after taking consent from the transferor client by way of OTP confirmation. The status of the instruction shall remain in 'Pending for OTP confirmation' as per existing defined system.
4. Post OTP confirmation from transferor client, the status of the instruction shall be 'Accepted, subject to Issuer approval' and will be available to issuer for approval/rejection.

5. The issuer shall approve the aforesaid client's request within E+3 business days in NSDL depository system ('E' being the execution date captured in NSDL depository system). The business day means 'Monday to Saturday' including any holiday and excludes all Sundays.
6. In case any rejection of transfer/pledge by the issuer, the same will be intimated to Participants with rejection reason.
7. After the approval of instructions by the issuer, the off-market transfer request will be processed subject to payment of stamp duty, as applicable. The client will need to make payment of the required stamp duty before off-market transfer request is processed as per the extant process.
8. For instructions processed after the execution date captured in the system and before E+3 business days, the instruction shall be processed on the date of issuer confirmation subject to payment of stamp duty.
9. If the payment of stamp duty is not made on the day of issuer confirmation, then the instruction will be rejected in EOD of that date.
10. In case the issuer does not approve the instruction within the expiry period i.e., E+ 3 business d ays, at EOD of the third business day, the instruction shall fail, and the status of instruction will change to 'Rejected' with reason 'EOD010' (Order rejected at EOD due to non-receipt of Issuer response).

Processing of Pledge/Hypothecation Creation Instructions:

1. For creation of encumbrance by way of pledge/hypothecation, clients will need to submit a request for creation of pledge/hypothecation in Form 28 to their Participants or submit electronic instruction through SPEED-e.
2. The extant process for verification, capture and execution of client's request by Participants shall be followed.
3. Post execution of request for creation of pledge or hypothecation in NSDL system by Participants, the Depository shall electronically send the details to the Issuer for their approval. Until the approval of aforesaid client's request by issuer, the instruction will be in the status 'Accepted, subject to Issuer approval' and will be available to issuer for approval/rejection.
4. The issuer shall approve the aforesaid client's request within E+3 business days in NSDL depository system ('E' being the execution date captured in NSDL depository system). The business day means 'Monday to Saturday' including any holiday and excludes all Sunday.
5. For encumbrance creation request approved by issuer, the encumbrance will be recorded post acceptance by pledgee.
6. For instructions processed after the execution date captured in the system and before E+3 business days, the instruction shall be processed on the day of issuer approval.

7. In case issuer does not approve the instruction within the expiry period i.e., E+3 business days, at EOD of the third business day, the instruction shall fail, and the status of instruction will change to 'Rejected' with reason 'EOD010' (Order rejected at EOD due to non-receipt of Issuer response).
8. In case any rejection by the issuer, the same will be intimated to Participants with rejection reason.

Processing of Margin Pledge Creation Instructions:

1. For creation of encumbrance by way of margin pledge, the extant process for submission of request in Form 43 to Participant or submission of electronic instructions through SPEED-e, verification, capture and execution of client's request by Participants shall be followed.
2. Post execution of request for creation of margin pledge in NSDL system by Participants and OTP confirmation by client (pledgor), the Depository shall electronically send the details to the Issuer for their approval. Until the approval of aforesaid client's request by issuer, the instruction will be in the status 'Accepted, subject to Issuer approval' and will be available to issuer for approval/rejection.
3. The issuer shall approve the aforesaid client's request within E+3 business days in NSDL depository system ('E' being the execution date captured in NSDL system). The business day means 'Monday to Saturday' including any holiday and excludes all Sunday.
4. For instructions processed after the execution date captured in the system and before E+3 business days, the instruction shall be processed on the date of issuer confirmation.
5. In case issuer does not approve the instruction within the expiry period i.e., E+ 3 business days, at EOD of the third business day, the instruction shall fail, and the status of instruction will change to 'Rejected' with reason 'EOD010' (Order rejected at EOD due to non-receipt of Issuer response).
6. In case any rejection by the issuer, the same will be intimated to Participants with rejection reason.

Participants are requested to take note that the aforesaid process has been effected from immediate effect and inform their clients suitably.

25.. **PROCEDURE FOR TRANSFER OF LOCKED-IN SECURITIES OR SECURITIES HELD UNDER SUSPENDED ISIN IN CASE OF ACCOUNT CLOSURE AND/ OR TRANSMISSION**:[202]````

25.1 As Participants are aware, the securities which are locked-in by the Issuer or securities held under suspended ISIN in the depository system cannot be transferred from one account to another. Due to this restriction, transfer of securities from one account to another necessitated by account closure and/ or transmission also cannot be effected.

25.2. In order to facilitate such transfers in co-ordination with the Issuer / R&T Agent, Participants are requested to adhere to the following procedure (in addition to existing procedures for account closure and transmission):

[202] Circular No.: NSDL/POLICY/2011/0020 dated March 5, 2011

A. **In case of Account Closure:**

i. For Participants:

1. Participant must request the Client to submit a copy of the Client Master Report of the target account with another Participant where the securities are to be transferred.
2. Participant must verify that the target account and source account belong to the same Client. The names and order of names of the accountholders including the PANs in the source account and the target account must match.
3. After due verification, the Participant must forward a request (format enclosed at **Annexure VV(1)**) to the concerned Issuer/its R&T Agent alongwith copies of Client Master Report of the source account and the target account for execution of corporate action to effect the transfer of locked-in securities/ securities held under suspended ISIN.

ii. For Issuers/ R&T Agents:

1. The Issuer must submit a Corporate Action Information Form (for transfer of locked-in securities or securities held under suspended ISIN due to account closure) as per the format given at **Annexure VV(2)** alongwith copy of its latest Secretarial Audit Report to NSDL.
2. For execution of corporate action, the Issuer has to advise its R&T Agent/Registry Division.

B. In case of Transmission:

i. For Participants:

1. Upon submission of all the required documents by the legal heir/legal representatives of the deceased Client, the Participant must verify the documents and execute the transmission in respect of all other securities (if any).
2. n respect of securities which are locked-in or held under suspended ISIN, after due verification, the Participant must forward a request (format enclosed at **Annexure VV(3)** to the concerned Issuer/its R&T Agent for execution of corporate action to effect the transfer of locked-in securities/ securities held under suspended ISIN.

ii. For Issuers / R&T Agents:

1. The Issuer must submit a Corporate Action Information Form (for transfer of locked-in securities or securities held under suspended ISIN due to transmission) as per the format given at **Annexure VV(4)** alongwith copy of its latest Secretarial Audit Report to NSDL.
2. For execution of corporate action, the Issuer has to advise its R&T Agent/Registry Division.

25.3 In case Participant is unable to close the account due to pending demat/remat requests, ISIN in suspended status or due to open pledges, etc., the Participant should freeze the account i.e. "suspended for debit and credit".[203]

Upon receipt of request from the Participant, the Issuer/R&T Agents executes corporate action to debit the securities from the source account and credit the securities to the target account. Such corporate actions are executed either using the simultaneous corporate action module or the regular corporate action module. In case the Issuer/R&T Agent is required to use the regular corporate action module, the debit corporate action cannot be effected as the account is suspended for debit and credit for the reason of account closure. Thus, in such cases, to enable the Issuer/R&T Agent to execute the corporate action successfully, the Participant may remove the freeze from accounts for this reason in close co-ordination with the Issuer/R&T Agent. While removing the freeze, Participants must verify that if the account is frozen for any other reason such as statutory order, etc, such freeze must not be removed.[204]

26. Eligibility Criteria for the investors permitted to hold/transact in Sovereign Gold Bonds (SGB).[205]

26.1 Participants are advised to take note of the below to comply with the RBI directions / notification and to ensure that the transfer instruction in respect of SGB are executed only for the eligible entities as specified below:

26.2 The following client categories are eligible to hold SGBs[206]

i. Person Resident in India
ii. Trust
iii. HUFs
iv. Charitable Institutions
v. Universities

In this regard, NSDL depository system has system level validation for off-market transfers in respect of SGBs as mentioned below:

1. NSDL system shall validate the recipient's demat account for the following conditions before accepting such instruction.

(a) The fourth character of the PAN of the First Holder is "P" and Client Type is 01 "Resident".

(b) The fourth character of the PAN of the First Holder is "H" for HUF.

(c) The fourth character of the PAN of the First Holder is "T" for Trusts/Charitable Institutions.

(d) The fourth character of the PAN of the First Holder is "J" for universities.

(e) In cases where the First Holder PAN is 'PAN EXEMPT' or 'SIKKIM' category, the credit shall be accepted provided the Client Type is Resident and HUF.

[203] Circular No. NSDL/POLICY/2006/0001 dated January 5, 2006
[204] Circular No.: NSDL/POLICY/2011/0114 dated December 30, 2011
[205] Circular No.: NSDL/POLICY/2024/0066 dated May 27, 2024, Circular No.: NSDL/POLICY/2025/0083 dated June 27, 2025
[206] Circular No.: NSDL/POLICY/2024/0183 dated December 13, 2024

In case of all other client categories, the off-market transaction shall be rejected.

Participants are also advised to check the target client category at the time of executing any transfers of SGB including pledge invocation through DPM system.

CHAPTER 16 – SYSTEMS

GENERAL

1. Every Participant shall maintain continuous electronic means of communication with NSDL.[1]

2. The Participant shall install at its server premises, client server, hardware configuration with system database, communication and application software as prescribed by NSDL.

   i. Unless otherwise supplied directly by the NSDL, all hardware and software in accordance with prescribed configuration shall be procured by the Participant.

   ii. The above hardware and software set-up shall be dedicated for NSDL specific application module.

   iii. The above hardware may be connected by the Participant to their internal LAN for data transfer purpose.

   iv. The above hardware shall not be connected by the Participant to their interoffice WAN without the prior written permission of NSDL.

   v. The Participant shall carry out, upgradation or replacement of the above-mentioned configuration from time to time as may be prescribed by NSDL.[2]

HARDWARE AND SOFTWARE SYSTEMS[3]

3. The User shall carry out transactions relating to the Depository only through the approved User Hardware System located at approved locations of the office of the User. No other workstation, computer system or hardware may be connected to the User Hardware System without the prior approval of the Depository. Each Participant shall have a unique identification number provided by the Depository called the BP ID which shall be used to identify that User by the Depository and by other Users.

4. Participant shall have a non-exclusive permission to use the DPM as provided by the Depository in the ordinary course of its business as such User. The permission to use the DPM shall be subject to the payment by the User of such charges as may be specified by the Depository.[4]

5. Participant shall not use or permit any other person to: -

   i. use the software provided by the Depository for any purpose other than the purpose as approved and specified by the Depository;

   ii. use the software provided by the Depository on any equipment other than the User Hardware System;

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1 Regulation 62 of the D&P Regulations.

2 Clause 13, *Agreement Between the Depository Participant and the National Securities Depository Limited*, Annexure A, NSDL Byelaws.

3 Rule 4.1 and Rule 9.2 of NSDL Business Rules.

4 Depository Participant Module (DPM) means the software(s) provided by the depository relating to the Depository operations deployed and/or accessed using the User hardware system, Rule 4.1 of NSDL Business Rules.

iii. copy, alter, modify or make available to any other person, the software provided by the Depository;

iv. use the software in any manner other than the manner as may be specified by the Depository;

v. attempt directly/indirectly to decompile, disassemble or reverse engineer the same.

6. A Participant shall not, by itself or through any other person(s) on its behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store or use any information provided by the Depository for any purpose other than in the ordinary course of its business as a User of the Depository, except with the explicit approval of the Depository.

7. The Participant and the Participant which is a Clearing Corporation shall install the hardware and software which shall be in conformity with the configurations specified by the Depository from time to time.

8. The Depository shall provide an application software called the Depository Participant/Clearing Corporation (CC) Module [Local DPM] to the Participant which is a Clearing Corporation, and any up gradations or modifications to such software on payment of such fees as may be determined by the Depository.

Direct connectivity of DPM System with the Back Office System of the Participant[5]

9. To facilitate ease of operations and for eliminating the manual efforts involved in transferring the instructions / data from the Back Office System for onward upload into the e-DPM System, Participants can establish a direct connectivity between the Local DPM System and their Back Office System.

10. Local DPM System and Back Office System may be located at the same place or at different locations (inter or intra city in India). Similarly, facility is also available for Participants to establish direct connectivity between the Local DPM system and Client machine if both are located at different locations (inter or intra city in India).

11. In this regard, Participants will be required to obtain prior approval of NSDL.

12. Participants who wish to subscribe for DPM Plus which will also include the aforesaid facility (Online Account Transfer cum Closure request) may send a request to NSDL Depository-Products@nsdl.com for activation, charges and more information about the facility.

13. Participants are required to inform their clients regarding the availability of facilityfor online closure of demat accounts through emails, SMS, weekly / fortnightly / monthly newsletters etc. The procedure for online closure of demat accounts shall be informed in such communications.[6]

[5] Reference: Circular No.: NSDL/POLICY/2009/0071 dated August 21, 2009.
[6] Reference: Circular No.: NSDL/POLICY/2021/0075 dated July 19, 2021.

RECORDING OF NON-DISPOSAL UNDERTAKING (NDU) IN THE DEPOSITORY SYSTEM

14. To enable the shareholders to record the NDUs in the depository system, SEBI decided to permit the depositories to offer a system for capturing and recording the NDUs.[7]

CHANGES IN FILE FORMATS

15. Pursuant to the meetings between SEBI, Depositories, Clearing Corporations and Stock Exchanges regarding Block mechanism in demat account of the client undertaking sell transactions, wherein the operating modalities were discussed in respect of processing of Account Transfer / Inter Depository transfer (IDT) debit instructions based obligation data received from Clearing Corporations, the changes in the following file formats in respect of the back office interface with DPM system are enclosed at **Annexure A**:[1778]

    i. DPM Transaction Upload – Account Transfer and IDT

    ii. Changed Orders for the Day (COD)

    iii. e-DIS and Block Mechanism Transaction Download on e-DPM

    iv. Changes in respect of description of booking codes. (The same booking codes ofe-DIS functionality are being used for Block mechanism.)

    Participants are advised to make necessary changes in their back-office system and are requested to inform their TMs/CMs/Clients suitably.

16. Necessary changes in the existing file formats with respect to e-token based Clients / CMs on SPEED-e for below mentioned instruction types are at **Annexure B** (Please refer the .xlsx file titled "*Annexure A*").[1789]

    i. Delivery to Client transfer,

    ii. Inter Depository transfer,

    iii. SPICE instructions upload by Clearing Member (CM) to debit Client's beneficiary account and credit to the Client Account of CM for the purpose of margin.

17. Participants are requested to inform such e-token based users to carry out the changes in their back office. Further, Participants are required to update their back-office system with respect to the changes in the file formats of the SPEED-e instructions download (Those Participants who are routing SPEED-e instructions file through their back office). The revised file formats

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7 Reference: Circular No.: NSDL/POLICY/2017/0042 dated July 12, 2017; Circular No.: CIR/MRD/DP/56/2017 dated June 14, 2017.

8 Reference: Circular No.: NSDL/POLICY/2021/0058 dated June 19, 2021.

9 Reference: Circular No.: NSDL/POLICY/2021/0067 dated July 02, 2021.

with respect to download for Participants are at **Annexure B** (Please refer the .xlsx file titled "*Annexure B*").[10]

CONNECTIVITY OF LOCAL DPM SYSTEM THROUGH INTERNET DURING MPLS CONNECTIVITY FAILURE/EMERGENCY

18. The facility has been enhanced to connect Local DPM System through internet during primary connectivity failure/emergency. Participants are informed that during MPLS connectivity failure or in case of emergency, Participants can establish connectivity through internet for Local DPM system to ensure continuity of business. The pre-requisites for accessing Local DPM System through internet are as follows:

    i. Prior approval of NSDL Help Desk:

        a) Obtain a token number for the problem reported.

        b) Send email from the Compliance Officer's or Alternate Compliance Officer's email address or mail by the Compliance Officer / Alternate Compliance Officer.

    ii. Facility to be disabled: As this facility can be availed only during connectivity failure or in case of emergency, after completion of the requisite activity connectivity would be disabled.

SINGLE LOGIN TO E-DPM FACILITY FOR PARTICIPANTS WITH MULTIPLE DPM SETUPS (MASTER-SLAVE)

19. The facility to upload a single file containing instructions of additional DP IDs for Participants having multiple Local DPM set-ups is provided.[11] DPM System was enhanced to facilitate users of such Participants having multiple DPM set-ups, to login to all DPM set-ups with a single login. The details of this feature are enclosed at **Annexure C**.[12]

Signing and encryption application - 'eSigner'[13]

20. The signing and encryption utility named 'eSigner' will facilitate Participants in digitally signing and encrypting the instruction file. The salient features of 'eSigner' application are as follow:

    a) 'eSigner' application will support back-office system of Participants.

    b) 'eSigner' application will be required to be installed in the back-office system, which Participants will manually sign and encrypt the generated instruction file (various type of instructions viz., demat, remat/repurchase, account transfer, inter settlement transfer,

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10 Reference: Circular No.: NSDL/POLICY/2021/0067 dated July 02, 2021.
11 Reference: Circular No.: NSDL/POLICY/2012/0024 dated February 17, 2012.
12 Reference: Circular No.: NSDL/POLICY/2012/0145 dated December 14, 2012.
13 Reference: Circular No.: NSDL/POLICY/2023/0059 dated May 15, 2023; Circular No.: NSDL/POLICY/2012/0098 dated September 18, 2012.

inter-depository transfer, delivery out etc.,) for onward upload into the e-DPM System. e-DPM System will decrypt and verify the digitally signed instruction file.

c) Alternatively, 'eSigner' application can also be integrated with the back-office application for automatically signing and encrypting the generated instruction files.

Digitally signing and encryption will ensure secure transmission of the instruction files during the transition i.e., transfer of instruction files from the back office till the instruction file is uploaded into the e-DPM System.

21. Participants are requested to take note of the following procedure to be followed for availing the facility of 'eSigner' application:

i. Contact NSDL Help Desk by sending an email at helpdesk@nsdl.com from the Compliance Officer's email address.

ii. Upon receipt of the email, NSDL Help Desk will provide the 'eSigner' application manual, which would contain the details viz., installation process, integration of 'eSigner' application with back-office system of the Participant, process flow, required testing details, terms and conditions etc. Upon integrating the 'eSigner' application with the back-office System, Participants will be required to inform NSDL Help Desk by sending an email at helpdesk@nsdl.com from the Compliance Officer's email address for enabling the signing and encryption option in the e-DPM System. Further, Participants will also be required to send the original duly signed terms and conditions to NSDL-Participant Interface Department.

iii. NSDL Help Desk will enable this facility and inform the same to the Participant.

Password Management[14]

22. The application software supplied by NSDL to its Participants provides a facility to secure the application using password. Participants are advised to create "ADMIN User" on e-DPM and use sync user function which sends the user creation message to Local DPM, this 'ADMIN' user will act as the System Administrator for NSDL Local DPM as well as e-DPM. This ADMIN User in turn will create various Users who will have the access to various parts of e-DPM and Local DPM Application. These Users can perform various functions depending upon the rights given to them by ADMIN User.

23. The details on how to create function groups and the structure of access rights are provided in the User's Manual supplied by NSDL. ADMIN user, his/her Password may be kept in sealed envelope with the Data Security Officer or any other designated officer so that in the absence of ADMIN User, his/her duties can be performed by referring to the password so preserved.

24. General Guidelines on Password management:

i. Length of the Password can be Minimum 8 Characters.

[14] Reference: Circular No.: NSDL/PI/2000/820 dated May 31, 2000.

ii. Password can have alpha, numeric or special characters in any order. It is recommended that the first character is an alphabet.

iii. Password should not be related to or resemble the name of the user or family of the user.

iv. Password should not be a dictionary word or name of the location/city/town/building/organisation in which the machine is located.

v. Password may be changed every 60 days.

vi. ADMIN User is requested to change the status of a User to 'Suspended' if the User goes on leave for more than two days to avoid misuse of the User Id by other Users. The status can be made active once the User resumes the duty.

vii. It is recommended that the status of a User be changed to 'Closed' if the User leaves the organization.

viii. Participants are advised to implement these guidelines.

Deletion of log files after specified period[15]

25. During the regular operations of the Participants, certain log files are created in the Local DPM System which affects the performance of the Local DPM System resulting in problems like latest status of instructions not getting updated in the Local DPM System, message processing taking more time, etc. To improve the performance of the Local DPM System, Participants are advised to clear these log files as per the procedure given below:[16]

i. Identify the folders where the log files are created in the DPM Server (names given below):

(a) Received Data

(b) XML Directory

(c) Upload Directory

(d) Export Directory

(e) Response

ii. At regular intervals (preferably daily), move all the contents of the above folders to another drive where sufficient free space is available.

26. A facility is provided in Local DPM System wherein the contents from the following folders would be automatically deleted after a specified period, as given below:

15 Reference: Circular No.: NSDL/POLICY/2011/0091 dated November 3, 2011.

16 Reference: Circular No.: NSDL/POLICY/2011/0022 Date: March 10, 2011.

Sr. No.	Name of the folder	Period
	Received Data	7 days
	Auto Upload	
	Export	
	XML File Directory	
	Recodirectory	

27. For improved performance of the Local DPM System, as informed in the aforesaid circular, Participants are requested to move the contents from the above folders to another drive (where sufficient space is available) at regular intervals (preferably daily). Further, facility to choose a drive of their choice in Local DPM System, where the contents can be downloaded is also available.

28. As contents of the folders would be deleted after the specified period, as mentioned above, Participants if they so desire, can move the contents of the folders from the Local DPM System to back-office system or any other PC before the specified period.

NSDL's e-PASS Portal

29. The intranet site of NSDL hosts various reports for use by Participants such as Price file, PMLA alerts, Local DPM releases etc. as well as enables Participants to interact for other facilities such as PAN modification requests, waiver requests, etc. The URL to be entered in the address bar of the web browser to access the site is https://www.epass.nsdl.com.

Daily Price File[17]

30. Participants can download daily price file containing *inter alia* the rates of securities as provided by NSE/BSE/Issuer. The Price file for the day will be made available by EOD from NSDL's intranet site. In view of addition of security type code '20' Mutual Fund Units (TRASE), a separate file of daily NAV of Mutual Fund ISINs (starting from November 30, 2009 till date and of subsequent dates) along with the daily price file will be made available on e-PASS Portal of NSDL (i.e. https://www.epass.nsdl.com) for downloading on a daily basis. The daily price file will be continued to be made available by 7.00 p.m. on the same day whereas the daily NAV file will be made available by 11.00 a.m. on the next day on intranet site of NSDL.[18]

31. All fields in the daily NAV file will be delimited by (# |) characters. The file format is available on NSDL's e-PASS. Participants are requested to take note of the above to make necessary arrangements in their back offices.

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[17] Reference: Circular No.: NSDL/POLICY/2011/0097 dated November 25, 2011; Circular No.: NSDL/POLICY/2010/0072 dated June 30, 2010.

[18] Reference: Circular No.: NSDL/POLICY/2009/0117 dated December 5, 2009.

Participants[19]

32. EOD process at DPM System will commence at 4:30 PM on Saturdays and at e-DPM/Local DPM System will commence at 10:30 pm.

33. The GISMO (GISMO can be accessed at C:\ProgramFiles\NSDL\GISMO\GISMO.exe) will display "My business end time 10.30 pm" on weekdays. Further, the EOD at DM will commence after 10:30 pm 10.00 pm on weekdays. Participants are requested to note that for Saturday, GISMO will display "My business end time 4.30 pm" and EOD at DM will commence after 4:30 pm.

34. In case the GISMO does not display the aforesaid messages, Participants are requested to contact helpdesk.

AVAILABILITY OF NSDL DEPOSITORY SYSTEM ON WEEKDAYS FOR THE EXTENDED WORKING HOURS[20]

35. SEBI has issued guidelines in respect of upfront collection and reporting of margins in the Cash segment effective from September 1, 2020. In this context, Clearing Corporations (CCs) have informed to NSDL that Clearing Members (CMs) would require additional time for submission of instructions in respect of Early Pay-in (EPI) of securities on Trade Day. Further, CCs have extended timelines for submission of Irreversible Delivery out (IDO) instructions by CMs for giving EPI benefits to CMs on Trade Day. In view of the above, Participants / CMs requested to NSDL for extension of working hours of NSDL depository system for execution of IDO instructions and carrying out necessary activities subsequently in NSDL depository system. Accordingly, all Participants are informed that the NSDL Depository system is available on weekdays (excluding Saturday, Sunday and DM holidays) for the extended working hours till 10:30 p.m. and the End of the Day (EOD) activities will commence at 10:30 p.m.

LODGING COMPLAINTS / ISSUES RELATED TO SYSTEMS

36. Pursuant to the discussions held in the Technical Advisory Committee (TAC) of SEBI, SEBI advised to provide a mechanism for lodging complaints / issues related to systems with the system auditor. Accordingly, an email id viz; systemauditor@nsdl.com is created to facilitate Participants to lodge complaint/ issue to the system auditor of NSDL.[21]

37. **The list of output provided in GISMO is given below:**

    i. **Incorrect Pin codes in Client Address details:** The output will provide the list of client accounts opened during the specified time period where incorrect pin code in client address was entered. In addition, the output will also provide all such client

19 Reference: Circular No.: NSDL/POLICY/2011/0001 dated January 1, 2011; Circular No.: NSDL/POLICY/2008/0068 dated October 10, 2008; Circular No.: NSDL/POLICY/2008/0038 dated May 30, 2008.
20 Reference: Circular No.: NSDL/POLICY/2020/0129 dated September 28, 2020.
21 Reference: Circular No.: NSDL/POLICY/2017/0047 dated August 1, 2017.

accounts where incorrect pin code was entered in client address while making changes in the client master details during the specified time period.

ii. **Incorrect Pin codes in bank address details:** The output will provide the list of client accounts opened during the specified time period where incorrect pin code in bank address was entered. In addition, the output will also provide all such client accounts where incorrect pin code was entered in bank address while making changes in the client master details during the specified time period.

iii. **Client accounts with standing instruction (SI) disabled:** The output provides list of all such client accounts opened during the specified time period where SI is disabled (not ticked in DPM). In addition, the output will also provide all such client accounts where SI has been disabled while making changes in the client master details during the specified time period. Further, the outputs have been bifurcated as under:

a) Client accounts opened in 'resident' category with standing instruction disabled.

b) Client accounts opened in 'non-resident' category with standing instruction disabled.

iv. **List of Client accounts which are opened in the name of "And Sons":** The output will provide the list of client accounts opened during the specified time period where the client account have been opened in the name of "And Sons".

v. **List of Client accounts opened for more than three Holders:** The output will provide the list of client accounts opened for more than three Holders during the specified time period.

vi. **List of Client accounts opened for more than three Holders and SI enabled:** The output will provide the list of client accounts opened for more than three Holders with SI enabled during the specified time period. In addition, the output will also provide all such client accounts where SI was enabled while making changes in the client master details during the specified time period.

vii. **Bank address details not entered as per NSDL requirements:** The output will provide the list of client accounts opened during the specified time period for which fourth row in bank address line was left blank. In addition, the output will also provide all such client accounts where fourth row in bank address line was left blank while making changes in the client master details during the specified time period.

viii. **List of client accounts where the first holder is a Minor and the account is opened with a Joint holder:** The output will provide the list of client accounts opened during the specified time period where the first holder is a Minor and the account is opened with a Joint holder. In addition, the output will also provide all such client accounts with joint holding where the option 'guardian' instead of nominee has been chosen while making changes in the client master details during the specified time period.

ix. **List of 'HUF' accounts opened under a different type-subtype:** The output will provide the list of client accounts opened during the specified time period with suffix 'HUF' in the name of the account holder, but the account has been opened in any sub-type other than 'HUF' in DPM.

x. **List of demat accounts opened in the 'corporate' category in joint holder:** The output will provide the list of client accounts opened in corporate category in joint holder during the specified time period.

xi. **List of corporate Accounts opened which are probably not corporate accounts:** The output will provide the list of client accounts opened during the specified time period where the word 'limited' or its variants are not found in the First Holder Name.

DPM setup after upgradation - Checklist for Compliance on Premises[22]

38. NSDL, vide its circulars, has been prescribing certain procedures that are to be followed by Participants after they carry out any significant change in the hardware / software used for depository purposes such as:

i. upgradation of the server used for Local DPM activities

ii. New Servers

iii. OS/Database migration

39. For the benefit of the Participants, a checklist of activities to be performed after any of the above-mentioned activities are carried out, has been compiled, as follows:

Sr. No.	Description
1	Separate HDD for Operating System and database to reside on RAID configured drive
2	Installation of Latest Anti-virus software
3	Installation of RAID Monitoring utility
4	Online Submission of Revised Form B.
5	OS 64 bit and database Supported version

DPM SOFTWARE - MODIFICATION ONLY WITH PRIOR PERMISSION OF NSDL

40. The minimum server hardware configuration for NSDL DP setup is:

i. CPU - Intel/Quad/Xeon or Higher

[22] Reference: Circular No.: NSDL/PI/2004/0648 dated April 10, 2004.

ii. CPU - Speed 3.0 Ghz (Minimum 2 processors, total 4 Core) or higher

iii. RAM - Minimum 16GB (Recommended 32GB or more)

iv. OS - Windows 2016/ 2019 std 64 bit with latest SP (License and Media procured by client)

v. DB-SQL 2016/2019 standard edition

vi. Disk space

Drive	**Minimum**	**Recommended**	**RAID**
OS	300 GB or 2X300 GB	500GB or 2X500GB or more	RAID is not mandatory
DB	2X500 GB or 3X500 GB	2X1TB or 3X1TB or more (Check DB & backup Size)	RAID is mandatory

41. It is mandatory to have a separate HDD for operating system and the database to be configured on the RAID drive to minimize the time required for the server to be operational in the eventuality of Operating System failure. The time to operation in this case would be only for Operating System & application installation.

42. Any upgradation of the DPM Hardware should be undertaken only after obtaining prior permission from NSDL. Participants are advised to ensure the following before proceeding with any upgradation:

i. Inform NSDL at least 15 days in advance about the details of the proposed upgradation of hardware.

ii. Time schedule for upgradation shall be fixed in consultation with NSDL.

iii. All requisite steps as may be specified by NSDL for this purpose shall be carried out.

iv. Online FORM B submission needs to be completed.

43. Participants are cautioned that any unilateral upgradation of the DPM hardware may result in the failure of the system, seriously impacting their day-to-day depository operations causing losses to their clients.

44. The above requirements shall apply to all the changes listed below:

i. DPM Hardware replacement/upgrade

ii. Upgrade of WINDOWS 2019 64 Bit software on server, Windows-10 system software on client, SQL Server 2019 standard edition, NSDL application, NSDL's application software on server/client and Anti-Virus software.

iii. Upgrade/replacement of NSDL permitted version of WINDOWS 2019 system software, SQL Server 2019 standard edition and Anti-Virus Software. (Including the upgrades suggested by NSDL for which software and procedure for upgrade are provided by NSDL)

iv. Change in settings of Windows-2019 OS and SQL Server 2019 standard edition (including settings for security, database mirroring/replication, table sizes etc.)

v. Installing any additional software and utilities on client/server

vi. Inter-connection of DPM system to internal LAN, or additional node/server or any other hardware device not specified by NSDL.

(Please note that inter-connection of DPM system to any other WAN is prohibited by DOT).

45. Any change being carried out, after obtaining the permission from NSDL helpdesk should be done in accordance with procedure stipulated by NSDL.

46. The upgrade/ of Local DPM application software with new release may be carried out in accordance with the prescribed procedure as per the current practice without additional permission from NSDL.

GUIDELINES FOR MONITORING HARD-DISK SPACE[23]

47. All Participants are advised to follow and strictly adhere to the guidelines for monitoring hard disk space given below to ensure proper functioning of DPM Application Software and smooth conduct of business operations.

48. **Guidelines for monitoring hard disk space:** The System Administrator of the Participant should carry out the activities mentioned below on the DPM Server regularly:

The free space available on the Local DPM Server should be monitored regularly and it should be ensured that at any given point of time sufficient free space is available on the DPM Server. In order to achieve this, the following unwanted files residing on the server must be deleted:

[23] Reference: Circular No.: NSDL/PI/98/372 dated August 13, 1998.

Sr. No.	Name of files	What to check before deleting	When to delete
(i)	Files generated after successful installation/ upgradation of DPM Application Software. The names of these files are mentioned in the installation/ upgradation manual	Ensure that the software is running smoothly for a week. The client disk directory should not be deleted.	A week after installation / upgradation of the Local DPM Application Software
(ii)	System-generated transaction log (Transnsdlxxxxxxxx.dat) residing at c:\mssql\ backup directory	Ensure that all the files are backed up on two media (local and remote backup DAT)	At the end of every week, all files which are more than three days old
(iii)	Temporary files (*.tmp) residing on the server	Nothing	At the end of every week
(iv)	Back office related files residing on the Server	A copy, if required, is stored in the back-office	At the end of every day.

49. Participants are also advised to note the following:

i. After submitting the instructions on e-DPM, if messages remain in status "Transferred /Released" for a long time. Participant should inform NSDL Help Desk immediately and ensure the messages' status reflects "Settled" before EOD

ii. Participants must ensure through GISMO panel that Communications to NSDL, NSDL Receiver service is running and that there is no connectivity error. However, if Communications to NSDL, fail, Participant must report the same to NSDL Help Desk immediately.

REPORTING PROBLEM TO NSDL HELPDESK

50. Token number is issued to the Participants for the purpose of subsequent follow up, speedy resolution and escalation of system related problems reported by them at the NSDL Helpdesk. Participants receive SMS with the Token Number and official name who is working on the same, also after resolution, SMS is sent. It is advised that all problems especially relating to hardware/software/communications and status of instructions entered in the Local DPM system should be promptly reported at the NSDL HelpDesk. Kindly ensure to obtain a token number for the problem reported and quote the same for subsequent follow-up with NSDL

CERT-IN ADVISORY ON PREVENTING DATA BREACHES / DATA LEAKS[24]

51. Participants are advised to maintain adherence to CERT-IN advisory No. 20(3)/2022- CERT-IN dated 28 April 2022.

52. The aforesaid advisory covers the following relevant aspects of data breaches / data leaks in detail:

i. collection, analysis and dissemination of information on cyber incidents;

ii. forecast and alerts of cyber security incidents;

iii. emergency measures for handling cyber security incidents;

iv. coordination of cyber incidents response activities;

v. issue guidelines, advisories, vulnerability notes and whitepapers relating to information security practices, procedures, prevention, response and reporting of cyber incidents;

vi. such other functions relating to cyber security as may be prescribed.

53. In view of the above, Participants are requested to take note of the following:

i. Participants are required to continue to adherence to cyber security guidelines / advisories issued by SEBI in the past.

ii. Participants shall follow best industry practices and comply with other guidelines issued by CERT-IN and NCIIPC from time to time.

iii. Participants shall report any incident related to data breach / data leak to Indian Computer Emergency Response Team (CERT-IN).

iv. Participants shall mandatorily report cyber incidents to CERT-IN within 6 hours of noticing such incidents or within 6 hours of being made aware about such incidents to Depository & SEBI.

v. Participants shall provide the reference details of the reported incident to the Depository and SEBI. Participants shall also provide details regarding whether CERT-IN team is in touch with them for any assistance on reported incident. If the incident is not reported to CERT-IN, Participants shall submit the reasons for the same to the Depository and SEBI.

[24] Reference: Circular No.: NSDL/POLICY/2022/105 dated July 28, 2022; Circular No.: NSDL/POLICY/2022/034 dated March 09, 2022.

54. Further, Participants are advised to have an approved Data Leak Policy (DLP) and solution to monitor and prevent data leakage. Also, as part of Participants Systems Audit, the auditor shall review the following:

i. Whether comprehensive Data Leak Policy is in place.

ii. Whether Data Leak solution is in place.

iii. Exception reporting and escalation mechanism is in place.

iv. Whether incidents related to data breaches / data leaks are reported in timely manner to CERT-IN, SEBI and NSDL.

BACK-UPS ON PREMISE LOCAL DPM

55. The backup of the Local DPM database is required to be taken daily. To facilitate ease of operation, a facility to automate the backup process is developed. This facility will enable Participants to take backup without any manual intervention, at their preferred time. It will also eliminate the chances of a Participant missing out on taking of backup on a working day inadvertently. The facility has been initially made available for those Participants whose DPM database size is <= 75 GB on the March 28, 2014. For such Participants who are eligible for this facility. If any Participant desires any other time to be set or desires not to avail of this facility may contact NSDL Help Desk. Details of the facility are enclosed at **Annexure D**. Accordingly, the backup guidelines communicated vide *Circular No. NSDL/POLICY/2011/0025 dated March 17, 2011* are revised and enclosed at **Annexure E**.[25]

NSDL has advised Business Partners to upgrade Operating system to Windows 2019 server as Microsoft has withdrawn support on Windows 2008/12 Server.

56. Participants are once again advised to strictly follow the back-up procedures stipulated by NSDL. This is essential as it ensures safety of their data and in a situation of crisis the Participant can recover only if it takes correct backup. Participant's business recovery plan would be severely jeopardised if it does not take a correct backup.[26]

57. The Participants are advised to take two copies of backup of database as well as transaction logs, one to be retained locally where DPM is located and the other to be kept in a remote location, distant from the Local DPM system. This was prescribed to meet exigencies arising out of certain calamities viz.; earthquake, fire accident, etc., whereby the DPM system can be made operational using the backup. The remote site backup can be very handy if the main site backup is not accessible/lost/not retrievable. To ensure business continuity of the depository operations, Participants are advised as follows:

i. Keep the backups at a place distant from the place of operations.

ii. It is also advised to keep the Local backup in a fireproof cabinet.

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25 Reference: Circular No.: NSDL/POLICY/2014/0039 dated March 28, 2014; Circular No.: NSDL/POLICY/2011/0025 dated March 17, 2011.

26 Reference: Circular No.: NSDL/PI/98/215 dated January 6, 1998.

In case Participants need any assistance in this regard, they may contact NSDL Help Desk.[27]

58. NSDL provides the facility to take back-up in other alternative back-up devices. A few suggested alternative back-up devices on which Participants may take the back-up, subject to the database size, transaction volumes etc., are as follows:[28]

    i. USB (Universal Serial Bus) disk

    ii. External storage (SAN /NAS)

    Participants are no longer required to take prior approval from NSDL if they wish to take back-up on any of the above devices or any other device of their choice other than USB / External storage.[29]

59. Participant may please note that at the time of disaster / emergency / inspection, whenever the local or remote back-up is called for, Participants must have capability to provide the back-up data in any one of the following media:[30]

    i. USB (Universal Serial Bus) disk

    ii. External storage (SAN /NAS)

    Please note that USB disk is required to be handled with more care during transportation. It is advised to use a hard case to store and transport USB / External storage.

60. Business Partners can update the latest hardware details in Form B database posted in NSDL e-PASS Portals.

61. Daily backups: it is important to take backups of the DPM system daily. Taking regular backups as per the stipulated procedure will help Participants recover the database in a situation of crisis, which otherwise could severely jeopardize business recovery plan and recreation of the database of the Local DPM system. In the event of Local DPM system crash, NSDL may assist the Participant in recreating the database to the extent feasible. In case the previous day's proper backup is available, then recreation of the Local DPM system would be done without any charge. However, if the proper backup is more than a day old, recreation time could not be determined then the Participant will be charged Rs. 10,000 plus Rs. 2,000 per man hour.[31]Participant must provide a valid full database backup along with incremental backup and transaction log files to get their databases restored to the latest possible instance. While NSDL makes sure that all the transactions are recreated, possibility of a data loss due to non-availability of a backup or transaction logs cannot be ruled out.

62. NSDL has been advising Participants about the importance of taking regular backups for ensuring safety of their data and continuity of its operations. Taking of regular backup as per

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27 Reference: Circular No.: NSDL/PI/2003/0355 dated March 3, 2003
28 Reference: Circular No.: NSDL/POLICY/2009/0075 dated August 28, 2009.
29 Reference: Circular No.: NSDL/POLICY/2009/0119 dated December 7, 2009.
30 Reference: Circular No.: NSDL/POLICY/2009/0119 dated December 7, 2009.
31 Reference: Circular No.: NSDL/POLICY/2009/0062 dated July 21, 2009.

the stipulated procedure will help Participants to recover the database in a situation of crisis, which otherwise would severely jeopardize the business recovery plan. Participants are required to maintain the full back-up taken for the period of 15 days.

63. Further, Participants must retain backups taken for version upgrade (both pre and post). The Backup disk meant to be sent to remote site may be sent to remote site on the next working Day.

64. **Anti-Virus**

Participants are aware that they are required to install Anti-Virus/EDR software on server as well as on all the client machines of NSDL Local DPM setup. Also, to protect the DPM setup against new viruses, Participants are advised to ensure that latest version of Anti-Virus/EDR software is installed on the DPM setup. For this purpose, Participants should upgrade the Anti-Virus software, at least once a week, for which, Participants may undertake Annual Subscription Contract (ASC) from the authorized dealer of the Anti-Virus software.[32]

65. Anti-Virus definition file & Scan engine Details - Definition of terms used[33]

i. Virus Definition Files: Virus definition files contain up-to-date virus signatures and other information that anti-virus products use to protect your computer against the thousands of computer viruses in circulation. Virus definition files are regularly updated to provide protection against new viruses. To ensure that your Anti-Virus software can protect your system or network against the latest virus threats download and install the latest virus definition file.

ii. Scan Engine: A virus scan engine is the program that does the actual work of scanning and detecting viruses while signature files are the 'fingerprints' used by the scanning engines to identify viruses. New scan engine versions are released for several reasons. The old engine may not detect new types of viruses. New versions of scanning engine usually also enhance scanning performance and detection rates. Some vendors provide updates for both the scanning engine and signature file in a single file while others will provide them in separate files Update scanning engine if newer scanning engine exists.

66. Frequently asked questions on Anti-Virus Update requirements:[34]

i. **What is Anti-Virus Update?**

Anti-Virus Update is the process for updating the Virus Definition Files which contain up-to-date Virus signatures and other information that the Anti-Virus Software uses to protect computer systems against known computer Virus in circulation.

ii. **What is Anti-Virus Upgrade?**

32 Reference: Circular No.: NSDL/PI/2002/1684 dated October 3, 2002.
33 Reference: Circular No.: NSDL/PI/2002/1684 dated October 3, 2002.
34 Reference: Circular No.: NSDL/PI/2002/1865 dated October 28, 2002.

Anti-Virus Upgrade is the process for upgrading the ability of the Virus Scan Engines to detect newly introduced Virus. With its inbuilt logic and Virus Definition Files, the Virus Scan Engine scans and detects computer Virus hidden in any known form. However, new Virus may use methods that cannot be detected by old Virus Scan Engines. Hence, Anti-Virus Software companies provide upgrades whereby, the ability of the Virus Scan Engines is further refined.

iii. **Where can I get information on the latest versions of Virus Definition Files and Virus Scan Engines?**

Anti-Virus Software developers provide this information on their web sites. The Virus Scan Engine and Virus Definition Files can be downloaded from these web sites. The permission for downloading the Virus Scan Engine depends on the licensing policy of the software vendor.

iv. **What Anti-Virus software does NSDL recommended?**

NSDL does not recommend any specific Anti-Virus Software.

v. **How frequently are the Virus Definition Files and the Virus Scan Engines updated?**

Virus Definition Files: Most of the Anti-Virus Software developers provide updates to Virus Definition Files at least every week. The updates may be release overnight if new Virus of serious nature is identified. NSDL recommends the practice of automatic update for all the systems connected in the Local DPM LAN.

Virus Scan Engines: Most Anti-Virus Software Developers provide upgrades to Virus Scan Engines once in every month. However, the Anti-Virus Software developers may release upgrades more frequently if the new type of Virus of serious nature with widespread is discovered.

vi. **How do I copy Virus Definition Files that are very large, if the Anti-Virus Software Site does not provide manageable smaller-sized files?**

NSDL recommends the use of sanitized removable drives to transfer the downloaded Virus Definition Files from the Internet-connected system to the Local DPM System.

vii. **What is the requirement of NSDL for Anti-Virus Software upgrade and Virus Definition Files update?**

Virus Definition Files should be updated every week. Virus Scan Engines should be upgraded as soon as the new Virus Scan Engine is released.

viii. **Will we be treated as defaulters, if we do not have the latest version of Virus Scan Engine or Virus Definition Files?**

NSDL inspection team will check the version of the Virus Scan Engine or Virus Definition Files at periodic intervals. In absence of the latest version of Virus Scan Engine or Virus Definition Files, the Participant will be treated as a defaulter.

ix. **Does NSDL provide the latest Virus Definition Files or Virus Scan Engines to its Business Partners?**

No. NSDL does not provide Anti-Virus Software to Business Partners.

x. **Is Annual Subscription Contract (ASC) a must for the users of Anti-Virus Software?**

ASC gives you the right to the latest versions of Virus Definition Files and Virus Scan Engines. Many Anti-Virus Software Developers may provide Virus Definition Files free of cost to the users. In case of Virus Scan Engines, some of the vendors require the ASC to be signed to have legal access to the upgrades.

xi. **What should we do if the Internet gets disconnected multiple times while downloading the files?**

This is where the ASC arrangement may help you. You may approach the local channel partner with whom you have signed the ASC, for the latest Virus Definition Files and Virus Scan Engines.

UPGRADATION OF LOCAL DPM SERVER OPERATING SYSTEM (OS) SOFTWARE TO LATEST VERSION

67. NSDL had informed Depository Participants (DPs) regarding upgradation of DPM Server software to higher version of Supported OS i.e., Windows 2019 server OS.

Capacity Planning

68. General Guidelines**:**

i. **Statement of Holdings/Transactions Reports:**

a) For viewing details of a single client, use the "Client Maintenance- >Statement of Holdings/Transactions" option instead of the report option. The response will be much faster.

b) Do not download or fetch back dated reports while online transactions are getting processed.

c) Avoid printing when an export is in progress.

d) Provide a specific range of clients and dates instead of open- ended ranges.

e) Avoid doing a print or print-preview if anyone else is already doing so i.e., print preview or print should be carried out only from one of the machines.

f) Check regularly for instructions pending in exported status, overdue status or rejected status and take corrective action.

g) Check whether pay-in obligation instructions are executed and settled well in advance.

h) Perform regular internal / external reconciliation with NSDL data.

ii. **On-line transactions and queries**

Always provide specific values for client-ids, ISINs, settlement dates, instruction ids., etc. to enable fast processing. Avoid open-ended ranges. Avoid queries on "Status" field for Account Transfer.

69. Participants are required to install a new Local DPM server when they reach the maximum number i.e., 5 lac Client Accounts in a single set-up. Some DPs have represented to NSDL seeking permission to accommodate more than 5 lac Client Accounts in the same DPM system. In this regard, to facilitate DPs to have more than 5 lac Client Accounts in the same DPM system NSDL has revised the sizing guidelines as given below:

S. No	Server Type	CPU*	RAM GB)	Number of Client Account	Number of CM Account	No. of Transactions/ day	Peak no. of transactions in 1 Hour
1	Entry level server (with Hardware RAID)	Core2 duo dual core	16 GB Minimum	1,00,000	50	22,500	4,500
2	Intermediate Server	Intel Xeon and higher	16GB Minimum	1,50,000	200	40,000	8,000
3	High End Server	Intel Xeon	32GB, Minimum higher	7,50,000	1000	1,25,000	25,000

* CPU (Intel Xeon 3.0 GHz or above)

DPs are advised to regularly monitor the performance of the DPM system and on reaching near the volume limits, DPs should initiate necessary upgradation process. DPs are once again informed that any system upgradation (installation) should be carried out in consultation with the NSDL Help Desk. On completion of the upgrade, DPs are requested to submit the revised Form-B to NSDL.[35]

[35] Reference: Circular No.: NSDL/NSDL/POLICY/2008/0044 dated June 16, 2008.

UPLOADING SINGLE FILE CONTAINING INSTRUCTIONS OF ADDITIONAL DP IDS[36]

70. e-DPM System facilitates upload of single file containing instructions of Participants' multiple DPM set-ups (i.e., additional/multiple DP IDs). For this purpose, all DPM set-ups of such Participants must have been consolidated in e-DPM System. The salient features of this facility are given below:

i. Instruction file: Only transaction related instructions can be uploaded through this facility viz., demat / remat / pledge / account transfer /Delivery Out / Inter-Depository etc.

ii. At the time of upload, the DP ID of main DPM set-up should be mentioned in the header record of the instruction file. Further, the detail record(s) should have the DP ID of the additional DPM Set-up or main DPM Set-up, as the case may be.

iii. Response file: e-DPM System will provide single response file. Each record will indicate the DP ID.

iv. This facility is optional. Participants having multiple and consolidated DPM set-ups at e-DPM System, if they so desire, can continue with their existing practice i.e., continue uploading DP ID wise instruction files.

v. In case of Account Closure / Account transmission module, DP ID wise file will be required to be uploaded on e-DPM System.

71. After the back-office application is ready to interface with e-DPM System, for availing this facility, Participants are requested to send an email to NSDL Help Desk at helpdesk@nsdl.com, providing details of main DP ID and additional DP IDs. Upon receipt of the email, NSDL Help Desk will enable this facility and send confirmation email to the Participant. Further, there will be no change in the file formats for Participants with single DPM Set-up i.e., having single DP ID.

DIS IMAGE VALIDATION SYSTEM (DIVS)[37]

72. NSDL has provided the operating guidelines regarding scanning of Delivery Instruction Slip (DIS), signing and posting of DIS images and tamper proof storage of DIS images.

73. NSDL has advised that Participants must digitally sign the scanned image of the DIS and post the same to DIVS for validation and affixing of digital signature by NSDL. In this context, Participants were permitted to replace the old image of a DIS with a new DIS image under certain exceptional circumstances and for which the Participants were required to specify the replacement reasons, as given below:

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36 Reference: Circular No.: NSDL/POLICY/2012/0024 dated February 17, 2012.

37 Reference: Circular No.: NSDL/POLICY/2017/0058 dated October 6, 2017; Circular No.: NSDL/POLICY/2014/0085 dated August 5, 2014.

Replacement Reason Code	Replacement Reason
01	Wrong mapping of DIS image
02	Change in DIS based on the audit observation
03	Change in DIS based on the inspection observation
04	For FAX instruction original DIS is received
05	Scanned image not legible
99	Others

74. In this regard, a review of the process was carried out. Based on the review, the replacement reason codes were modified, as given below:

Replacement Reason Code	Replacement Reason
01	Wrong mapping of DIS image
02	Change in DIS based on the audit observation
03	Change in DIS based on the inspection observation
04	For FAX instruction original DIS is received
05	Scanned image not legible
06	Change in DIS based on Participant's internal review

75. As can be seen from above, a new reason code "06 – Change in DIS based on Participant's internal review" is added and the reason code "99 – Others" is removed. Accordingly, the necessary changes in the input (.in) & output (.out) fi in track change mode for upload of replacement of original DIS image in DIVS is enclosed at **Annexure F**.

76. For any information / clarifications, Participants are requested to contact NSDL Help Desk or email at helpdesk@nsdl.com.

DIVS GAP Report utility version 1.2[38]

[38] Reference: Circular No.: NSDL/POLICY/2022/065 dated May 06, 2022.

77. Participants are requested to take note that the GAP report has been enhanced to cover the following:

i. DP ID wise pending DIS details in case of merged DPM set-ups will be included in the GAP report. For example, for merged DPM set-ups the GAP report will be inclusive of all DP ID's shown as under:

Sr. No	DP_ID	CLIENT_ID	BP_INSTRUCTION_ID	DM_ORD_NUM	EXECUTION_DATE	VERIFY_REL_DATE	DIS_SERIAL_NO	DIS_FORMAT	DIS_TYPE	TRANSACTION_TYPE	INSTRUCTION_STATUS	REMARK
1	IN302871	(Client Id)	(INSTRUCTION_ID)				(DIS_SERIAL_NO)	NEW	Physical	ACCOUNT TRANSFER	REJECTED	Test
2	IN302871	(Client Id)	(INSTRUCTION_ID)				(DIS_SERIAL_NO)	NEW	Physical	ACCOUNT TRANSFER	SETTLED	Test

ii. In case of DIS, where some instructions are in cancelled status and other instructions are in the status which requires upload of DIS on DIVS, DIS details of such cases will be included in the GAP report.

iii. In continuation to GAP report version 1.1 release, the DIS type '7-Demat Gateway' has been excluded from GAP report.

78. Accordingly, the revised report viz., 'DIS not in DIVS' will contain the aforesaid instructions for which DIS images are not uploaded on DIVS.

79. In this regard, a revised manual is enclosed at **Annexure G** containing steps to generate Gap reports.

RELEASE OF ARCHIVAL APPLICATION VERSION

80. Participants having DPM database size of more than100 GB may install Archival Application for enhancing the performance of their DPM System. Such Participants can contact NSDL Help Desk and request Archival Application.

81. After release of Archival Application, Participants shall now have Archival databaseon Local DPM server. For any information/clarifications, Participants are requested to contact NSDL Help Desk or email at helpdesk@nsdl.com.

LAUNCH OF DPM PLUS+ FOR ALL PARTICIPANTS[39]

[39] Reference: Circular No.: NSDL/BDP/2021/01 dated February 02, 2021.

82. 'DPM Plus+' was launched by NSDL, to facilitate Participants to carry out value added services in respect of back office related operations/activities. Participants can upgrade their existing Local DPM System to access and avail the facility of DPM Plus+. On successful upgradation/installation, Participants can access both the services i.e., Local DPM System as well as DPM Plus+ through a single sign-on.

83. Participants are requested to note the release of following features in DPM Plus+ (Version 1):

i. Single Sign-on

ii. Billing

iii. Integration with NDML-KRA for KRA upload

iv. Client Creation (Type-Individual)

v. Generation of Transaction cum SOH (TS) with Price and Value

vi. Client Master List (enhanced)

vii. Sending of Client Master List and TS & SOH through email

viii. DP MIS – Reports

84. Participants are also requested to note that DPM Plus+ will be continuously augmented and the new features will be released at regular intervals. Participants who are interested to avail the facility of DPM Plus+ are requested to send their requests at NSDLDepository-Products@nsdl.com or contact NSDL for information/clarification.

VALUE ADDED SERVICES FOR SEAMLESS NSDL DPM SYSTEM OPERATIONS[40]

85. For seamless, secure transmission of files and manual free operations in respect of various activities performed in the DPM system, NSDL has developed certain value-added services for Participants. The details of these products are given below:

i. NSDL STP Navigator: NSDL STP navigator will facilitate Participants to upload instruction files (Settlement, Pledge, DIS Master, etc.) / Client Accounts files (Client Account Opening) and modification of Client details into e-DPM System and Local DPM system respectively from a specified / designated folder. The files transferred from the Participant's back office to a specified / designated folder will be auto transferred to e-DPM/Local DPM system without manual intervention. The detailed product feature is explained and enclosed in **Annexures H and I**.

ii. NSDL e-Signer: NSDL e-Signer will facilitate Participants to digitally sign and encrypt the instruction files (generated from the back-office system) to ensure secure

[40] Reference: Circular No.: NSDL/POICY/2020/0015 dated January 30, 2020.

transmission of instruction files during the transition i.e., transfer of instruction files from the back-office system to NSDL e-DPM System.

iii. Auto Download: Currently, Auto Download functionality facilitates Participants to automatically download files from NSDL Local DPM System viz., Change Order of Day (COD), Statement of Transaction (SOT), Statement of Holding (SOH), etc. into a specific folder at certain intervals (NSDL/POLICY/2011/0029 dated April 6, 2011, NSDL/POLICY/2012/0026 dated February 29, 2012, and NSDL/POLICY/2013/0020 dated January 30, 2013). NSDL Local DPM System has been further enhanced to facilitate auto-download of masters and various other exports at EOD or after certain intervals. This will reduce the manual intervention of Participants from manually downloading the files from NSDL Local DPM System. This feature has been released in DPM System Version 7. The various masters/exports that are enabled for Auto Download facility are enclosed in **Annexure J**.

iv. The details regarding NSDL e-Signer was informed to Participants:[41]

85.1 Participants are required to comply with the requirements under the SEBI Circular No. CIR/MRD/DP/13/2015 dated July 06, 2015 regarding "Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporation and Depositories" which *inter-alia* stated that the 'Data-in motion and Data-at-rest should be in encrypted form by using strong encryption methods such as Advanced Encryption Standard (AES), RSA, SHA-2, etc.'.

85.2 Further, to comply with the above requirement NSDL has developed a product (esigner) (as described in detail above) to digitally sign and encrypt the instructions files (generated from the back-office system) to be uploaded on NSDL e-DPM system and the same is available as a value-added service to the Participants. Participants may avail the NSDL e-signer facility or may implement at their own to comply with the above-mentioned SEBI requirement. For any queries, Participants are requested to contact NSDL Helpdesk.

86. Participants subscribing to the aforesaid product(s) (format at **Annexure K)** will be charged on a financial year basis, commencing with a charge on a pro rata basis for the period between January 2020 and March 2020. For Participants having multiple DPM set-ups, AMC will be charged only to the Parent DP ID.

87. Further, for Participants who are already availing the aforesaid services, AMC will be levied after informing the Participants. The AMC will be included in the monthly DP bill and need not be paid separately. For information on charges and for subscription to the product, Participants are requested to send their confirmations at dpservices@nsdl.com mentioning the product opted or contact NSDL.

[41] Circular No.: NSDL/POLICY/2023/0059 dated May 15, 2023

LAUNCH OF LOCAL DPM SYSTEM ON NSDL PRIVATE CLOUD

88. The Local DPM system is deployed at the premises of the Participants on a server. The Local DPM system is accessed by the Users of the Participants through Client machines. The Local DPM System facilitates Participants with Client Creation / Modifications, uploads and downloads of files and provides access to wide range of reports.

89. All Participants are informed that NSDL is pleased to host the Local DPM System on NSDL Cloud (Private Network). Participants will have the ability to access their Local DPM System on Cloud (instead of on premises). Participants who opt to access 'DPM System on Cloud' will benefit as such Participants will not be required to:

i. Procure windows license and SQL server license for database,

ii. Carry out administrative work like daily database backups, weekly reorg etc. and

iii. Deploy security features like anti-virus, etc. Participants subscribing to 'DPM on Cloud' facility will be charged on a financial year basis.

The charges will commence on a pro rata basis. For Participants having multiple DPM set-ups, AMC will be charged only to the Parent DP ID. The AMC will be included in the monthly DP bill and need not be paid separately. For information on charges and for subscription to the product, Participants may send their requests to dpservices@nsdl.com or contact NSDL.

Processing of Account Closure and Transmission through 'Transfer of Holding' module only[42]

90. The requests for 'closure of accounts' and 'transmission' received from clients/claimants in the accounts may involve transfer of securities from one account to another, where there are balances in the accounts.

91. A facility was introduced in the e-DPM system to facilitate Participants to process such Account Closure and Account Transmission requests through "Transfer of Holdings" module[43] where the target account is in NSDL. It was observed that in certain instances, Participants continued to use the "Account Transfer" module for transfer of securities to a target account which is in NSDL.

92. Participants are requested to use only 'Transfer of Holding' module to process account closure and transmission requests where the target account is in NSDL. Participants are further requested to comply with the aforesaid. In respect of account closure or transmission requests where the target account is in Central Depository Services (India) Limited or in case of transmission in an account with multiple nomination, Participants may continue to process such requests through the inter-depository or account transfer module.

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42 Reference: Circular No.: NSDL/POLICY/2018/0001 dated January 4, 2018.

43 Reference: Circular No.: NSDL/POLICY/2011/0029 dated April 6, 2011

CHAPTER 17 – MISCELLANEOUS

GUIDELINES ON SMSs

1. To curb spam SMSs and misuse of Headers and Content Templates by Unauthorized Telemarketers (**UTMs**):[1]

(a) Participants are required to note that SEBI vide its letter dated March 16, 2023 (**SEBI Letter**) had issued guidelines to curb spam SMSs and misuse of Headers and Content Templates by UTMs.

(b) The SEBI Letter provides that in order to ensure that all promotional messages are sent only through Registered Tele-marketers (RTMs) and also to stop misuse of Headers and Message Templates which leads to increase in number of fraud/ spams, the TRAI has issued two separate directions on February 16, 2023 to all Access Service Providers (ASPs) under the TCCCPR. Participants are required to take note of the same.

(c) Further, SEBI vide the SEBI Letter had advised that all intermediaries who send bulk SMS hereinafter referred to as PEs, may be sensitized and the following directions from TRAI may be noted for implementation.

i) It is seen that many Principal Entity (PEs) have registered large number of Headers and Content Templates. Unused Headers and Content Templates can be misused by fraudulent entities. Hence, PEs shall review all the Headers and Content Templates registered by them and surrender and close unused Headers and Templates immediately.

ii) Most misuse of Content Templates is being done due to leaking of template IDs. To avoid the misuse, PEs shall review and re-register all Content Templates immediately.

iii) Re-verification of Headers and Content Templates shall be done by PEs on a quarterly basis.

iv) During registration, the PEs may classify the Headers as permanent and temporary as per their own requirement. Time duration of temporary Headers will be given by PEs during registration process after which they will be deactivated.

v) PEs shall limit the number of variables portion in the Content Template of message to two variables only, provided that, for the reasons to be recorded, a third variable may be allowed in case of exigency. Variables shall be non- contiguous and not separated with space, comma and/or any other special character.

[1] Reference: Circular No.: NSDL/POLICY/2023/0043 dated March 27, 2023.

vi) PEs shall engage only RTMs and pre-declare the complete chain of Registered Telemarketers engaged by them to their respective Access Providers/TSPs. It

is advisable to keep the number of RTMs in the delivery chain to a minimum. Access Providers shall reject all messages where the chain of RTMs is not defined or does not match.

vii) PEs or their authorized RTMs in the chain shall not use any telephone number for sending any kind of message and do not engage any UTM for transmission of their message. Any blacklisted RTM should not be given any contract.

viii) PEs should ensure appropriate provisions in agreement with RTMs so that Headers and Templates shared by them with all RTMs are not misused.

ix) PEs may obtain the Delivery Report (DLR) from Access Providers/TSPs, in form of total count of messages delivered, through a system generated report.

(d) Revised guidelines to curb spam SMSes and misuse of Headers and Content Templates:[2]

SEBI has requested to expedite and complete the re-verification of headers and message templates by the intermediaries who send bulk SMSes referred to as Principal Entities ("PEs") so as to stop their misuse by fraudsters who have managed to get access of such headers or message templates. It is mentioned that in view of the challenges faced by securities market intermediaries and MIIs in respect of implementing TRAI's earlier directions dated February 16, 2023, TRAI has issued the revised direction on May 12, 2023 and the same is available in the following link
2023-0117-Policy-Guidelines_to_curb_spam_SMSes_and_misuse_of_Headers_and_Content_Templates.pdf (nsdl.co.in)In order to strengthen the process so that genuine communications go to the consumers, TRAI has also issued the following directions which need to be implemented by the PEs in coordination with their Telemarketers/Service providers:

i. Whitelisting of URLs / Apks / OTT links / call back numbers by PEs
TRAI has issued directions PEs to ensure that whitelisted URLs / Apks / OTT links / call back numbers are allowed in the content templates. Message containing other URLs / Apks / OTT links / call back numbers shall be stopped from further transmission. Variables, if any, being used in message content templates need to be pre-tagged for the purpose they are to be used so as to avoid misuse.

[2] Circular No.: NSDL/POLICY/2023/0117 dated September 06, 2023

ii. Digital Consent Acquisition ("DCA")

On June 02, 2023, TRAI has issued a Direction (Copy enclosed) to all the Access providers to develop and deploy the DCA facility for creating a unified platform to register customer consent digitally across all service providers and PEs. No other mechanism of consumer consent shall be accepted for ease of confirmation and prevention of misuse. Accordingly, PEs need to acquire digital consent of their consumers in co-ordination with their service providers.

(e) Participants are required to note that SEBI vide its letter dated May 15, 2024 (**SEBI Letter**) had informed about the receipt of a report dated April 18, 2024 from the Indian Cyber Crime Coordination Centre titled *'Abuse of 'SMS Headers' in Transnational 'Stock Market Investment Fraud'* and issued following measures: [3]

i. Measures to prevent misuse of their SMS headers, entity and template ID by telemarketer or through DLT platform.
ii. Measures to follow directions issued by TRAI dated February 16, 2023 and May 12, 2023 w.r.t "curb spam SMSes and misuse of Headers and Content Templates" Additionally, review all SMS headers and Content Templates and surrender/close unused Header and Template.
iii. Measures for prompt reporting of any impersonation of their identity, trademark, logo etc. by any fraudster on National Cybercrime Reporting Portal.

(f) Participants are informed that SEBI has vide its email dated August 26, 2024 informed about the TRAIs Direction dated August 20, 2024 w.r.t *'Compliance of Directions of TRAI regarding whitelisting of URLs/ APKs/ OTT links/ Call back numbers and defining PE-TM Chain - Cooperation of JCoR Members in ensuring the same by Entities under respective Regulation.*[4]

TRAI has vide aforesaid direction, directed all the Access Providers to ensure the following:

(a) end-to-end implementation of 140xxx numbering series on DLT platform, including migration of existing telemarketers and scrubbing of calls as per regulations, is completed latest by 30th September 2024[5]*;*

(b) traffic containing URLs/ APKs/ OTT links/ Call back numbers, which are not whitelisted, is not permitted with effect from October 01, 2024[6]*;*

(c) the messages from Principal Entities to the recipients are traceable and, with effect from December 11, 2024[7]*, all messages, where the*

[3] Reference: Circular No.: NSDL/POLICY/2024/0070 dated May 28, 2024.
[4] Reference: Circular No.: NSDL/POLICY/2024/0123 dated September 02, 2024
[5] Reference: Circular No.: NSDL/POLICY/2024/0138 dated September 24, 2024
[6] Reference: Circular No.: NSDL/POLICY/2024/0138 dated September 24, 2024
[7] Reference: Circular No.: NSDL/POLICY/2024/0179 dated December 11, 2024

chain of Telemarketers is not defined or does not match, are rejected;

(d) whenever misuse of Headers and/ or Content Templates is noticed or reported –

i. traffic from concerned Sender is suspended by all the Access Providers immediately, till such time the Sender files a complaint/ FIR with the Law Enforcement Agency for such misuse of its Headers and Content Templates under the law of land, and the Sender reviews all its Headers and Content Templates and takes corrective measures as per the regulations to prevent misuse of its Headers and other credentials;

ii. Delivery-Telemarketer identifies the entity that has pushed traffic from such Headers or Content Templates into the network and files a complaint/ FIR for the misusing Headers and Content Templates of other entity with the Law Enforcement Agency (LEA), under the law of the land, against such entity within two business days, failing which the Originating Access Provider (OAP) files a complaint/ FIR against the concerned Delivery-Telemarketer and traffic from concerned Delivery-Telemarketer is suspended by all the Access Providers immediately, till such time a complaint/ FIR is made by the Delivery-Telemarketer; and the entity that pushed the traffic is blacklisted by Originating Access Provider as well as all other Access Providers for a period of one year;

(e) when a complaint is registered due to registration of Content Template in wrong category, the Content Template is blacklisted by the OAP; and if five Content Templates of such Sender are blacklisted for registration under wrong category, the OAP suspends the services of the Sender, for one month or till such time all the Content Templates of the Sender are reverified, whichever is later;

(f) one Content Template is not linked with more than one Header;

(g) Further, Participants were advised to comply with the TRAIs communication w.r.t compliance of directions of TRAI laid out in para 10 (C) advising Principal Entities (PEs) to take necessary measures to ensure effective implementation of the guidelines issued by Telecom Regulatory Authority of India (TRAI). [8]

Principal Entities (PEs) shall ensure the following:

i. All Principal Entities (PEs) must be onboarded, and their PE IDs mapped with the corresponding Telemarketers (TMs). These TMs are further required to map their ID to final Delivery TM and then the Delivery TM has to create mapping with their TSP. This completes the mapping chain. Only those messages and calls which pass through this completed chain will be successfully delivered. This action is critical to ensure compliance with the binding of PE and TM, which guarantees

[8] Reference: Circular No.: NSDL/POLICY/2024/0161 dated October 28, 2024.

traceability of messages from the Principal Entity to the recipients.

(h) Participants shall ensure the following:[9]

i. Monitor the success rate of their outgoing messages at least for few days starting from December 11, 2024.

ii. In case any significant failures are observed, the concerned Telecom Service Provider (TSP) should be promptly contacted to address the issue and implement corrective measures.

iii. To facilitate seamless co-ordination, TRAI has provided the contact details as enclosed in Annexure H of the Designated Single Points of Contact (SPOCs) from various TSPs who can assist in resolving traffic failures or provide necessary support.

IMPLEMENTATION OF TELECOM COMMERCIAL COMMUNICATIONS CUSTOMER PREFERENCE REGULATIONS, 2018 (TCCCPR) [10]

2. Participants are to take note that SEBI vide its email dated February 09, 2021, has informed that the TCCCPR stipulates the TSPs to stop any promotional, transactional and service messages and calls of the Principal Entities (businesses/organizations sending commercial communications i.e. transactional, service, promotional messages/calls to their subscribers/users) who have not performed/completed the below activities:[11]

(a) Registration of themselves as PEs with their respective TSP(s).

(b) Registration of their existing headers with their respective TSP(s).

(c) Registration of their content templates against specific registered header with the TSP(s).

(d) Registration of the consents of their existing subscribers with their respective TSP(s).

3. Participants sending such commercial communications to Clients, are requested to take note of the above.

4. SEBI vide its letter dated March 23, 2021, referring to the communication received from TRAI informed as under:[12]

(a) In July 2018, TRAI notified a new regulatory framework for unsolicited

[9] Reference: Circular No.: NSDL/POLICY/2024/0179 dated December 11, 2024
[10] Reference: Circular No.: NSDL/POLICY/2021/0056 dated June 07, 2021.
[11] Reference: Circular No.: NSDL/ POLICY/2021/0014 dated February 18, 2021.
[12] Reference: Circular No.: NSDL/POLICY/2021/0056 dated June 07, 2021.

commercial calls and messages. These regulations have a provision for PE, such as registered SEBI Brokers or other financial institutions, to register with the telecom service providers, so that they can be allotted a header and their identity and purpose of communication can be properly verified in all messages and voice calls. The PEs are also required to register the template of the message. Further, the provisions enable enhanced control for the PEs over their client data, which, if leaked, could also be helpful to fraudsters.

(b) TSP are ready with the system in accordance with the new regulatory framework. It is observed that the PEs are not onboarding on the new systems thus not complying with provisions of the regulations.

5. In view of the above, Participants are required to register with the TSPs, so that headers can be allotted & identity and purpose of communication can be properly verified in all messages and voice calls. Further, Participants are also required to register the template of the message.

6. Participants are requested to take note of the above and take utmost care and priority to ensure effective and timely implementation of TCCCPR.

7. Participants are informed that Telecom Regulatory Authority of India (TRAI) under Telecom Commercial Communications Customer Preference Regulations, 2018 (TCCCPR 2018) has issued important guidelines for sending commercial communication using telecom resources through Voice Calls or SMS to prevent Unsolicited Commercial Communications (UCC) and same is available at following Link : 2024-0069-Policy-Guidelines issued by TRAI under TCCCPR 2018 for preventing Unsolicited Commercial Communications[13]

8. Participants were advised Principal Entities (PEs) to take necessary measures for effective implementation of the guidelines issued by Telecom Regulatory Authority of India (TRAI) as mentioned below:[14]

a. Strictly comply with Telecom Commercial Communication Customer Preference Regulations, 2018 ("TCCCPR-2018") and various Directions issued thereunder.

b. Register themselves on Distributed Ledger Technology ("DLT") Platform of Telecom Service Providers ("TSPs") for sending promotional voice calls or messages to clients with Digital Consent Mechanism.

c. Take 140 numbering series for making promotional voice calls / take 160 numbering series for making transitional and service voice calls.

d. Review Headers for sending SMS messages – surrender unused headers, use limited variables in content templates. Use minimum number of aggregators (Registered telemarketers) or send SMS directly through TSP.

[13] Reference: Circular No.: NSDL/POLICY/2024/0069 dated May 28, 2024.
[14] Reference: Circular No.: NSDL/POLICY/2024/0111 dated August 08, 2024

e. Maintain confidentiality and security of their customer data/information for prevention of leakage and misuse thereof.

Further, Participants are advised to spread awareness about making complaints as follows, in case of Unsolicited Commercial Communication ("UCC") and fraudulent activities using telecom resources in Securities Markets:

a. In case of receiving spam or UCC, make DND complaint at respective TSP's app/website, TRAI DND app, or call/SMS to 1909.

b. In case of receiving suspected fraud communication, report to Chakshu Platform of Department of Telecommunications https://sancharsaathi.gov.in/sfc/Home/sfc-complaint.js

c. In case fraud has already happened, report the same to Cyber Crime helpline number 1930 or website www.cybercrime.gov.in

9. The Telecom Regulatory Authority of India (TRAI) has amended the TCCCPR, 2018 to further strengthen consumer protection against Unsolicited Commercial Communication (UCC) and the same is available on TRAI website at following Link: https://www.trai.gov.in/release publication/regulations.[15]

Principal Entities (PEs) to take note of the following and ensure compliance:

a. Comply with amended Telecom Commercial Communication Customer Preference Regulations, 2018 ("TCCCPR-2018").
b. Complete whitelisting of URLs/ APKs, etc., used by PEs.
c. Use the 1600 series for all outbound service and transactional calls.
d. Refrain from using normal 10-digit numbers for any commercial communications, including service or transactional calls.
e. Use SIP/PRI connections only in compliance with TCCCPR, 2018.
f. Co-operate with Indian Cyber Crime Coordination Centre (I4C) and TRAI in respect of reporting / advisory issued thereunder.
g. Strengthen internal control / systems to prevent inadvertent or malicious use of registered headers and content templates used by PEs.

10. The Telecom Regulatory Authority of India (TRAI) has issued a Direction dated 18th November 2025 under section 13 of the TRAI Act, 1997 prescribing mandatory measures to curb misuse of Headers and SMS Content Templates under the Telecom Commercial Communications Customer Preference Regulations, 2018.

The Direction mandates pre-tagging of every variable field in SMS templates with descriptive labels indicating content type, purpose, and validation criteria, along with compulsory scrubbing against pre whitelisted URLs, OTT/APK links and callback numbers.[16]

11. Participants are required to take note that, Telecom Regulatory Authority of India (TRAI) has issued a Direction dated 19th November 2025 under section 13, read with sub-clauses (i) and (v) of clause (b) of sub-section (1) of section 11 of the TRAI Act, 1997. The Direction

[15] Circular No.: NSDL/POLICY/2025/0082 dated June 27, 2025
[16] Circular No.: NSDL/POLICY/2025/0156 dated November 27, 2025

mandates phase wise adoption of the 1600-series for all service and transactional voice calls.[17]

TRAI has issued the aforesaid Direction after considering the following:

a. FY2024–25 consumer awareness findings indicating persistent misuse of 10-digit numbers for service/transactional calls by BFSI entities, potentially resulting in UCC, spoofing and impersonation frauds;

b. DoT's allocation of a dedicated "1600" series (letter dated 23.12.2024) exclusively for Government and BFSI entities;

c. Consultations with sector regulators and timelines submitted in response to TRAI's letter dated 03.09.2025.

1. Participants shall mandatorily adopt 1600 series strictly as per the below mentioned timelines:

Phase	**Category of Entities**	**Last Date for mandatory adoption of 1600-series**
Phase-II	Qualified Stockbrokers (QSBs), as identified in the list published annually on the websites of the Stock Exchanges	15th March 2026
Phase-III	SEBI-registered intermediaries, other than those mentioned above	Voluntary adoption for time being

1. Post the applicable deadline, any Participant not adopting the 1600-series will be subject to regulatory action applicable to unregistered telemarketers in case of UCC complaint.

2. Participants must ensure that no service or transactional voice calls are initiated from non-1600 numbers after the specified dates, irrespective of explicit or inferred customer consent.

APPROACH TO SECURITIES MARKET DATA ACCESS AND TERMS OF USAGE OF DATA PROVIDED BY DATA SOURCES[18]

12. Participants to note SEBI Circular No. SEBI/HO/DEPA-III/ DEPA-III_SSU/P/CIR/2022/25 dated February 25, 2022, regarding approach to securities market data access and terms of usage of data provided by data sources in Indian securities market.

13. To enhance the quantum as well as the ease of accessibility and usability of data disseminated in public by various data sources in Indian securities market, SEBI, through its Market Data Advisory Committee (MDAC), reviewed the extent of free access and usage of data being provided in the public domain or otherwise by the

[17] Circular No.: NSDL/POLICY/2025/0160 dated December 08, 2025
[18] Reference: Circular No.: NSDL/POLICY/2022/030 dated March 03, 2022.

respective sources of data in Indian securities market. the regulatory intent behind public dissemination of data in a disclosure based regulatory regime was deliberated in detail by MDAC.

14. It is to be noted that as far as the data provided by various data sources in Indian securities markets pursuant to regulatory mandates for reporting and disclosure in public domain are concerned, such data should be made available to users, 'free of charge' both for 'viewing' the data as also for download in the format as specified by regulatory mandate for reporting, as well as their usage for the value addition purposes. Further, apart from the data made available free of cost, data which is chargeable should be appropriately identified as such in public domain.

OPERATIONAL GUIDELINES FOR CAPTURING REASONS FOR ENCUMBRANCES AND ULTIMATE LENDER DETAILS IN THE DEPOSITORY SYSTEM

15. SEBI vide Circular no. SEBI/HO/MRD2/DDAP/ CIR/P/2020/137 dated July 24, 2020 prescribed recording of all types of encumbrances in the Depository system.[19]

16. Participants are required to take note of SEBI Circular No. SEBI/HO/CFD/DCR3/P/CIR/2022/27 dated March 7, 2022[20] regarding automation of disclosure requirements under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011-System Driven Disclosures - Ease of doing business wherein SEBI had advised Depositories as under:[21]

(a) All types of encumbrances as defined under Regulation 28 (3) of Takeover Regulations shall necessarily be recorded in the depository system.

(b) The depositories shall capture details of the ultimate lender along with name of the trustee acting on behalf of such ultimate lender such as banks, NBFCs, etc. In case of issuance of debentures, name of the debenture issuer shall be captured in the depository system.

(c) The depositories shall now capture the reasons for encumbrances in the depository system.

17. In this context, Participants are requested to follow below mentioned operating guidelines for capturing reasons for all type of encumbrances and details of ultimate lender(s) where shares are pledged in favor of the Trustee by the Promoters:[22]

(a) At the time of execution of pledge/Hypothecation/NDU by a Promoter, Participants are advised to capture the reason code for the encumbrance as provided by the client and in case the encumbrance is in favor of a Trustee acting

[19] Reference: Circular No.: NSDL/ POLICY/2020/0128 dated September 24, 2020.
[20] Reference: Circular No.: NSDL/POLICY/2022/037 dated March 15, 2022.
[21] Reference: Circular No.: NSDL/POLICY/2022/089 dated June 28, 2022.
[22] *Id.*

on behalf of ultimate lender(s), details of such ultimate lender(s) shall be provided by the client. In case encumbrance is created by the client for the purpose of issuance of debentures, name of the debenture Issuer shall be provided by the client. Illustrative examples for capturing name of ultimate lender(s) / debenture Issuer are enclosed as **Annexure A**.

(b) For recording the details as mentioned above, following fields have been introduced in NSDL system:

i) Reason code for Encumbrance
ii) Name of Ultimate Lender / Debenture Issuer

(c) Participants are requested to take note that name of ultimate lender / debenture issuer (in case encumbrance is in favor of a Trustee) and reason code for encumbrance, shall be obtained in the format enclosed as **Annexure B** along with Form 28 (Pledge/Hypothecation Form) and Form 39 (Hold on Securities for NDU/ Agreement) as the case may be.

18. Following are the reasons for encumbrance along with their static data codes *(NSDL vide Circular No. NSDL/POLICY/2022/079 dated June 02, 2022 has already notified the reason codes for encumbrance)*:

Code	Description
01	Collateral for issuance of Debentures by Company/Group Companies
02	Collateral for loans taken by the Company/Group Companies
03	Collateral for loans taken by the Third Party
04	Margin Pledge / MTF for trading on the Stock Exchange
05	Personal use by promoters and Persons acting in concert (PACs)

19. In case of, Margin Pledge or MTF executed by Promoters for trading on Stock Exchanges, the reason code "04-Margin Pledge / MTF for trading on the Stock Exchange" shall be captured by default in the system.

20. In view of the above, a screen-based facility will be made available for capturing reasons for encumbrance and name of ultimate lender(s) / debenture issuer (in case encumbrance is in favor of a Trustee) in the NSDL system.

21. Master of ultimate lender(s) shall be made available on NSDL e-PASS. In case of addition of ultimate lender(s) / debenture issuer, please send email at ParticipantServices@nsdl.com with subject line as "Addition of ultimate lender/debenture issuer". List of Promoters is made available on NSDL e-PASS portal under link list of promoters. Participants are requested to take note that there is no change

in existing process of Pledge / Hypothecation / NDU for clients other than Promoters.

FRAMEWORK FOR THE PROCESS OF ACCREDITATION OF INVESTORS FOR THE PURPOSE OF INNOVATORS GROWTH PLATFORM[23]

22. SEBI vide Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/67 dated May 22, 2019 issued framework for the process of accreditation of investors for the purpose of Innovators Growth Platform. Investors having a demat account with NSDL, will make an application to its Participant for recognition as an Accredited Investor (**AI**). Accordingly, Participants are requested to take note that the applications shall be submitted by the investors to the Participants, where they hold the demat account. The format for Application for Accreditation applicable to Individuals and Non-Individuals is enclosed in the annexures to the said SEBI Circular. Participants are requested to take note of the same.

MULTILATERAL COMPETENT AUTHORITY AGREEMENT (MCAA) AND FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

23. FATCA

(a) Participants are informed that the Government of India (GoI) and the USA have reached an agreement in substance on the terms of the Inter-Governmental Agreement (IGA) to implement the FATCA and accordingly India may be treated to have signed an IGA. Information on FATCA is available at: http://www.irs.gov/Business/Corporations/Foreign-Account-Tax-Compliance-Act- FATCA. The IGA has been signed on July 9, 2015.[22][23][24]

(b) FATCA targets tax non-compliance by U.S. taxpayers with foreign accounts. FATCA focuses on reporting by U.S. taxpayers about certain foreign financial accounts and offshore assets and also by foreign financial institutions about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest. The objective of FATCA is the reporting of foreign financial assets; withholding is the cost of not reporting.

(c) In light of the above, Participants are required to note that, Indian Financial Institutions, including those having overseas branches in Model 1 jurisdictions where an agreement under Model 1 has been reached in substance, have to be registered with US authorities and obtain a GIIN. Information on the IGA is available at: http://www.treasury.gov/resource-center/taxpolicy/treaties/Pages/FATCA.aspx.

(d) Overseas branches of Indian Financial Institutions in a jurisdiction having IGA 2 agreement or in a jurisdiction that does not have an IGA but permits financial

[23] Reference: Circular No.: NSDL/ POLICY/2019/0040 dated July 10, 2019.

[24] Reference: Circular No.: NSDL/POLICY/2015/0078 dated August 28, 2015

institutions to register and agree to a FFI agreement, are required to be registered with US authorities and obtain a GIIN in accordance with the requirements to avoid potential withholding under FATCA.

(e) Un – registered overseas branches of Indian Financial Institutions in a jurisdiction that does not have an IGA and does not permit financial institutions to register and agree to an FFI agreement would eventually be subject to withholding under FATCA.

(f) If registration of the parent intermediary / head office is a pre-requisite for a branch to register, such intermediaries should be registered.

(g) Participants may visit the website of Internal Revenue Service, USA (IRS) for Frequently Asked Questions on FATCA (http://www.irs.gov/Businesses/Corporations/Frequently-Asked-Questions-FAQsFATCA--Compliance-Legal).

24. MCAA

(a) India has joined the Multilateral Competent Authority Agreement (MCAA) on Automatic Exchange of Financial Account Information on June 3, 2015. In terms of MCAA, all countries which are signatory to the MCAA, are obliged to exchange a wide range of financial information after collecting the same from financial institutions in their country/jurisdiction.[25]

(b) Participants to take necessary steps to ensure compliance with the requirements specified in the amended rules of Income Tax Act, 1961 (**IT Act**) after carrying out necessary due diligence.[26]

(c) For implementation of the MCAA and the IGA, the GOI has made necessary legislative changes to the provisions of the IT Act[27] and the Income Tax Rules, 1962[28].A 'Guidance Note on implementation of Reporting Requirements under Rules 114F to 114H of the Income Tax Rules' as issued by the Department of Revenue, Ministry of Finance vide F.No.500/137/2011-FTTR-III dated August 31, 2015 is available at: http://www.incometaxindia.gov.in/communications/notification/guidance_notes_on_i m plementation_31_08_2015.pdf, for information and necessary action.

(d) In terms of Rule 114G(1)(e)(i) of Income Tax Rules, 1962 issued under Section 285BA of IT Act following information is required to be reported by reporting financial institution in the case of reportable custodial account:

"(i) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held

[25] Reference: Circular No.: NSDL/POLICY/2014/0083 dated July 22, 2014.
[26] Reference: Circular No.: NSDL/POLICY/2015/0078 dated August 28, 2015.
[27] Section 285BA of the Income Tax Act, 1961.
[28] Rules 114F to 114H under the Income Tax Rules, 1962 and Form No.61B for furnishing of statement of reportable account as specified in the Income Tax Rules, 1962.

in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year;". [29]

(e) In respect of the above and in consultation with Central Board of Direct Taxes, Department of Revenue, Ministry of Finance provided that:

i) Depositories shall provide additional field in the depository system to the RTAs whereby the RTAs can incorporate the details of corporate action viz. dividend/interest in rupee terms per unit of the security at the time of setting up of corporate action. Participants to note that such information is made available to Participants on e-PASS portal under the head of 'Interest Dividend CA Details'.

ii) The reporting with respect to dividend / interest is to be done by Participants on 'entitlement' basis and not on the basis of actual payment received by the demat account holder.

iii) If a demat account is identified as a 'reportable account' during a calendar year by the Participant, the reporting under Rule 114G (1) (e) is to be done for the dividend / interest entitlements during the entire calendar year i.e., including the period of the calendar year before identification of such account as a 'reportable account' by the Participant.

(f) Participants are requested to note that yearly cumulative file for calendar year with respect to the aforesaid details will be provided on e-PASS portal on yearly basis under the head 'Interest Dividend CA Details' by 31st January of next calendar year.

25. Due diligence and reporting requirements under FATCA and CRS:

(a) In terms of Rule 114G(11), the regulators are required to issue necessary instructions and guidelines from time to time for:[30]

i) Incorporating the requirements of reporting and due diligence.

ii) Providing the procedure and manner of maintaining the information by the Reporting Financial Institutions (RFI). RFI is defined in Rule 114F (7).

iii) Ensuring the availability of the information with the reporting financial institution for meeting their reporting obligation, if such information is not maintained by it under any rule or regulation issued by the regulator.

(b) Accordingly, all RFIs are advised to take following necessary steps to ensure

[29] Reference: Circular No.: NSDL/POLICY/2018/0014 dated March 13, 2018.
[30] Reference: Circular No.: NSDL/POLICY/DDP/0004 dated March 27, 2018.

compliance with requirements specified in the aforesaid rules for carrying out the necessary due-diligence and reporting for FPIs:

i) Obtain valid self-certifications/ FATCA and CRS declaration forms with documentary evidence as part of the account opening documentation in relation to FATCA/ CRS as specified in Rule 114H. Indicative self-certifications for individuals and entities are provided as Appendix D and E in the Guidance Note on FATCA and CRS.

ii) In accordance with CBDT clarification dated February 19, 2016, Custodian are required to carry out the due diligence on the accounts held by Global Custodian (**GC**) end-clients. However, for carrying out due diligence, the Custodian may rely on the FATCA/CRS documentation done by GC for the account holders including the self-certification. Further, it may be clarified that the obligations for due diligence and reporting remain that of the Custodian who should also be able to access all documents in relation to an account holder.

iii) Create a process/system to capture and validate the information collected through valid FACTCA/ CRS declaration forms.

iv) Develop framework for carrying out due diligence procedures and for maintaining reporting information, as provided in Rules 114G and 114H.

v) Furnish the relevant information in Form 61B in respect of the identified reportable accounts as defined in Rule 114F(6) on or before the date prescribed in accordance with sub-rules (7), (8) and (9) of Rule 114G for every calendar year.

vi) Develop a system of audit for compliance with Rules 114F, 114G and 114H of income-tax rules.

vii) Ensure compliance with updated rules/ circulars/ notifications/ instructions/ / guidance notes issued on the subject by CBDT from time to time.

(c) RFIs are required to certify to SEBI on annual basis regarding compliance with the provisions of Rules 114F to 114H of Income-tax rules relating to FATCA / CRS. This certificate would be a part of the audit report on internal controls submitted to SEBI annually.

(d) DDPs should grant SEBI registration to a FPI only after obtaining valid self-certification/ dully filled in forms. DDPs shall submit a certificate in respect of new registration(s) granted during every month at the end of the month that all due – diligence procedures, including obtaining of valid self-certification/ FATCA/ CRS declaration, have been followed before granting the said

registration to FPI.

During inspection of DDPs/ Custodians, SEBI will examine the compliance with the certificate to SEBI regarding self-certification and due diligence at the time of new registration.

COMPLIANCE SCHEDULE FOR REPORTS/ CERTIFICATES BY PARTICIPANTS

26. Participants are required to submit below mentioned reports to NSDL as per below timeline.

Particulars	**Deadline**
Investor Grievance Report **(Monthly)**	By 10th of the following month.
Grievances' that are directly received from clients	By 10th of the following month.[31]
Internal/ Concurrent Audit Report **(half yearly)**	May 15 and November 15[32]
Compliance Certificate **(half yearly)**	January 31 and July 31.
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) **(Annually)**	Within three months of the end of the financial year[33]
Cyber Security & Cyber Resilience framework of Depository Participants **(Quarterly)**	By 15th of the following month.
VAPT Audit Report Submission[34]	
DP who is a Non - Qualified Stock Brokers (QSBs) members **(Yearly)**	Conduct of VAPT through Cert-in Auditor- June 30
	VAPT report shall be submitted to Exchange/Depositories after approval from respective IT Committee – July 31
	Submission of ATR (revalidation report) through Cert-in Auditor providing closure status after approval from respective IT Committee- November 30
DP who is a Qualified Stock Brokers (QSBs) members – **(First Half Yearly ending March 31)**	Conduct of VAPT through Cert-in Auditor and report shall be submitted to Depository after approval from respective IT Committee – June 30
	Submission of ATR (revalidation report) through Cert-in Auditor providing closure status after approval from respective IT Committee – September 30

[31] Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023
[32] Circular No.: NSDL/POLICY/2024/0147 dated October 10, 2024
[33] Circular No.: NSDL/POLICY/2024/0003 dated January 05, 2024
[34] Circular No.: NSDL/POLICY/2025/0121 dated September 15, 2025

DP who is a Qualified Stock Brokers (QSBs) members – (**Second Half Yearly ending September**)	Conduct of VAPT through Cert-in Auditor and report shall be submitted to Depository after approval from respective IT Committee- December 31
	Submission of ATR (revalidation report) through Cert-in Auditor providing closure status after approval from respective IT Committee – March 31
Cyber Incident Reporting	Within 6 hours of noticing / detecting such incidents or being brought to notice about such incidents[35]
Root cause analysis (RCA)	Within 14 days of reporting the incident[36]
Reporting of any indictment or order passed against Participant by any regulatory authority	Within seven days from the date of such order or indictment[37]
Risk based Supervision of Participants **(Half yearly)**	April 30 and October 31
Tariff Sheet **(Yearly)**	April 30
Reporting of status of the alerts generated by Participants **(Quarterly)**	Within 15 days from end of the quarter
Annual System Audit Report **(Yearly)**	June 30[38]
Cyber Audit Report	The following qualified Registered Entities (REs) and Stock Brokers are required to submit the half-yearly cyber audit report for the audit period April 2025 to September 2025 on or before 31 December 2025:[39] 1) Qualified Res (# Banks, NBFC, Mutual Funds, RTA, Financial Institution, Custodians, Clearing Corporations, Public Financial Institution, State Finance Corporation) 2) Mid-size REs (providing IBT or Algo trading as a Stock Broker) 3) Small-size REs (providing IBT or

[35] Circular No.: NSDL/POLICY/2024/0013 dated January 24, 2024 and SEBI circular No: SEBI/HO/MIRSD/TPD/P/CIR/2022/93 dated June 30, 2022
[36] Circular No.: NSDL/POLICY/2024/0072 dated May 31, 2024
[37] NSDL Business Rule No. 5.2.5 and Circular No.: NSDL/POLICY/2023/0157 dated November 08, 2023
[38] Circular No.: NSDL/POLICY/2024/0132 dated September 30, 2024
[39] Circular No.: NSDL/POLICY/2025/0163 dated December 12, 2025

	Algo trading as a Stock Broker)
Action Taken Report (ATR) (If applicable) – For Annual System Audit & Annual Cyber Audit	March 30th [40]
Net worth Certificate and Audited Financial Statements **(Yearly)**	October 31[41]
Compliance report w.r.t Same Mobile number and/ or email address captured for multiple accounts. **(Monthly)**	27th of following month[42]
Details of NTR submitted to FIU-IND	20th of following month of transaction settled[43]

27. Participants are requested to refer to Bye Laws and Business Rules of NSDL and circulars issued thereunder for detailed guidance.

e-VOTING

28. In pursuance of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs, GoI approved and authorized NSDL as an agency for providing electronic platform for electronic voting under the Companies Act, 2013. Accordingly, an e-Voting system was developed to enable shareholders to cast their votes electronically for resolutions placed by Issuers through NSDL system. The details of the e-Voting system are available on the e-Voting site at www.evoting.nsdl.com.[44]
IDeAS

29. NSDL provides a facility called IDeAS, a secured Internet website set-up by NSDL, which facilitates demat account holders to access their demat account online. Using IDeAS facility demat account holders can view latest balances and transactions available in their demat accounts updated on an online but not real time basis. This facility is available to all the Clients including CMs who have opened an account with any of the Participants under NSDL system. SPEED-e was launched to enable demat account holders to submit delivery instructions through Internet. This facility is available to the users of SPEED-e, CMs who have subscribed to SPEED and to those Clients whose Participants are registered for IDeAS.[45]

30. If a Client subscribes to IDeAS, SEBI has permitted the Participants to discontinue providing physical transaction statements to their Clients.

31. Various features that are available on IDeAS facility are given below:

[40] Circular No.: NSDL/POLICY/2025/0163 dated December 12, 2025
[41] Circular No.: NSDL/POLICY/2023/0131 dated September 25, 2023
[42] Circular No.: NSDL/POLICY/2024/0115 dated August 21, 2024 & Email communication No: 2025-10 -Same Mobile number and/ or email address captured for multiple accounts
[43] Circular No.: NSDL/POLICY/2024/0166 dated November 07, 2024
[44] Reference: Circular No.: NSDL/POLICY/2012/0015 dated January 27, 2012.
[45] Reference: Circular No.: NSDL/POLICY/2017/0070 dated November 29, 2017; Circular No.: NSDL/PI/2003/2054 dated December 20, 2003. https://eservices.nsdl.com/.

(a) Client can view latest holdings along with value of holdings.[46]

(b) Client can view transactions that have taken place in demat account during the last 30 days.[47]

(c) Client can download digitally signed month-wise transaction statement for the previous month (maximum 12 months) from the date of activation of IDeAS facility.[48]

(d) Client can access e-Voting system of NSDL and cast votes electronically in respect of resolutions of companies to be passed by Postal Ballot or at General Meetings.

(e) Client can access TRACES website of Income Tax Department and View / Download Tax Credit Statements (Form 26AS).

(f) Clients can view latest balances of their demat accounts on the internet along with the value based on price and Net Asset Value (**NAV**) in respect of holdings of listed ISINs, and mutual fund units respectively, price / face value and indicative value in respect of non-convertible debentures, bonds, ETFs, unlisted equity shares etc. held by Clients in their demat accounts.[49]

32. Other features for CMs:[50]

(a) CMs can view and download the latest balances and transactions in their pool accounts in respect of settlements for the current pay-in date, previous four and next four pay-in days.

(b) CMs can view ISIN-wise positions / transactions for a given market type and settlement number.

(c) CMs can view Delivery-out instructions which are in "overdue" status, for a given market type and settlement number.

(d) CMs can download transactions in the Pool Account and import into back-office system to determine shortages for follow-up with Clients.

(e) CMs can download ISIN master to keep the back-office system up-to-date.

(f) CMs can view, print and download (in 'PDF' or in 'txt' format for onward

[46] Reference: Circular No.: NSDL/POLICY/2007/0057 dated September 29, 2007.
[47] Reference: Circular No.: NSDL/POLICY/2006/0045 dated October 5, 2006.
[48] Transaction statement for a particular month will be available for download latest by 7th of the following month (for e.g. transaction statement of April 2006 will be available for download by May 7, 2006). However, if a Client subscribes to ***IDeAS*** during the month, the transaction statement for the broken period will be available in the next month i.e. if a Client subscribes on April 15, 2006, the transaction statement of April for that Client will show transactions from April 16-30, 2006 onwards (Reference: Circular No. NSDL/POLICY/2006/0010 dated March 24, 2006).
[49] Reference: Circular No.: NSDL/POLICY/ 2012/0127 dated November 2, 2012; Circular No.: NSDL/POLICY/2011/0098 dated November 28, 2011; Circular No.: NSDL/POLICY/ 2010/0070 dated June 25, 2010.
[50] Reference: Circular No.: NSDL/PI/2003/2054 dated December 20, 2003.

processing in back-office system) SOH in respect of their Pool Account online.[51]

(g) Clients can verify the digital signature of NSDL on the transaction statement using a Signature Verification Utility. The detailed procedure regarding installation of Signature Verification Utility is available on the ***SPEED-e*** website.[52]

33. IDeAS facility provides valuation of securities available in the demat account. Earlier, the valuation of securities was calculated based on the previous day closing prices of the securities as obtained from the stock exchanges. NSDL then introduced the feature for display of price and valuation of securities to be updated at the interval of 5 minutes based on the prices obtained from the NSE for those securities which are listed on NSE.

34. In respect of those securities which are only listed on BSE, closing prices as of previous day will continue to show on IDeAS website during trading period. After the trading period, closing prices as provided by NSE and BSE will be updated on IDeAS website as per existing process.[53]

35. Investors can use this facility to monitor their portfolio frequently during trading period. This facility will be useful for the investors to know the latest value of their investments and will help them to take decisions about their investments.

36. Currently, the aforesaid facility will be made available to the demat account holders at free of cost.[54]

37. IDeAS facility allows Clients to register for IDeAS through 'Register Online for IDeAS' facility. Using this facility, Client can register for IDeAS facility directly on e-Services website (https://eservices.nsdl.com) and start using the same. This facility eliminates the need for Clients to submit the online registration documents to the Participants for subsequent authorization of IDeAS facility. This facility can be availed by only those Clients who have registered mobile number in DPM system for at least one of the account holders. The operating guidelines for Register Online for IDeAS facility are enclosed at **Annexure C**.[55]

38. ***IDeAS*** (https://ideas.nsdl.com) / ***SPEED-e*** (https://speed-e.nsdl.com) websites provide the facility of virtual keyboard to facilitate Users to enter their password in a more secured manner.
Salient features of Virtual Keyboard are as follows:[56]

(a) The feature is available for password-based Users of ***IDeAS*** and ***SPEED-e***

[51] Reference: Circular No.: NSDL/POLICY/2011/0024 dated March 16, 2011.
[52] Reference: Circular No.: NSDL/POLICY/2006/0010 dated March 24, 2006.
[53] Reference: Circular No.: NSDL/POLICY/2017/0070 dated November 29, 2017.
[54] Reference: Circular No.: NSDL/POLICY/2017/0070 dated November 29, 2017.
[55] Reference: Circular No.: NSDL/POLICY/2015/0093 dated October 27, 2015.
[56] Reference: Circular No.: NSDL/POLICY/ 2009/0027 dated April 11, 2009.

facility and Clearing Members availing the facility of ***IDeAS*** using password-based option (hereinafter referred as Users).

(b) Virtual keyboard will be made available for Users on ***IDeAS*** / ***SPEED-e*** websites to enter their password at the time of registration, login, reset of password, change of password and during auto-expiry of password.

(c) Generally, Users enter their password using a physical keyboard for login to ***IDeAS*** / ***SPEED-e*** websites. Users now have the choice to enter their password either using the physical keyboard or virtual keyboard (after enabling the check box - 'Use Virtual Keyboard').

(d) Users will be required to enter the entire password (in toto) either using the physical keyboard or virtual keyboard for all the password fields provided on the screen.

Registering for IDeAS through DIRECT

39. DIRECT facilitates registration of new demat accounts activated under Individual category i.e., Resident-Ordinary, Resident-HUF, NRI-Repatriable, NRI-Non-Repatriable and Foreign National-FN for ***IDeAS*** facility directly at NSDL.

40. Salient features of DIRECT are as follows:[57]

(a) NSDL will register the Client for IDeAS facility provided email address of the sole holder or at least one of the account holder in case of joint accounts is captured in the DPM System.

(b) Participants are requested to take due care at the time of capturing email address of the account holder(s) in the DPM System, that is provided by the Client.

(c) 'PDF' file containing registration link will be sent to the Sole Holder's / First Holder's (in case of joint accounts) email address (that is captured in the DPM System) within a week of activation of the depository account. In case the email address of the first holder is not available, then email will be sent to the second or third holder, as the case may be, whose email address is captured in the DPM System.

(d) The 'PDF' file sent to the account holder will be password protected. Logic for opening the 'PDF' file will be communicated to account holder in the email. Process for login to ***IDeAS*** website by the account holder after receiving the 'PDF' file from NSDL is given as follows:

[57] Reference: Circular No.: NSDL/POLICY/ 2010/0058 dated May 25, 2010; Circular No.: NSDL/POLICY/2009/0087 dated September 22, 2009.

i) The 'PDF' file will have a registration link and registration password. Account holder will have to click on the registration link.

ii) The link will direct the account holder to ***IDeAS*** pre-registration webpage. Account holder will enter the password (provided in the 'PDF' file) in the pre-registration webpage and click on 'Submit' button.

iii) Registration page would be displayed on the screen. Account holder will enter details viz., User ID of his / her choice, date of birth and password & re- confirm password. In case the User ID entered is already registered for IDeAS facility, account holder will be required to enter another User ID of his / her choice. Further, this page would also display other details of the account holder viz, name of the account holder(s), DP ID, Client ID, email ID etc. (as captured in the DPM System) which would be static.

iv) After successful entry of the above details by the account holder, confirmation page containing all the aforesaid details (mentioned in point no. **i**i) would be displayed. Account holder will have to click on the 'Confirm' button.

v) Account holder will be directed to IDeAS login page (https://ideas.nsdl.com) upon clicking 'Click here to login to IDeAS facility'.

vi) Account holder will login to the IDeAS website by entering the User ID and password.

vii) IDeAS website will display the terms and conditions.

viii) After the account holder gives confirmation to the terms and conditions, the account holder will get access to IDeAS facility.

ix) The Statement of holdings and transactions will be displayed from the next business day onwards after the account holder has successfully login to the IDeAS facility i.e., if the account holder has successfully login to the IDeAS facility on Monday, the statement of holdings and transactions will start getting displayed from Tuesday onwards. Further, the transaction statement of current month will be available for download latest by 7th of the following month.

x) In case the account holder does not register for IDeAS facility within 60 days[58] of sending of the email, the registration link will get disabled. Account holder in such case will have to then opt for

[58] Reference: Circular No.: NSDL/POLICY/2014/0022 dated March 4, 2014.

usual method for IDeAS registration.

41. Registration of existing demat accounts for ***IDeAS*** facility through DIRECT: ***IDeAS*** facility has been enhanced to register existing demat accounts which are not registered for IDeAS. In this regard, there are two options available for Participants to register the existing demat accounts:[59]

(a) Option A – Registration of existing demat accounts ***(one time)*****:** Participants can register all their existing demat accounts which are not registered for IDeAS one time by submitting a written request to NSDL signed by their compliance officers. The format of the letter is provided at **Annexure D**. In this regard, NSDL will register through DIRECT the existing demat accounts that are yet to be registered for ***IDeAS*** facility. The Clients will be registered for ***IDeAS*** facility provided email address of the sole holder or at least one of the account holder in case of joint accounts is captured in the DPM System.

(b) Option B - Registration of selected demat accounts: Participants can register selected demat accounts by sending email at direct@nsdl.com along with the details of demat account i.e., DP ID & Client ID (in an excel sheet). The caption of the email should be mentioned as 'Registration for ***IDeAS*** facility through DIRECT'. Participant must ensure that email address of the sole holder or at least one of the account holder in case of joint accounts is captured in the DPM System in such demat accounts to facilitate registration. The email must be received from the email address of the Compliance Officer or the Alternate Compliance Officer. Format of the email is provided at **Annexure E**. In this regard, Participants are requested to ensure that demat accounts that are already registered for ***IDeAS*** facility are not forwarded for registration. For this purpose, link named 'Download Client List' (under the option inquiries) has been provided on ***IDeAS*** / ***SPEED-e*** facility, to facilitate Participants to ascertain the demat accounts registered for ***IDeAS*** facility.

42. Ensure correctness of email ID: Participants must ensure that the email ID captured in the DPM system is indeed the same as provided by the Client i.e., the Client has provided the email ID at the time of opening the demat account or subsequently submitted a request to the Participant for updation / modification of email ID.

43. Registration of demat accounts at NSDL: After receipt of the requisite details from Participants as mentioned above, NSDL will register the demat accounts for ***IDeAS*** through DIRECT. The Registration and the login procedure for ***IDeAS*** facility through DIRECT for Clients would remain the same[60]. In this regard, Participants may like to encourage their Clients to login to this facility. Further, response file would be provided to Participants which would contain the registration status of Client accounts. The response file would also contain the rejection reason in case

[59] Reference: Circular No.: NSDL/POLICY/ 2011/0108 dated December 19, 2011.
[60] Reference: Circular No.: NSDL/ POLICY/2010/0058 dated May 25, 2010.

demat accounts could not be registered for ***IDeAS*** facility through DIRECT due to invalid Client ID, email ID, etc.

44. Registration of de-registered demat accounts: Participants are aware that User IDs of the account holders may have been de-registered as the account holders may not have registered themselves for ***IDeAS*** facility within the specified period i.e. 30 days. Participants may also register such Client accounts for ***IDeAS*** facility through DIRECT by sending the details to NSDL using option B as mentioned above.

Value added services on IDeAS

45. NSDL's IDeAS facility offers the following value-added services for Investors/Clients viz.:[61]

(a) Access to NSDL e-CAS,

(b) Download NSDL e-CAS of last 12 months,

(c) View latest balances of the demat account along with the value based on the previous day closing price, View transactions of demat account of last 30 days,

(d) Access to NSDL's E-Voting facility,

(e) Download 'Form 26AS'.

46. NSDL has facilitated integration between the Participant/broking/net banking/mobile banking portal and IDeAS website to facilitate Clients to access the aforesaid value-added services. After secured login, Participants / Brokers can provide a link on their website for accessing IDeAS facility. On clicking the link, the User/Client will be redirected to IDeAS website after carrying out necessary authentication.

47. The above functionalities of IDeAS Integration have been enhanced to facilitate e-Voting also. Accordingly, the Participants will have the choice of redirecting their Clients from their websites to either NSDL IDeAS facility or can also directly be redirected to the e-Voting page within the IDeAS facility. Accordingly, the demat account holders post authentication on IDeAS will be able to cast their vote for securities where NSDL has been appointed as ESP or will be redirected to the e-Voting page of other ESPs to cast vote without having a necessity of doing log-in with other ESPs.[62]

48. Clients (beneficial owners) can also subscribe for consolidated account statement through email (i.e. e-CAS) and update the email ID in depository account where Client wishes to receive e- CAS. Clients are also able to view the e-CAS which is

[61] Reference: Circular No.: NSDL/POLICY/2020/0130 dated September 28, 2020.

[62] Reference: Circular No.: NSDL/POLICY/2021/0052 dated May 26, 2021.

sent by NSDL to Client in previous twelve months. Salient features of the aforesaid facility are given at **Annexure F**.[63]

Enhancement of IDeAS and e-Voting integration[64]

49. Participants are required to note that the current functionalities of IDeAS Integration has been enhanced to facilitate e-voting also. Accordingly, the Participants have the choice of redirecting their clients from their websites to either NSDL IDeAS facility or can also directly be redirected to the e-voting page within the IDeAS facility. Accordingly, the demat account holders post authentication on IDeAS is able to cast its vote for securities where NSDL has been appointed as ESP or will be redirected to the e-Voting page of other E-Voting Service Providers (**ESPs**) to cast vote without having a necessity of doing log-in with other ESPs.

50. Earlier, SEBI vide Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 09, 2020 provided for e-Voting Facility Provided by Listed Entities. SEBI had decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process. The facility shall be available to all individual shareholders holding the securities in demat mode. Further, Participants shall request clients to update their mobile number and email ID in order to enable them to access the e-voting facility[65].

51. **Direct registration with Depositories** – Shareholders can register directly with the depository. Depositories shall allow login through registered Mobile number / E-mail based One Time Password (OTP) verification as an alternate to login through username and password. Shareholders would be able to access the e-voting page of various ESPs through the websites of the Depositories without further authentication by ESPs for participating in the e-voting process. [66]

52. **Through Depository Participants** - Shareholders would be able to access the e-voting page of various ESPs through the link provided on the websites of the Depositories Participants. The shareholders would be routed to the webpage of the respective Depositories where the requisite details (client ID, PAN, username etc.) have to be entered, which in turn would enable access to the e-voting portals of various ESPs without further authentication by ESPs for participating in the e-voting process.

(OR)

53. **Through Demat Accounts with Depository Participants** – Demat account holders will have the option of accessing various ESP portals directly from their demat

[63] Reference: Circular No.: NSDL/POLICY/2019/0073 dated October 30, 2019.
[64] Reference: Circular No.: NSDL/POLICY/2021/0052 dated May 26, 2021.
[65] Reference: Circular No.: NSDL/ POLICY/2020/0161 dated December 17, 2020.
[66] Reference: Circular No.: NSDL/ POLICY/2023/0086 dated July 13, 2023. (Ref: Section VI-C: e-voting facility provided by listed entities)

accounts. They would be routed to the webpage of the respective Depositories from their demat accounts, which in turn would enable access to the e-voting portals of various ESPs without further authentication by ESPs for participating in the e-voting process.

Change email ID on IDeAS facility

54. IDeAS facility also facilitates Users to view / change their email addresses registered on IDeAS. In this regard, existing Users who login on to IDeAS facility are required to follow the below given process:

(a) Upon entering the User ID and password on IDeAS website, a screen would appear, which will prompt the User to either confirm the existing email ID (i.e., email ID entered by Users at the time of registration through usual method or available in the DPM system if registered through DIRECT) or change the email ID by entering a new email ID.

(b) Upon giving confirmation to the existing email ID or upon changing the existing email ID, User will be required to enter his/her login password. Thereafter, User will be provided access to the IDeAS facility. A separate link named 'View / Change Email ID' is provided on IDeAS facility which will facilitate User to view as well as change their email ID.

(c) Upon changing the email ID, an auto generated email will be sent to both the existing and new email address (changed) of the User. User will receive the email from NSDL from the email ID: ideas@nsdl.com [67]

Auto-reset password facility on IDeAS

55. Users exclusively availing ***IDeAS*** facility who have forgotten their passwords or have entered wrong passwords (up to three attempts) can use the feature of auto-reset of password on ***IDeAS*** facility. If Users have subscribed for both ***IDeAS*** as well as ***SPEED-e*** facility, this auto-reset password facility is not available. The procedure for auto-reset of password is given below:[68]

(a) User would be required to enter the following details:

i) User ID

ii) DP ID

iii) Client ID

In case the User cannot enter correct details, they will be required to follow the usual method for resetting the password (i.e., approaching the Participant).

[67] Reference: Circular No.: NSDL/POLICY/2010/0057 dated May 25, 2010.
[68] Reference: Circular No.: NSDL/POLICY/2010/0057 dated May 25, 2010.

(b) Upon successfully entering the details as mentioned in point (i), ***IDeAS*** website will display a message that new password would be sent to the email address registered bythe User on ***IDeAS*** facility. The password will be concealed in a 'PDF' file and sent to the User's email address registered on ***IDeAS*** facility. Logic for opening the 'PDF' file will be communicated to the User in the email.

(c) Upon entering the User ID and password (password provided in the 'PDF' file), ***IDeAS*** website will require the User to change the password. Upon successfully changing the password, User will get access to ***IDeAS*** facility.

Single sign-on for e-Voting and IDeAS[69]

56. NSDL has developed an e-Voting system (https://www.evoting.nsdl.com/) wherein shareholders can cast their votes electronically in respect of resolutions of companies to be passed by postal ballot or at general meetings as per extant rules and regulations.

57. The e-Services website (https://eservices.nsdl.com/) of NSDL has been integrated with the aforesaid e-Voting facility, which will enable Users of IDeAS facility to access e-Voting system for casting their votes in respect of companies, wherein the users are shareholders as of the record date / cut-off date, by using the login credentials viz; User ID and password of IDeAS facility.

58. This is an additional facility to using the login credentials viz; User ID and Password of the e- Voting system. Thus, Clients would not be required to log-in to e-voting system separately for casting their votes in respect of the resolutions and can also cast their votes by accessing the e- voting system of NSDL through their IDeAS login.

Revocation of SPEED-e and IDeAS facility consequent to closure of demat account[70]

59. Participants may unilaterally revoke the Client IDs in case of password Users and User IDs in case of smart card / e-token Users on SPEED-e / IDeAS as applicable, after carrying out the closure of demat accounts of such Clients. In case of smart card / e-token Users, Participants should send the Client details i.e., Client ID, User ID and Signature Revocation Form of such Clients to NSDL after carrying out the revocation of User ID. As Participants are aware, NSDL vide its Circular No. NSDL/POLICY/2008/0020 dated April 4, 2008 informed Participants about the launch of download of Clients details on SPEED-e / IDeAS, whereby Participants can download and view the details of their respective Clients who have subscribed for the services of SPEED-e and / or IDeAS. This facility enables the Participants to identify the accounts in SPEED-e / IDeAS for the purpose of revocation of access. In continuation of to the above, all Participants are to take note that, NSDL revoked

[69] Reference: Circular No.: NSDL/POLICY/2015/0049 dated May 7, 2015.
[70] Reference: Circular No.: NSDL/POLICY/2008/0024 dated April 11, 2008.

the Client IDs of password Users and User IDs of smart card / e-token Users on SPEED-e / IDeAS at regular intervals after such Clients accounts are closed in the DPM System[71].

Launch of new feature 'Client List Download' for DP on SPEED-e and IDeAS[72]

60. NSDL launched 'Client List Download' on SPEED-e and IDeAS. In this feature, a new link "Download Client List" under the option "Inquiries" is provided to DP Administrator and DP Functional Users. DPs can download a digitally signed file containing the details of the clients who have subscribed for SPEED-e or/and IDeAS in a TCL file. DPs can verify the digital signature of NSDL using a Signature Verification Utility. Detailed procedure regarding installation of Signature Verification Utility is already available to view and download on SPEED-e site.

61. DPs who have subscribed to SPEED-e facility will get the list of clients who have subscribed for SPEED-e or/and IDeAS facility & list of Clearing Members who have subscribed for SPEED-e facility. DPs who have subscribed for IDeAS facility will get the list of clients who have subscribed for only IDeAS facility.

62. The downloaded file will provide the following details:

Sr. No.	Column	Remarks
1.	DP ID	The DP ID of the DP user doing the download
2.	USER ID downloading the file	The USER ID of the DP user doing the download
3.	No of records	Will display total number of records generated in downloaded file
4.	Downloaded file date & timestamp	The date will be displayed in the following for (YYYYMMDDHHMMSS)
5.	Registration Number	Registration No. will be displayed only in case Password based user
6.	Client Activation Date	User Activation Date will be displayed in case of a password-based user. In case of Smart Card based users, the Client registration date will be displayed
7.	Client ID / CM BP ID	In case the client is a CM then Client Id as well as CM BP ID will be shown in the file. In case the client is an investor then only Client Id will be

[71] Reference: Circular No.: NSDL/POLICY/2008/0065 dated September 26, 2008.
[72] Reference: Circular No.: NSDL/POLICY/2008/0020 dated April 04, 2008.

		shown.
8.	Status	This field can be Active/Suspended The user present in any other status will not be included in the file.
9.	Service	This field will denote whether the client is using either SPEED-e or IDeAS or Both. It would display SPEED-e or IDeAS or SPEED-e & IDeAS in the file depending on the facility subscribed.
10.	User Type	This field will denote whether the client is smart card based or password based. If the client is password based then the field will be displayed as Password and if the client is smart card based then Smart Card will be displayed.

63. The downloaded file will contain the list of clients that are in Active/Suspended status at the time of download by the DP user in the SPEED-e system.

Launch of SPICE (Submission of Power of attorney / Demat Debit and Pledge Instruction based Instructions for Clients Electronically) on SPEED-e / IDeAS[73]

64. This facility is in respect of demat accounts operated on the basis of Power of Attorney (POA) / Demat Debit and Pledge Instruction (DDPI). Many investors execute POA /DDPI in favor of their stock brokers (i.e. CMs) and advise their Participants accordingly. Based on the POA/DDPI, CMs submit instructions (auto pay-in) to the Participants (where Clients maintain demat accounts) to debit the demat accounts of the Clients. SPICE enables such CMs to submit digitally signed instructions to Participant through the SPEED-e facility thereby eliminating the need to give paper based delivery instructions to the Participants.

Procedure:

(a) CMs can set up registration requests in respect of their Clients (who have given POA in their favor) on SPEED-e.

(b) Registration requests can be confirmed by the Clients' Participant through SPEED-e or IDeAS (if not subscribed for SPEED-e facility).

(c) Upon confirmation by the Clients' Participant, the Client accounts get registered for the SPICE facility.

(d) After Clients are registered for this facility, CM can submit digitally signed instructions to debit the demat accounts of Clients and credit its pool account through SPEED-e facility.

(e) Participants of the Clients (where Clients maintain demat accounts) will download these instructions and import it into their DPM system for

[73] Reference: Circular No.: NSDL/POLICY/2009/0126 dated December 31, 2009.

execution.

Prerequisites:

Entities	Subscription	Remark
Clearing Member	SPEED-e	Client should have given POA/DDPI in favor of the CM for submission of instructions.
Participant of the CM	SPEED-e	-
Client (beneficiary accountholder)	-	Must have given POA/DDPIin favor of the CM and POA/DDPI must have been submitted to the Participant.
Participant of the Client	Either SPEED-e or IDeAS	Must have taken the POA/DDPI (given by Clients in favor of the CM) documents in its records.

Enhancement in SPICE facility for settlement for Corporate Bonds orders routed through stock exchange platform.[74]

65. NSDL has enhanced SPICE facility for settlement for MF redemption orders routed through stock exchange platform and facilitated TM/CM to submit transfer instructions to debit MF units from client's depository account and credit to Designated Pool Accounts of CCs i.e NCCL and ICCL.

66. In case of sell order of corporate bonds routed through stock exchange platform viz., ICCL- ICDN E-SETTLE, NCCL – CBRICS, OBPP etc_, corporate bonds are required to be transferred to Designated Pool Accounts of Clearing Corporations (CCs) i.e NCCL and ICCL for the purpose of settlement.

67. Further, NSDL has further enhanced the SPIC facility to allow TMs/CMs to submit instructions to debit corporate bonds from clients' depository accounts and credit them to the Designated Pool Accounts of CCs, i.e., NCL and ICCL. This functionality can be utilized by TMs/CMs who have POA/eDIS or DDPI mandates from their clients.

68. In this regard, the changes in file formats in respect of the back-office interface with SPICE system are as below:

Description	Data Type	Size	End	Status	Remarks
Target CM BP Id	Character	8	93	M	ICCL- IN619994 - MKT TYP I0 for ICDM

[74] Reference: Circular No.: NSDL/POLICY/2024/0131 dated September 17, 2024

					T+0 (CODE 3) ICCL-IN619994 - MKT TYP I1 for ICDM T+1 (CODE 4) ICCL-IN619994 - MKT TYP I2 for ICDM T+2 (CODE 5) NCCL-IN568177 - MKT TYP CS for CORPORATE BOND (CODE 46

69. The aforesaid enhancement in SPICE facility can be used for settlement of following security types in NSDL depository system:

Security type	**Security Type Code in**
Corporate Bond- Convertible and Non- Convertible Bond	4,5,6,9,12
Securitized Debt Securities	11
Certificate of Deposit	10
Commercial Papers	7
GSEC/SDL/ TBILL- issued by RBI and State Government)	14, 22,
CP/CD	7,10
Municipal Bond	24
SGB- (issued by RBI)	26

FRAMEWORK FOR ISSUE OF DEPOSITORY RECEIPTS

70. SEBI issued a framework for issue of Depository Receipts vide Circular. No. SEBI/HO/MRD2/DCAP/CIR/P/2019/146 dated November 28, 2019 and Circular No. SEBI/HO/MRD/DOP1/CIR/P/2019/106 dated October 10, 2019. Participants, registered with SEBI as Custodian of Securities (**Custodians**), are required to note of the same.[75]

71. Further, SEBI vide its Circular No. SEBI/HO/MRD/DCAP/CIR/P/2020/190 dated October 1, 2020, regarding framework for monitoring of foreign holding in Depository Receipts, laid down the operating guidelines with regard to the framework.[76]

72. It is mentioned at point no. 1, 2 and 3.3 of annexure of aforesaid SEBI circular dated October 1, 2020 that:

[75] Reference: Circular No.: NSDL/POLICY/DDP/2019/0006 dated December 9, 2019; Circular No.: NSDL/POLICY/DDP/2019/0004 dated November 11, 2019.
[76] Reference: Circular No.: NSDL/POLICY/DDP/0013 dated October 19, 2020.

(a) *"Listed Company shall appoint one of the Indian Depository as the Designated Depository for the purpose of monitoring of limits in respect of Depository Receipts.*

(b) *The Designated Depository in co-ordination with Domestic Custodian, other Depository and Foreign Depository (if required) shall compute, monitor and disseminate the Depository Receipts (DRs) information as prescribed in the framework. The said information shall be disseminated on website of both the Indian Depositories. For this purpose, the Designated Depository shall act as a Lead Depository and the other depository shall act as a Feed Depository.*

(c) *Domestic Custodian shall ensure that the underlying permissible securities, pertaining to a listed company, against which DRs are issued in the Permissible Jurisdiction, are held in a demat account, under a separate Type & Sub-Type as prescribed by the Indian Depositories for the purpose of issue of DRs".*

73. In this context, NSDL vide circular no. NSDL/POLICY/2018/0012 dated February 8, 2018 facilitated Participants with new sub type viz., "Overseas Depository - Underlying DR" under client type viz., "Body Corporate" being incorporated in the NSDL DPM system (version release 6.7) for opening account to hold the Shares held by DR Holders.

74. Further, NSDL vide its circular no. NSDL/POLICY/2019/0055 dated August 21, 2019 facilitated Participants with reclassification utility to change existing client type & sub type with new client type & sub types in client maintenance module in NSDL depository system.

75. The 'Reclassification utility' has been made available on NSDL on e-PASS portal under 'Utilities' menu along with user manual and sample input file. Custodians are requested to ensure that all the demat accounts of the foreign/Overseas depository holding the DR underlying securities (as prescribed above) be categorized or opened under the aforesaid client type & sub type in NSDL Depository system as prescribed by NSDL, at the earliest.

Certain clarifications on the Framework for issue of Depository Receipts were subsequently issued by SEBI vide its Circular No. SEBI/HO/MRD2/DCAP/CIR/P/2020/243 dated December 18, 2020.[77]

TRANSFER OF DEMAT ACCOUNTS

76. Held under Omnibus system managed by NSDL to other Participants of NSDL[78]

(a) In case of voluntary closure / termination of depository operations of a Participant, the Participant expresses its inability to close all the demat accounts, then such Participants are permitted to transfer demat accounts to Omnibus System managed by NSDL. Accordingly, such demat accounts are taken under Omnibus System managed by NSDL. Such demat accounts

[77] Reference: Circular No.: NSDL/POLICY/DDP/2021/0001 dated January 5, 2021.
[78] Reference: Circular No.: NSDL/POLICY/2022/178 dated December 30, 2022.

shall be transferred to another Participant of NSDL through a formal bidding process using online facility.

77. Eligibility Criteria for formal bidding:

(a) Certified net worth of the Participants as per the last audited financial statements recorded with NSDL should be at least Rs.10 crores.

(b) Interested Participant shall have at least ten thousand existing demat accounts.

78. Procedure for formal bidding:

(a) Bids will be accepted on NSDL's e-PASS platform between the period from to < Bid End Date> of the end date.

(b) A minimum reserve price of Rs.100 has been set for each demat account. Eligible Participants will have to submit their bids above the minimum reserve price of Rs.100 set for this purpose.

(c) On the bid open date, the Participant based on highest bid shall be selected for transfer of demat accounts.

(d) The selection procedure would be at the discretion of NSDL. Successful bidding Participant shall be intimated within 2 working days from the date of shortlisting by NSDL.

(e) Successful bidding Participant shall be required to make the payment as per the bidding process within 5 working days from the date of intimation.

79. On making the payment within prescribed timeline, process of transfer of demat accounts to the successful bidding Participant will be initiated by NSDL. In case of non-receipt of required payment within aforesaid prescribed timeline, an option would be given to the 2nd highest bidder.

UNIQUE CLIENT CODE (UCC) AND SCORES[79]

80. As per SEBI Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2019/136 dated November 15, 2019 regarding Mapping of UCC with demat account of the clients, NSDL had mapped the UCC details provided by Stock Exchanges viz. NSE, BSE and MSEI to NSDL with demat accounts based on PAN captured in the demat accounts.

81. If there were multiple UCCs in respect of single PAN, then all such UCCs were mapped in the demat account(s) on the basis of PAN. In case of a joint holding demat account(s), UCCs were mapped each holder-wise on the basis of PAN in demat account(s).

82. The facility has been provided to Participants to download full and incremental data in respect of UCC mapping in demat accounts under link viz., DOWNLOAD UCC LINKED DATA on e-PASS portal. In the incremental download file format, 'Incremental Flag' has been provided with values viz., A- Addition and D- Deletion for identification of addition/deletion of UCC mapping in demat accounts. In case of any changes in fields of UCC mapping records (as received from Stock Exchange), two separate rows (one for deletion of earlier record and second for addition of revised record) shall be provided in incremental download file. Further, the response file will

[79] Reference: Circular No.: NSDL/POLICY/2020/0070 dated May 15, 2020; Circular No.: NSDL/POLICY/2019/0078 dated November 18, 2019.

be also provided to Participants in respect of UCC Delinking / Linking Data uploaded by them on NSDL e-PASS portal.[80] In addition to this, link to SCORES portal on the website of the Participant was enabled, from where the client can view details of the demat account[81].

FACILITY OF FAST - (FREEZING OF DEMAT ACCOUNT SECURITIES FOR TRADE)[82]

83. NSDL launched a facility named FAST (Freezing of demat Account Securities for Trade) which enables Clients to freeze securities in their demat accounts in favor of CM through SPEED-e facility for the trade orders submitted on NOW facility.

84. For this purpose, SPEED-e facility, offered by NSDL to its Participants, was integrated with NOW facility. In view of this, SPICE facility, was further enhanced to enable CMs to debit the securities frozen in Client's beneficiary accounts (who have given POA to CM) and credit their CM Pool Account. This facility is called SPICE - FAST.

85. The salient features of FAST facility are as under:

(a) Client will approach its CM for availing FAST facility.
(b) Client will log-in to NOW facility using the User ID and password provided by CM and submit the "sell" order on NOW facility.
(c) User will be re-directed to SPEED-e website (https://eservices.nsdl.com/) where user will log-in to SPEED-e facility to execute freezing of securities in its demat account based on the details mentioned in "sell" order. The securities will be frozen (in favor of CM).
(d) Subsequent to the execution of trade order, CMs will debit the frozen securities through SPICE - FAST facility so as to transfer frozen securities from Client's account to the CM Pool Account.

INVESTOR CENTRIC INITIATIVES LAUNCHED BY NSDL[83]

86. NSDL SPEED-e Mobile APP: To track, view the holdings of demat account details with value, investors can download NSDL SPEED-e Mobile App, which is available for download at Google Play and App Store.

87. eServices (SPEED-e): To submit instructions online (market and off-market), investor can register for SPEED-e facility (https://eservices.nsdl.com). Investors submit MF redemption and confirm off-market instructions as well on SPEED-e facility. Further, in case of e-Token User of SPEED-e facility, investor can freeze their demat accounts.

88. eServices (IDeAS): IDeAS facilitates viewing of holdings in the demat account with value including transactions. Further, IDeAS also provides certain value-added services viz., view and download of NSDLCAS, e-Voting and download of Form 26 AS.

[80] Reference: Circular No.: NSDL/POLICY/2020/0132 dated October 01, 2020.
[81] Reference: Circular No.: NSDL/POLICY/2018/0024 dated April 23, 2018.
[82] Reference: Circular No.: NSDL/POLICY/2014/0054 dated April 30, 2014.
[83] Reference: Circular No.: NSDL/POLICY/2022/104 dated July 25, 2022.

New Enhancements in NSDL SPEED-e Mobile App [84]

89. Client Master Report (CMR):

NSDL SPEED-e Mobile App now enables clients to conveniently download digitally signed Client Master Report online.

90. Download of NSDL e-CAS:

NSDL SPEED-e Mobile App now offers a seamless way for clients to access their NSDL Consolidated Account Statement (NSDL e-CAS) for the past twelve months. This service simplifies the retrieval process and enhances client convenience. Participants are encouraged to inform their clients about the expected timing of receiving the NSDL e-CAS, as outlined below:

(a) Monthly Dispatch: Clients (except BSDA clients) who have conducted any transactions in their demat account or mutual fund folio during the month will receive the NSDL eCAS.

(b) Quarterly Dispatch (March, June, September, and December end): BSDA clients with transactions in their demat account or mutual fund folio during the quarter will receive the NSDL e-CAS.

(c) Half Yearly Dispatch (September end and March end): Clients without transactions but with balances in their demat account or mutual fund folios will receive the NSDL e-CAS.

(d) Yearly Dispatch (March end): Clients with no transactions or balances in their demat account or mutual fund folios will receive the NSDL e-CAS.

91. Enhanced e-Voting:

The e-Voting feature has been enhanced to enable all demat account holders to conveniently cast their votes through the NSDL SPEED-e Mobile App, regardless of the e-Voting Services Provider (ESP) chosen by the Issuer. Clients can now access the e-Voting pages of different ESPs directly via the NSDL SPEED-e Mobile App using a single sign-on (SSO) process. This enhancement, which was previously available on IDeAS Web, has now been seamlessly integrated into the NSDL SPEED-e App.

92. Participants are encouraged to share the above information with your clients for their awareness and convenience.

NSDL SMS Facility:[85]

93. NSDL provides SMS Alert facility for demat account holders whereby they can receive SMS alerts directly from NSDL for following:

(a) All Debit Transfers
(b) Credits for IPO, sub-division and bonus
(c) Failed instructions

[84] Reference: Circular No.: NSDL/POLICY/2023/0124 dated September 14, 2023.

[85] Reference: Circular No.: NSDL/POLICY/2018/0022 dated April 17, 2018.

(d) Overdue instructions
(e) Change of mobile number
(f) Change of address
(g) Debit of Mutual Fund units
(h) Invocation of pledged securities
(i) Registration and De-registration of Power of Attorney
(j) Modification / Cancellation of nominee name
(k) Initiation/Confirmation of pledge instructions
(l) Mutual fund redemption request submission by client and acceptance/rejection of the same by RTA.
(m) SMS Alerts to Clients for Blocking/Debit of shares in demat account in respect of Tender Offer instruction.

94. Online update of opt-in / opt-out nomination: Investors can register for opt-in/opt-out nomination for select Participants at https://eservices.nsdl.com/instademat-kyc-nomination/#/login

95. Online update of email / income range: To update email ID and income range in the demat account, investors can visit the weblink https://eservices.nsdl.com/kyc-attributes/#/login

96. Registering for eCAS: Investors can register to receive NSDL-CAS in electronic form by registering at NSDL micro site - https://nsdlcas.nsdl.com

97. The following Dos and Don'ts were also issued for investors while operating their demat accounts:

(a) Always deal with a SEBI registered Depository Participant for opening a demat account. Read all the documents carefully before signing them.
(b) Register / update your email ID and mobile number in your demat account to regularly receive alerts from NSDL.
(c) Do not share the OTP or password with anyone as these are meant exclusively for you.
(d) Do not download unknown Apps on your phone / device. The unknown app may access your confidential data.
(e) Ensure to register the password of online platforms in a unique form. Please ensure that the password is complex and strong. Further, please ensure to change the password at regular intervals.
(f) Before granting Power of attorney to operate your demat account to an intermediary like Stock Broker, PMS etc., carefully examine the scope and implications of powers being granted.
(g) Regularly monitor your NSDL-CAS statement received from NSDL through electronic or physical mode.
(h) In case you change any details in your demat account viz., address, bank details, mobile number or email ID etc., please ensure to receive Client Master List / Confirmation of updation from your Participant.
(i) Please ensure to monitor the alert viz., SMS / email received from NSDL with respect to debits or changes in the demographic details.
(j) Please ensure safe keeping of Delivery Instructions Slips.
(k) Please ensure to nominate in your demat account.

(l) For Investor Complaint/ Grievances, investors can contact at

(i) SCORES (a web based centralized grievance redressal system of SEBI) https://scores.sebi.gov.in

(ii) At NSDL https://investor.nsdl.com/portal/en/home

(iii) Emails to designated email IDs of Depository - relations@nsdl.com

98. Furthermore, NSDL has uploaded the Investor Charter on the NSDL website. The same is available on link https://nsdl.co.in/publications/investor_charter.php for information.

INCORPORATION OF FREEZE CODE[86]

99. Participants may note that the following freeze reason codes can be executed only by NSDL and are for display /view for Participants. The following freeze reason codes will not be displayed to Participants in list of freeze reason codes available under freeze execution module in depository system for executing the freezes. Participants are advised to make necessary changes in their static data code in respect of the back-office interface with e-DPM / Local DPM system/DPM system.

Freeze Reason Code	Freeze Reason Description
36	Non-payment of ALF*
38	Trading Window Closure Period
40	SEBI SCN / Order Not Delivered/Acknowledged

* ALF- Annual Listing Fees

100. The old freeze reason code i.e. '03' i.e. 'Request by Statutory Authority' is disabled from the freeze module of Local DPM system and e-DPM system while entering a new freeze request. However, the old freeze reason code will continue to be displayed in respect of existing freeze requests which have already been done under the freeze reason code '03'. The list of entire freeze reason codes which can be chosen while executing a freeze request are enclosed at **Annexure G** for easy reference.[87]

101. Participants are requested to note the File formats in respect of the back-office interface with e- DPM and Local DPM system are available at https://nsdl.co.in/nsdlnews/udiff.php

STANDARDIZATION OF FILE FORMATS. [88]

102. As per the recommendations of SEBI's Market Data Advisory Committee (MDAC) regarding Standardization of MII-Member/Bank Interface" the data files generated by market participants in all segments are different and there is a need for these formats to be standardized and harmonized in order to facilitate ease of doing business in Indian

[86] Reference: Circular No.: NSDL/POLICY/2022/125 dated September 07, 2022, NSDL/POLICY/2022/044 dated March 28, 2022; Circular No.: NSDL/POLICY/2022/144 dated October 13, 2022; Circular No.: NSDL/POLICY/2021/0131 dated December 28, 2021; Circular No.: NSDL/POLICY/2021/0097 dated September 22, 2021; Circular No.: NSDL/POLICY/2013/0006 dated January 8, 2013.

[87] Reference: Circular No.: NSDL/POLICY/2017/0033 dated June 9, 2017; Circular No.: NSDL/POLICY/2017/0026 dated May 11, 2017.

[88] Reference: Circular No.: NSDL/POLICY/2023/0178 dated December 21, 2023

Securities market. In view of the above, all the file formats are standardized across depositories.

103. Participants are requested to take note that following file formats are discontinued effective from EOD of August 31, 2024 and only standardized file formats for the below mentioned files are applicable.[89]

Sr. No	File Formats
1	ISIN Master
2	CC Calendar Export
3	Corporate Action Export
4	Member Master
5	Statement of Transaction
6	Statement of Holding
7	Common Transaction Upload Format
8	ISIN Rate Master
9	Common Upload Response Format
10	Account Opening / Modification / Closure Format
11	DP57 / COD Export
12	Client Master Export
13	DIS Master
14	Account Opening / Modification /Closure Response Format

104. NSDL has published above standardized file formats on the website https://nsdl.co.in/nsdlnews/udiff.php for the participants and their back-office vendors to implement standardized file formats. [90]

a. UDiFF Catalogue V1.0.8 (https://nsdl.co.in/downloadables/zip/Draft_-_UDiFF_Guidance_Note_CLEAN_COPY__V2023.12.11_(003)-12th_Dec_2023_(002).docx)

b. Circulars mentioning the mapping of fields in existing file formats vis-à-vis fields in standardized UDiFF file formats (https://nsdl.co.in/downloadables/zip/NSDL_Standardisation_Circulars.zip)

c. Sample files (regularly updated from test environment to cover all scenarios / testing) (https://nsdl.co.in/downloadables/zip/Updated_Sample_File_31082024.zip)

d. d. Mapping of existing proprietary codes and standardized codes (from UDiFF catalogue) (https://nsdl.co.in/downloadables/zip/Updated_Sample_File_31082024.zip)

105. Participants are advised to ensure that necessary changes are implemented and tested in their back-office system, as applicable.

[89] Reference: Circular No.: NSDL/POLICY/2024/0116 dated August 26, 2024 ; NSDL/POLICY/2024/0112 dated August 13, 2024
[90] Reference: Circular No.: NSDL/POLICY/2024/0079 dated June 11, 2024

ELECTRONIC GOLD RECEIPT

106. SEBI has issued directive regarding Standard Operating Guidelines for the Vault Managers and Depositories - Electronic Gold Receipts (EGR) segment. [91]

107. SEBI has empowered depositories to develop a common interface to create and extinguish EGR. Accordingly, the facility for Clients to submit request for conversion of physical gold into EGR and EGR into physical gold are available through their Participants.

108. Conversion of physical gold into EGR [92]

i. A depositor shall make a request, to create EGR, through the Depository, by depositing physical gold with the Vault Manager. Based on the request of Depositor, the Vault Manager may, after satisfying the required criteria, as may be prescribed, accept physical gold and create EGR by recording relevant information in the common interface provided by the depository.

ii. The EGR created shall be reflected in the demat account of the Client maintained with the Depository.

iii. Every Client shall submit request to the Participant, or through other mode as may be prescribed, to convert physical gold into EGR in Deposit Request Form (DRF). The specimen of the DRF is given in Form 45 of Business Rules.

iv. The Depository will forward such request/s to the Vault Manager.

v. The Vault Manager may accept physical gold on satisfying himself that physical gold to be converted into EGR meets the criteria as prescribed by SEBI in its circulars, directions, and regulations or any other authority.

vi. After conversion of physical gold into EGR, as per prescribed procedure, demat account of respective client will get credited with EGR.

109. Conversion of EGR into physical gold [93]

i. A Client shall submit the request to the Participant, or through other mode as may be prescribed, to convert EGR into physical gold in Withdrawal Request Form (WRF). The specimen of the WRF is given in Form 46 of Business Rules.

ii. The Depository will forward such request/s to the Vault Manager.

iii. After conversion of EGR into physical gold, as per prescribed procedure, the demat account of respective Client will be debited with the quantity of EGRs converted into physical gold.

iv. The Vault Manager shall deliver the physical gold to the Client subject to and in accordance with the procedure prescribed by SEBI from time to time.

110. The changes in the file formats w.r.t EGR conversion have been communicated to Participants. [94]

[91] Reference: Circular No.: NSDL/POLICY/2024/0088 dated June 25, 2024
[92] Reference: Circular No.: NSDL/POLICY/2023/0104 dated August 10, 2023
[93] Reference: Circular No.: NSDL/POLICY/2023/0104 dated August 10, 2023
[94] Reference: Circular No.: NSDL/POLICY/2022/0174 dated December 13, 2022

ADVISORY FOR COMPLIANCE WITH PROVISIONS OF RIGHTS OF PERSONS WITH DISABILITIES ACT, 2016 AND RULES THEREUNDER [95]

111. Participants are advised to ensure necessary compliance as mentioned below with the provisions of the Rights of Persons with Disabilities Act, 2016, and rules thereunder, specifically with regard to the following provisions:

Section 42: Access to information and communication technology.

The appropriate Government shall take measures to ensure that,—

(i) all contents available in audio, print and electronic media are in accessible format;

(ii) (ii) persons with disabilities have access to electronic media by providing audio description, sign language interpretation and close captioning;

(iii) electronic goods and equipment which are meant for every day use are available in universal design.

Section 46: Time limit for accessibility by service providers.

The service providers whether Government or private shall provide services in accordance with the rules on accessibility formulated by the Central Government under section 40 within a period of two years from the date of notification of such rules: Provided that the Central Government in consultation with the Chief Commissioner may grant extension of time for providing certain category of services in accordance with the said rules

Rule 15 of the Rights of Persons with Disabilities Rules, 2017: Rules for Accessibility

(1) Every establishment shall comply with the following standards relating to physical environment, transport and information and communication technology, namely:-

(a) standard for public buildings as specified in the Harmonised Guidelines and Space Standards for Barrier Free Built Environment for Persons With Disabilities and Elderly Persons as issued by the Government of India, Ministry of Urban Development in March, 2016;

(b) standard for Bus Body Code for transportation system as specified in the notification of the Government of India in the Ministry of Road Transport and Highways, vide number G.S.R. 895(E), dated the 20th September, 2016;

(c) Information and Communication Technology-

(i) website standard as specified in the guidelines for Indian Government websites, as adopted by Department of Administrative Reforms and Public Grievances, Government of India;

(ii) documents to be placed on websites shall be in Electronic Publication (ePUB) or Optical Character Reader (OCR) based pdf format: Provided that the standard of accessibility in respect of other services and facilities shall be specified by the Central Government within a period of six months from the date of notification of these rules.

[95] Reference: Circular No.: NSDL/POLICY/2024/0060 dated May 15, 2024

(2) The respective Ministries and Departments shall ensure compliance of the standards of accessibility specified under this rule through the concerned domain regulators or otherwise.

SEBI vide circular dated July 31, 2025 and September 25, 2025 has issued Directions & Compliance Guidelines on Digital Accessibility for Persons with Disabilities (PwDs) [96]

Further, SEBI has issued Clarification on aforesaid guidelines vide circular dated December 08, 2025.[97]

MIGRATION OF REPORTS/ FUNCTIONALITIES AVAILABLE ON INTRANET SITE I-ASSIST TO E-PASS PORTAL [98]

112. Participants are informed that the reports/ functionalities earlier available on i-Assist are made available on e-Pass portal [https://www.epass.nsdl.com] from June 15, 2024. This transition of various reports/ functionalities was aimed to provide more integrated and seamless user experience by consolidating features of i-Assist on e-Pass portal.

113. Pursuant to migration of all reports/ functionalities to e-Pass portal, the NSDL intranet site viz. i-Assist will be discontinued on EOD of April 30, 2025. A consolidated list of all reports/downloads/uploads migrated from i-Assist to e-PASS portal is enclosed as 'Annexure I' for Participants easy reference.

114. The existing Checker / Compliance Officer / Alternate Compliance Officer of Participants will be able to access aforementioned reports/ downloads in e-PASS through their existing log-in IDs created for submission of periodic compliances. For addition of User IDs on e-PASS to access the aforementioned reports/functionalities, Participants are advised to send an email to ePASS@nsdl.com in following format:

SEBI Reg. No.	**DP Name**	**First Name of User**	**Last Name of User**	**Mobile no.**	**Email ID**

115. For accessing 'PMLA FIU-IND Alert' & MNRL[99] download module on e-PASS portal, user id's of all existing Principal Officers/Alternate Principal Officers of Participants are already created on e-PASS portal based on their details updated by participants with NSDL and login credentials are shared on their registered email ids. In case of non-receipt of such email intimation, Participants are advised to send an email to e-pass@nsdl.com in the below format:

SEBI Reg.	**DP**	**First Name of**	**Last Name of**	**Mobile**	**Email**	**Module**

[96] Circular No.: NSDL/POLICY/2025/0103 dated August 07, 2025; Circular No.: NSDL/POLICY/2025/0129 dated September 29, 2025

[97] Circular No.: NSDL/POLICY/2025/0161 dated December 11, 2025

[98] Reference: Circular No.: NSDL/POLICY/2025/0043 dated April 03, 2025; NSDL/POLICY/2025/0005 dated January 09, 2025 ; NSDL/POLICY/2024/0103 dated July 11, 2024 ; NSDL/POLICY/2024/0084 dated June 14, 2024

[99] Circular No.: NSDL/POLICY/2024/0103 dated July 11, 2024

No.	Name	User	User	no.	ID	
						PMLA FIU Alerts

DISCLOSURE OF REGISTERED NAME AND REGISTRATION NUMBER BY SEBI REGULATED ENTITIES AND THEIR AGENTS ON SOCIAL MEDIA PLATFORMS (SMPS)[100]

116. SEBI vide circular dated February 26, 2026 has issued guidelines regarding Disclosure of registered name and registration number by SEBI regulated entities and their agents on Social Media Platforms (SMPs). Participants shall ensure compliance with the same.

[100] Circular No.: NSDL/POLICY/2026/0028 dated February 27, 2026