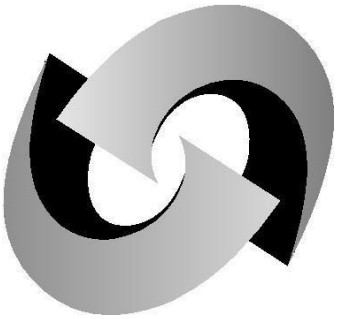
National Securities Depository Limited



BYE LAWS

September 2026

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LIST OF ANNEXURES

Annexure	Description
A	Agreement between Depository Participant and National Securities Depository Ltd.
B	# Agreement between Depository Participant and the person seeking to open an account with the Depository Participant
C	* List of securities
D	Tripartite Agreement between the Issuer, Registrar and the National Securities Depository Ltd.
E	Agreement Between Depository And Vault Manager

Deleted w.e.f April 4, 2014

* Deleted w.e.f November 17, 2000 Consequent to amendment in Bye Law 8.1.

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1. SHORT TITLE AND COMMENCEMENT

2.1. In exercise of the powers conferred under Sec. 26 of The Depositories Act 1996, National Securities Depository Limited hereby makes the following Bye Laws which have been approved by the Securities and Exchange Board of India pursuant to order No.IIMARP/2676/1996 dated October 15, 1996 of Securities and Exchange Board of India.

1.2. These Bye Laws may be called the Bye Laws of National Securities Depository Limited.

1.3. These Bye Laws shall come into effect from October 15, 1996.

2. DEFINITIONS

2.1. UNLESS THE CONTEXT OTHERWISE REQUIRES :-

2.1.1. Act : means The Depositories Act, 1996;

2.1.2. Board of Directors: means the Board of Directors of National Securities Depository Limited;

2.1.3. Business Rules : includes such manuals, notices, circulars containing the practices, procedures and administrative requirements relating to the operations and functions of the Depository system as may be notified by the Board of Directors from time to time;

2.1.4. Clearing Corporation : means any body corporate engaged in the activity of clearing and settlement of trades done on a recognised stock exchange;

2.1.5. [1] Client : in relation to a Participant means a Beneficial Owner who has opened an account with that Participant

2.1.6. Depository : means National Securities Depository Limited;

2.1.7. Eligible Securities : means securities which are admitted on the Depository in accordance with Chapter 8 of these Bye Laws;

2.1.8. [2]User : means and includes all market intermediaries interacting with the Depository; and includes Participants, Issuers, Registrars and Transfer Agents and Clearing Corporation and Vault Managers;

2.1.9. [3] "Other eligible entity" shall mean any entity which is eligible to operate an Subsidiary General Ledger (SGL) with the permission of the Reserve Bank of India (RBI).

2.1.10 [4]Vault Manager: means Vault Manager as defined in clause (l) of regulation 2 of Securities and Exchange Board of India (Vault Managers) Regulations, 2021;

2.1.11. [4]Words and expressions used but not defined in the Bye Laws but defined under The Depositories Act, 1996, The Companies Act, 2013, The Securities Contracts (Regulation) Act, 1956, The Securities and Exchange Board of India Act, 1992 and The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 or any other relevant Acts, Rules and Regulations shall have the same meaning respectively assigned to them under the aforesaid Acts and Regulations.

Notes:

[1] **Amended w.e.f. April 4, 2014. Prior to this amendment, Bye Law 2.1.5 read as follows:** 2.1.5 Client : in relation to a Participant means a Beneficial Owner who has opened an account with that Participant and has entered into the agreement in accordance with the provisions of Chapter 6 of these Bye Laws;

Prior to this amendment, Bye Law 2.1.5 read as follows:

2.1.5 Client: in relation to a Participant means a Beneficial Owner who has opened an account with that Participant and has entered into the agreement as per Annexure B in accordance with the provisions of Chapter 6 of these Bye Laws;

[2] **Amended w.e.f. August 10, 2023. Prior to this amendment, Bye Law 2.1.8 read as follows:** 2.1.8 User : means and includes all market intermediaries interacting with the Depository; and includes Participants, Issuers, Registrars and Transfer Agents and Clearing Corporation;

[3] **Inserted w.e.f. October 16, 1998. The existing clause 2.1.9 has been renumbered as 2.1.10**

[4] **Inserted w.e.f. August 10, 2023. The existing clause 2.1.10 has been renumbered as 2.1.11.**

Amended clause 2.1.11 w.e.f. August 10, 2023. Prior to this amendment, Bye Law 2.1.11 read as follows: 2.1.10 Words and expressions used but not defined in the Bye Laws but defined under The Depositories Act, 1996, The Companies Act, 2013, The Securities Contracts (Regulation) Act, 1956, The Securities and Exchange Board of India Act, 1992 and The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 shall have the same meaning respectively assigned to them under the aforesaid Acts and Regulations.

3. BOARD OF DIRECTORS

3.1.1. The Board of Directors of National Securities Depository Limited, constituted in accordance with the provisions of the Articles of Association of the Company, may organise, maintain, control, manage, regulate and facilitate the operations of the Depository and of securities transactions by the Participants of the Depository, subject to the provisions of The Depositories Act, 1996, The Securities and Exchange Board of India Act, 1992, The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and any directives issued thereunder.

3.1.2. The Board of Directors may delegate, from time to time, to Committee(s) formed in conformity with the SEBI guidelines or to the Managing Director or to any person or persons, such of the powers vested in it and upon such terms and conditions as it may think fit, and cancel, withdraw, alter or vary all or any of such powers so delegated.

3.1.3. The Board of Directors shall have the authority to issue directives from time to time to Committees or Managing Director or any other person or persons to whom any powers have been delegated by the Board of Directors, and such directives shall be binding on Committees, Managing Director and such other person/ persons.

3.1.4. Subject to the prior approval of the Securities and Exchange Board of India, the Board of Directors may amend, add or repeal any of the provisions of the Bye Laws framed by it.

4. [5]EXECUTIVE COMMITTEE

Since deleted w.e.f. may 10, 2022

Note:

[5] **Deleted w.e.f. May 10, 2022. Prior to deletion the provisions of Chapter 20 were as under**

4.1. CONSTITUTION

4.1.1. An Executive Committee shall be appointed by the Board of Directors for the purpose of managing the day to day affairs of the Depository.

4.1.2. The Executive Committee shall consist of not more than fifteen members.

4.1.3. The Executive Committee appointed by the Board of Directors shall consist of :-

i. the Managing Director of the Depository;

ii. not more than five persons nominated in that behalf by the Board of Directors from the Users to be known as User Representatives;

iii. not more than five individual persons of eminence in the field of finance, accounting, law or any other discipline or amongst the investors as may be nominated by the Board of Directors;

iv. four persons nominated in that behalf by the Board of Directors as 'Other Nominees'.

4.2. POWERS OF THE EXECUTIVE COMMITTEE

4.2.1. The Executive Committee may exercise such of the powers that may be delegated by the Board of Directors in accordance with the provisions of Bye Law 3.1.2.

4.2.2. Subject to the provisions of The Depositories Act, 1996, The Securities and Exchange Board of India Act, 1992 and any directives thereunder, The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and such other directives or regulations as may be specified by the Securities and Exchange Board of India from time to time, the Executive Committee may modify, amend, add or repeal any of the provisions of the Business Rules framed by it.

4.2.3. The Executive Committee may from time to time, constitute sub-committees consisting of two or more of its members which shall report to it on such matters as it may deem fit. The constitution, quorum, and responsibilities of such sub-committees will be determined by the Executive Committee.

4.3. USER REPRESENTATIVES

4.3.1. Subject to the provisions of Bye Laws 4.4.1 & 4.7.1, the Board of Directors shall nominate on the Executive Committee from time to time, not more than five persons from amongst the User Representatives. The persons from amongst the User Representatives so nominated by the Board of Directors shall hold office for a period of two years and shall be eligible for re-nomination subject to Bye Law 4.4.2.

4.3.2. Any vacancy caused by the resignation, removal, death, insolvency or otherwise of such a nominated person shall be filled in by the Board of Directors by a suitable nomination.

4.4. ELIGIBILITY OF USER REPRESENTATIVES TO BECOME EXECUTIVE COMMITTEE MEMBERS

4.4.1. No User Representative shall be eligible to be nominated as a member of the Executive Committee:-

i. unless the Participant satisfies the requirement, if any, specified in that behalf by The Securities Contracts (Regulation) Act, 1956 or the rules framed thereunder, The Securities and Exchange Board of India Act, 1992 and any directives thereunder, The Depositories Act, 1996, The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and such other directives or Regulations as may be specified by the Securities and Exchange Board of India from time to time;

ii. unless he is a User Representative and has adequate experience as a market intermediary;

iii. if he is a partner of a User Representative, who is already a member of the Executive Committee;

iv. if he has at any point of time been declared as defaulter or failed to meet his liabilities in the ordinary course of business or compounded with his creditors;

v. if he has been expelled or suspended by the Disciplinary Action Committee of the Depository.

4.4.2. A User Representative nominated for two consecutive terms as a member on the Executive Committee shall not be eligible to be re-nominated to the Executive Committee unless a period of two years has elapsed since his last nomination.

4.5. NOMINATION OF PERSONS OF EMINENCE

4.5.1. Subject to the provisions of Bye Law 4.4.1, the Board of Directors shall nominate on the Executive Committee from time to time such individual persons of eminence in the field of finance, accounting, law or any other discipline, or amongst investors, as decided by the Board of Directors. The persons from amongst them so nominated by the Board of Directors shall hold office for a period of two years and shall be eligible for re-nomination.

4.5.2. Any vacancy caused from amongst the nominated User Representatives shall be filled in by the Board of Directors by a suitable nomination.

4.6. OTHER NOMINEES

4.6.1. The Board of Directors shall nominate on the Executive Committee from time to time not more than four persons to be known as 'Other Nominees', who shall hold office for a period of two years and shall be eligible for re-nomination. Such other nominees may include two senior officers of the Depository.

4.6.2. Any vacancy caused from amongst them shall be filled in by the Board of Directors by a suitable nomination.

4.7. VACATION OF OFFICE OF NOMINEES OF THE BOARD OF DIRECTORS

4.7.1. The office of any nominee of the Board of Directors, including that of the User Representatives, persons of eminence and other nominees on the Executive Committee, shall ipso facto be vacated, if : -

i. he, by notice in writing addressed to the Chairman of the Executive Committee, resigns his office;

ii. he is adjudicated insolvent;

iii. he applies to be adjudicated insolvent;

iv. he is convicted by any court in India, of any offence, and sentenced in respect thereof to imprisonment for not less than thirty days;

v. he absents himself from three consecutive meetings of the Executive Committee or from all meetings of the Executive Committee for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Executive Committee;

vi. in the case of a Participant, if it ceases to be a Participant of the Depository, or if it is suspended, or expelled, or if its Participantship is terminated by the Depository in accordance with these Bye Laws;

vii. in the case of a User, if the User's registration has been suspended or cancelled by the Securities and Exchange Board of India;

viii. in the case of an employee of the Depository, if he ceases to be an employee of the Depository.

Provided further that, if at any time the Board of Directors, in its absolute discretion is satisfied that circumstances exist which render it necessary in the interest of the investor to do so, the Board of Directors may cancel the nomination of any person nominated to the Executive Committee.

4.8. OFFICE BEARERS OF EXECUTIVE COMMITTEE

4.8.1. The Executive Committee shall, from time to time, have the following office bearers namely, a Chairman and a Vice Chairman

4.8.2. The Managing Director of the Depository shall be the Chairman of the Executive Committee.

4.8.3. The Executive Committee may elect one among themselves as the Vice Chairman.

4.8.4. The Vice Chairman so elected shall hold office for a period of one year and shall be eligible for re-election.

4.8.5. In the event of any casual vacancy arising in the office of the Chairman, the Vice Chairman shall act as the Chairman to fill the casual vacancy, and the Executive Committee shall nominate, from amongst the members, an acting Vice Chairman to fill in the casual vacancy so caused in the post of the Vice Chairman.

4.8.6. In the event of any casual vacancy arising in the office of the Vice Chairman, the Executive Committee may nominate any person to act as the acting Vice Chairman during the period of such casual vacancy. Such acting Vice Chairman shall hold office for the same period as the office bearer in whose place he holds office.

4.9. MEETINGS OF THE EXECUTIVE COMMITTEE

4.9.1. The Chairman of the Executive Committee may, at any time, convene a meeting of the Executive Committee.

4.9.2. * The Executive Committee shall meet at least once in every two months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings, as it thinks fit.

4.9.3. The quorum for a meeting of the Executive Committee shall be five.

4.9.4. Provided that where at any time, the number of interested members exceeds two thirds of the total strength, then the number of remaining members, i.e., the number of members not interested shall be the quorum for the meeting. An interested member means any member who is directly or indirectly concerned or interested in the issue or matter to be dealt with at the meeting of the Executive Committee and whose presence shall not count for the purpose of forming the quorum of such meeting.

4.9.5. Questions arising at any meeting of the Executive Committee shall be decided by a majority of the votes cast by members present and voting. In the case of equality of votes, the Chairman of the Executive Committee shall have a second or casting vote.

4.9.6. At all meetings of the Executive Committee, the Chairman shall ordinarily preside and in his absence, the Vice-Chairman shall preside. If the Vice-Chairman is also not present at the meeting, the members of the Executive Committee present shall choose one from among themselves to be the Chairman of such meeting.

4.10. POWERS OF THE CHAIRMAN

4.10.1. The Chairman shall be entitled to exercise any or all of the powers, exercisable by the Executive Committee whenever he is of the opinion that immediate action is necessary, subject to such action being ratified by the Executive Committee within the time stipulated by the Executive Committee.

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* **Amended w.e.f. September 12, 1997. Prior to this amendment, Bye Law 4.9.2 read as follows:**

4.9.2 The Executive Committee may meet at least once in every calendar month for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings, as it thinks fit.

5. BUSINESS RULES

5.1 [6]The Board of Directors shall formulate Business Rules for the functioning and operations of the Depository and to regulate the functioning and operations of the Participants of the Depository with powers to amend and / or alter such Business Rules.

Provided however that, no Business Rules shall come into operation unless, the same has been approved by the Securities and Exchange Board of India.

5.2. Without prejudice to the generality of Bye Law 5 above, the Board of Directors may formulate Business Rules inter alia, with respect to :-

i. [7]determination from time to time, as to the fees, system usage charges, deposits, margins and other monies payable to the Depository by the Participants, by the Vault Managers and by the Issuers of eligible securities or its Registrar & Transfer Agent whose securities have been admitted to dealings on the Depository;

ii. [8]norms and procedures for approval of Vault Managers and Issuers and / or its Registrar & Transfer Agent to act as such;

iii. norms which shall be required to be followed by the Users while acting as such;

iv. supervision of the market and formulation of Code of ethics as it may deem fit;

v. maintenance of records and books of accounts by Participants;

vi. [9]administration, maintenance and investment of the corpus of the Fund(s) set upby the Depository;

vii. dissemination of information, announcements to be placed on the Depository system;

viii. manner in which the accounts of the Participant shall be reconciled with the records of the Depository on a daily basis;

ix. requirements for submission of periodic returns to the Depository on its activities in relation to the Depository;

x. manner and form in which the Participant shall maintain continuous electronic means of communication to the Depository;

xi. manner and format in which every Participant shall submit periodic returns to the Depository;

xii. [10]any other matter as may be decided by the Board of Directors.

5.3. The Depository may, from time to time, specify additional requirements in the Business Rules in the interest of the investors.

Notes:

[6] **Amended w.e.f. September 22, 2023. Prior to this amendment Bye Law 5.1. read as follows:**

5.1. The Board of Directors shall formulate Business Rules for the functioning and operations of the Depository and to regulate the functioning and operations of the Participants of the Depository with powers to amend and / or alter such Business Rules.

Provided however that, no Business Rules shall come into operation unless, seven working days prior thereto, a copy of the same has been submitted to the Securities and Exchange Board of India.

Prior to this amendment, Bye Law 5.1 Amended w.e.f. April 19, 2011, which read as follows:

5.1. The Board of Directors or Executive Committee shall formulate Business Rules for the functioning and operations of the Depository and to regulate the functioning and operations of the Participants of the Depository with powers to amend and / or alter such Business Rules.

Provided however that, no Business Rules shall come into operation unless, one working day prior thereto, a copy of the same has been submitted to the Securities and Exchange Board of India.

[7] **Amended w.e.f. August 10, 2023. Prior to this amendment Bye Law 5.2. (i) read as follows:**

5.2. (i) determination from time to time, as to the fees, system usage charges, deposits, margins and other monies payable to the Depository by the Participants and by the Issuers of eligible securities or its Registrar & Transfer Agent whose securities have been admitted to dealings on the Depository;

[8] **Amended w.e.f. August 10, 2023. Prior to this amendment Bye Law 5.2. (ii) read as follows:**

5.2. (ii) norms and procedures for approval of Issuers and / or its Registrar & Transfer Agent to act as such;

[9] **Amended w.e.f. January 17, 2019.Prior to this amendment Bye Law 5.2. (vi) read as follows:**

5.2. (vi) administration, maintenance and investment of the corpus of the Fund(s) set up by the Depository, including the Participant Fund;

Prior to this amendment, Bye Law 5.2 (vi) Amended w.e.f. March 3, 2003. which read as follows:

5.2. (vi) administration, maintenance and investment of the corpus of the Fund(s) set up by the Depository, including the Participant Fund and Investor Protection Fund;

[10] **Bye law 5.2. (xii) has been deleted w.e.f. January 17, 2019 and earlier Bye law 5.2 (xiii) renumbered as 5.2 (xii) Prior to**

this deletion Bye law 5.2 (xii) read as follows:
5.2 (xii) administration and operation of the reserves created by the Depository including “Investor Protection Reserve”;

Prior to this amendment Bye-Law 5.2. (xii) was inserted and earlier Bye-Law 5.2. (xii) has been renumbered as 5.2.(xiii) w.e.f. March 3, 2003.

6. PARTICIPANTS

6.1. ADMISSION OF PARTICIPANTS

6.1.1. Any person desiring to become a Participant shall file an application with the Securities and Exchange Board of India through the Depository, in the format specified by the Securities and Exchange Board of India together with the fees specified by the Securities and Exchange Board of India.

6.1.2. The application shall be submitted in the specified form and manner and shall be accompanied by the fees, security deposits and/or such other sums of money as specified by the Depository under the Business Rules.

6.1.3. [11]Every application shall be dealt with by the Depository within thirty days of receipt of such application and if the Depository is satisfied, it shall forward the same to the Securities and Exchange Board of India with the Depository's recommendations.

Provided that if the applicant is already registered as a Participant with SEBI through another Depository, the Depository may approve the application of the entity and inform SEBI after exercising due diligence and on being satisfied about the compliance of all relevant eligibility requirements including the following:

i. The applicant, its directors, proprietor, partners and associates satisfy the Fit and Proper Criteria as defined in the SEBI (Intermediaries) Regulations, 2008;

ii. 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 and the Board of the applicant is satisfied about the steps taken;

iii. The applicant has paid all pending fees / dues payable to SEBI and depository;

iv. Payment of registration fees as prescribed in the SEBI (Depositories and Participants) Regulations, 2018.

6.1.4. An application which is not complete in all respects and does not conform to the instructions specified shall be rejected. The Depository may, before rejecting any application, give to the applicant in writing, an opportunity to remove within such time as specified by the Depository, the objection indicated by the Depository.

6.1.5. The Depository may require the applicant to furnish such further information or clarification as required within such time as it may specify. On failure to provide any information within the time provided or such further time as may be granted the application will be deemed to have been rejected.

6.1.6. The Depository may approve or reject any application as deemed fit in its absolute discretion.

6.1.7. The Depository shall have the right to call upon the applicant 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 Depository may specify from time to time.

Notes:

11 **Amended w.e.f. December 14, 2015. Prior to this amendment, Bye Law 6.1.3 read as follows:** 6.1.3. Every application shall be dealt with by the Depository within thirty days of receipt of such application and if the Depository is satisfied, it shall forward the same to the Securities and Exchange Board of India with the Depository's recommendations.

6.2. ADMISSION CRITERIA

6.2.1. The applicant(s) shall be eligible to become Participant(s) in the Depository, provided they meet the minimum criteria laid down under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, and the eligibility criteria specified below :-

i. [12]the applicant shall be required to furnish information and details of its business history including the background and experience of directors and promoters of the applicant.

ii. the applicant should not have been convicted in any of the five years immediately preceding the filing of the application in any matter involving misappropriation of funds and securities, theft, embezzlement of funds, fraudulent conversion or forgery;

iii. the applicant should not have been expelled, barred or suspended by the Securities and Exchange Board of India, self regulatory organisation, or any recognised stock exchange; provided however that, if a period of three years or more has elapsed since such punishment was imposed, the Depository may, in its discretion consider such application;

iv. [13]the Participant (both prospective and existing) in the category of stock broker has a minimum networth of rupees Five crore.

Provided that a Participant in the category of stock broker (both prospective and existing) having a networth of atleast rupees Three crores but lower than rupees Five crores may be admitted/continued as a Participant subject to the condition that such Participant shall increase its networth to rupees Five crores by February 22, 2024 (i.e. within two years of the date of notification of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2022) or any other date as prescribed by the Securities and Exchange Board of India.

The Stock Broker with networth lower than Rupees Three crores but higher then Rupees One crore can become a Limited Participant of the Depository with the restrictions on business and/or for limited period as decided by Depository.

Provided that a Stock Broker Limited Participant (both prospective and existing) having networth lower than rupees Three crores but higher than rupees One crore may be admitted/continued as a Limited Participant of the Depository subject to the condition that such Limited Participant shall increase its networth to rupees Three crores by February 22, 2023 (i.e within one year of the date of notification of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2022) or any other date as prescribed by the Securities and Exchange Board of India. Once the Limited Participant complies with networth requirement of rupees Three crores by February 22, 2023 or any other date as prescribed by the Securities and Exchange Board of India, the first proviso under paragraph (iv) of Bye Law 6.2.1 shall apply.

Provided further that in case of non- banking finance company (NBFC), a registrar to an issue or share transfer agent, and self-clearing member, minimum networth as specified in the SEBI Regulations will apply.

Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository;

v. the applicant shall be required to furnish details of its Board of Directors/ authorised officials, who shall be responsible for acting on behalf of the Participant;

vi. the Depository may conduct entrance examinations and / or interviews, to examine the knowledge of the Participant (and its staff) related to the operational, functional and technical aspects of the Depository. The Depository may also make it mandatory for the Participant to appoint a compliance officer, who shall interact with the Depository on behalf of the Participant for compliance with the Bye Laws and Business Rules, resolving, redressal of investors'/ clients' grievances;

vii. the applicant should have adequate office space exclusively for Depository operations. The applicant should also furnish details of his main office, address, fax, and phone number(s). The Depository shall have the sole discretion to decide whether in its opinion, the applicant has adequate infrastructure facilities at the time of granting admission;

viii. the applicant has made adequate arrangements for conducting effective and safe Depository operations including security measures, software and hardware requirements, risk containment and insurance requirements, as specified by the Depository;

ix. for the purpose of satisfying itself regarding the eligibility of the applicant to become a Participant, the Depository may carry out an inspection of the office and facilities of the applicants;

x. the applicant shall be eligible to become a Participant with effect from the date on which it is registered with the Securities and Exchange Board of India under The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

Notes:

12 **Amended w.e.f. October 17, 2008. Prior to this amendment, Bye Law 6.2.1(i) read as follows:**
6.2.1 (i) the applicant shall be required to furnish information and details of its business history, which shall be for a minimum period of three years; provided that the Depository may, if it is satisfied that it would be in the interest of the investors and that the applicant is otherwise eligible to become a Participant, waive this requirement of three years;

13 **Amended w.e.f. November 14, 2022. Prior to this amendment, Bye Law 6.2.1 (iv) was amended on June 23, 2021, which read as follows:**
6.2.1 (iv) the Participant (both prospective and existing) in the category of stock broker has a minimum networth of rupees three crore. The Stock Broker with networth lower than Rupees Three crores but higher then Rupees One crore can become a Limited Participant of the Depository with the restrictions on business and/or for limited period as decided by Depository. Provided further that in case of non- banking finance company (NBFC) and a registrar to an issue or share transfer agent, minimum networth as specified in the SEBI Regulations will apply.

Provided, however, that if the Participant is already acting as a Participant on March 14, 2008, it will be required to fulfill this requirement by March 31, 2010.

Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository;

Prior to this amendment, Bye Law 6.2.1 (iv) was amended on June 23, 2021, which read as follows:
6.2.1 (iv) the Participant (both prospective and existing) in the category of stock broker has a minimum networth of rupees three crore. Provided further that in case of non- banking finance company (NBFC) and a registrar to an issue or share transfer agent, minimum networth as specified in the SEBI Regulations will apply.

Provided, however, that if the Participant is already acting as a Participant on March 14, 2008, it will be required to fulfill this requirement by March 31, 2010.

Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository;

Prior to this amendment, Bye Law 6.2.1(iv) was amended on March 19, 2008, which read as follows:

6.2.1(iv) the Participant (both prospective and existing) in the category of stock broker has a minimum networth of rupees three crore. Provided further that in case of non banking finance company (NBFC) and a registrar to an issue or share transfer agent, minimum networth as specified in the SEBI Regulations will apply.

Provided, however, that if the Participant is already acting as a Participant on March 14, 2008, it will be required to fulfill this requirement by March 31, 2009.

Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository;

Prior to this amendment, Bye Law 6.2.1(iv) was amended on October 19, 2005, which read as follows:

6.2.1(iv) the Participant (both prospective and existing) in the category of stock broker has a minimum networth of rupees one crore. Provided further that in case of non-banking finance company (NBFC) and a registrar to an issue or share transfer agent, minimum networth as specified in the SEBI Regulations will apply.

Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository;

Prior to this amendment, Bye Law 6.2.1(iv) read as follows:

6.2.1 (iv) the applicant has a minimum net worth of rupees one crore.

Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository.

6.3. RIGHTS AND OBLIGATIONS OF PARTICIPANTS

6.3.1. No Participant shall conduct any business as a Participant unless it enters into an agreement with Depository as per Annexure A of these Bye Laws.

6.3.2. A Participant while conducting any business as a Participant with a Client shall act as an agent of the Depository (Principal), and shall be liable to the Client for all the acts and deeds performed by the Participant. Subject to the provisions of Sec. 16 of the Act , the Depository shall not be liable to any person other than a Participant or a Client who may have any claim or claims in relation to any matters concerning the Depository operations.

6.3.3. The Participant shall not give a debit or credit to the account of a Client without a due authorisation from Client.

6.3.4. Participant shall not commingle its own securities with the securities of its Client and shall maintain each Client's account separately.

6.3.5. The Depository shall obtain, on a daily basis, the Client details from all Participants. The details shall be obtained in respect of the changes in the accounts of the Clients from the processing undertaken at the end of the previous working day. The Client details shall include the Client name, address and also the security wise details of the balance of the Client.

6.3.6. The Participants shall submit the following returns to the Depository :-

i. net worth certificate computed in a manner laid down in the Business Rules duly certified by a Chartered Accountant on the annual audited accounts of the Participant;

ii. in case the Participant is a clearing member of the clearing corporation of any exchange, the details regarding any suspension/termination or defaults or any disputes in relation to its dealings with such clearing corporation within two working days of such an event;

iii. number of complaints received from Clients, their nature, status and manner of redressal once every month;

iv. number of transfers effected for off-market settlement of trades once every month.

6.3.7. It shall be 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 the Depository of any error or omission contained in such advices, statements and reports within the time specified by the Depository.

6.3.8. Any advice, statement or report provided by the Depository shall in the absence of manifest error, be conclusive as to its subject matter. Except as otherwise agreed by the Depository, the failure of a Participant to inform the Depository of any error or omission in any advice, statement or report within the time frame stipulated by the Depository shall constitute a waiver in favour of the Depository by such Participant of any right to require rectification.

6.3.9. The Depository may if it is satisfied that it is in the interest of the Clients entertain a late request by a Participant to rectify an error or omission as aforesaid.

6.3.10. Every Participant shall reconcile his records with those of the Depository on a daily basis.

6.3.11. The Depository may at any time require a Participant to provide on demand, collateral or additional collateral in such form, extent and manner as is determined by the Depository to be appropriate with reference to, inter alia, the level of unreconciled balance in case of transfer of its account to other Depository or excess credit balance of securities due to any fraud, error or omission on the part of its officers, agents and employees. The collateral shall be in addition to and independent of any security which the Depository may at any time hold for the obligations and liabilities of such Participant.

6.3.12. Without prejudice to the above, the Depository may, for the purposes of deciding whether or not to require a Participant to provide collateral, specify exposure limits on a Participant.

6.3.13. A Participant shall not create or permit the creation of any mortgage, charge or other encumbrance over all or any of the assets provided as collateral, security or such similar purpose to the Depository.

6.3.14. The Depository may apply all or any of the collateral (including all rights and entitlements thereto, if any) at any time without prior notice to a Participant in or towards satisfaction of the obligations and liabilities of such Participant to the

Depository or such Participant's obligations and liabilities to a Client.

6.3.15. In respect of any sums received by the Depository from a Participant as collateral, the obligation of the Depository to such Participant shall be to the extent of the amount remaining after satisfaction of all obligations and liabilities (actual or contingent) of such Participant to the Depository and such Participant's obligations and liabilities to a Client.

6.3.16. Each Participant shall indemnify the Depository and its officers and employees and hold each of them harmless against all costs, fees, expenses, liabilities, taxes, actual losses and damages of any nature whatsoever suffered or incurred by any of them directly or indirectly as a result of or in connection with the following matters:-

i. the participation in the Depository system by the Participant and /or its activities in the Depository including the provision of services by the Participant to the client and the provision of services by the Depository to the Participant and all matters relating thereto as contemplated in the Bye Laws;

ii. the failure by the Participant to comply with the provision of the Bye Laws and the Participant agreement (including without limitation, the representations and warranties contained therein) or to comply with any directions or procedures of the Depository;

iii. the acts by the Depository or its officers and employees done by placing reliance upon instructions or communications believed in good faith by any of them to have been given by or on behalf of the Participant (including, but not limited to, the giving of effect to such instructions or communications by any of them) or the failure of the Participant to give instructions to the Depository as contemplated in the Bye Laws;

iv. the acceptance by the Depository of eligible securities deposited by the Participant and giving effect to transactions relating thereto by the Depository in accordance with the Bye Laws and thereunder the withdrawal of eligible securities by the Participant;

v. the failure by the Participant to deliver eligible securities, or to perform such other duties or obligations contemplated in the Bye Laws.

Nothing contained above shall apply to the extent the Depository or its employees are guilty of negligence, wilful misconduct or fraud on their part and are responsible for the losses.

6.3.17. For the purpose of determining whether a Participant is liable for any acts or omissions under these Bye Laws, the acts or omissions, whether done intentionally or not, by its officers, employees, agents and representatives, shall be deemed to be acts or omissions of the Participant.

6.3.18. Notwithstanding anything to the contrary in the Bye Laws, the Depository shall not be bound to effect any transaction or take any other action upon the instructions of a Participant if it would violate any applicable law, decree, court order, regulation or order of any government or other competent authority or if the Depository determines that it will not be in the interests of the Depository, Participants or the general investors.

6.3.19. Notwithstanding anything to the contrary in the Bye Laws, the Depository shall have the right to initiate a transaction or to take any other action in order to give effect to the order or judgment of a court of law or the Central or State Government or any other competent statutory authority.

6.3.20. The Depository reserves the right to rectify any erroneous transaction made to the accounts of Participants and shall thereafter inform the concerned Participants of such rectification.

6.3.21. Without prejudice to any other right the Depository may have, if as a result of rectification by the Depository of any erroneous credit entries to the accounts of a Participant pursuant to these Bye Laws, a negative balance arises, the Depository may:

i. require the Participant to replace the relevant eligible securities in this connection;

ii. require the Participant to pay to it forthwith a cash sum of such amount as the Depository considers appropriate as collateral and the only obligation of the Depository in respect of such sum so paid by the Participant shall be to pay such Participant an amount equal to the balance remaining after satisfaction of all obligations & liabilities (actual or contingent) of such Participant to the Depository. The Depository may itself at any time purchase as replacement, eligible securities on behalf of the Participant, at such price as may be determined by the Depository to be the best prevailing market price and terms, if any, or in other cases at its discretion on the terms available. The cost and other expenses in connection with purchase shall be borne by the Participant.

6.3.22. Each Participant shall be responsible to indemnify the Depository against all costs, fees, expenses, liabilities, actual losses and damages of any nature whatsoever incurred by the Depository as a result of or in connection with the purchase of replacement eligible securities by the Depository on behalf of the Participant.

6.3.23. [14]No Participant shall assign its business as a Participant to any other person without prior approval of the Depository. However, in case the assignment of business as a participant is due to change in control of the participant, as prescribed by SEBI, then prior approval of SEBIshall also be obtained by the participant. The Depository may grant an in-principle approval for the assignment of the business as a Participant to any other person, subject to certain terms and conditions, as specified by the Depository.
Provided further that in the event any termination proceedings are initiated after granting the in principle approval or were pending against the Participant prior to granting the in-principle approval of the Depository to the Participant for assignment of its business, then the Depository shall be entitled to reject the in-principle approval to the Participant or suspend any assignment process initiated by the Participant or revoke any such in-principle approval granted to the assignment application.

6.3.24. [15]Where a Participant (hereinafter referred to as "Transferor Participant") seeks to transfer the Participant business carried on by it to any transferee (hereinafter referred to as "Transferee Participant"), the transfer of the business or functions of the Transferor Participant to the Transferee Participant shall be regarded as complete and effectual only upon fulfilment of the requirements specified in the Business Rules.

6.3.25 [16]Subject to compliance with the foregoing, the Transferee Participant and the Clients electing to continue with the relationship shall be bound in the same manner and on the same terms and conditions as if the Transferee Participant had itself originally opened the accounts of the Clients. Such transfer from the Transferor Participant to the Transferee Participant shall be subject to the equities to which the parties were subject as at the date of the transfer.

Notes:

[14] **Amended w.e.f. August 9, 2023. Prior to this amendment, Bye Law 6.3.23 read as follows**:

6.3.23. No Participant shall assign its business as a Participant to any other person except with the prior approval of the Depository which may notify from time to time the terms and conditions subject to which it may assign its business as a Participant to any other person..

[15] **Amended w.e.f. April 9, 2019. Prior to this amendment, Bye Law 6.3.24 inserted w.e.f. April 10, 2010 read as follows**:

6.3.24 Where a Participant (hereinafter referred to as "Transferor Participant") seeks to transfer the Participant business carried on by it to any transferee (hereinafter referred to as "Transferee Participant"), the assignment of the business or functions of the Transferor Participant to the Transferee Participant shall be regarded as complete and effectual only upon:-.

(a) the Transferee Participant meeting all applicable eligibility criteria prescribed for conduct of business as a Participant;

(b) the Transferor Participant giving written notice to each of its Clients about the proposed transfer providing each client an option, which may be exercised within a period of not less than 60 days from receipt of such notice; and

(c) the Transferor Participant and the Transferee Participant publishing a joint advertisement of the notice of the proposed transfer in such form as may be prescribed by the Executive Committee in one English national daily, one Hindi national daily with wide circulation and a regional language daily with wide circulation.

[16] **Bye Law 6.3.25 has been deleted w.e.f. April 9, 2019. Earlier Bye Law 6.3.26 renumbered as 6.3.25 and amended w.e.f. April 9, 2019. Prior to this deletion and amendment, Bye Law 6.3.25 and 6.3.26 read as follows:**

6.3.25 Upon receipt of such notice, each Client shall have a right to elect in writing either (i) to continue as a Client of the Transferee Participant on the same terms and conditions as governed the receipt of services from the Transferor Participant; or (ii) to terminate its existing arrangement with the Transferor Participant and provide to the Transferor Participant details of the

new Participant selected by the Client for shifting of all securities held through the Participant. Failure to issue such written election within the prescribed option period shall be deemed an election by the Client to continue as a Client of the Transferee participant. Nothing contained herein shall restrict the ability of the Client to terminate its relationship with the Transferee Participant.

6.3.26. Subject to compliance with the foregoing, the Transferee Participant and the Clients electing to continue with the relationship shall be bound in the same manner and on the same terms and conditions as if the Transferee Participant had itself originally opened the accounts of the Clients. Such assignment from the Transferor Participant to the Transferee Participant shall be subject to the equities to which the parties were subject as at the date of the transfer. After such transfer, the Transferee Participant shall notify the Clients in writing as regards the completion of the assignment of the business in favour of the Transferee Participant.

Prior to this amendment, Bye Law 6.3.25 inserted w.e.f. April 10, 2010.

Prior to this amendment,Bye Law 6.3.26 amended w.e.f. April 4, 2014 read as follows:

6.3.26. Subject to compliance with the foregoing, the Transferee Participant and the Clients electing to continue with the relationship shall be bound by the existing agreements between the Transferor Participant and its Clients in the same manner and on the same terms and conditions as if the Transferee Participant had itself originally executed such agreements with the Clients. Such assignment of the agreements from the Transferor Participant to the Transferee Participant shall be subject to the equities to which the parties were subject as at the date of the transfer. After such transfer, the Transferee Participant shall notify the Clients in writing as regards the completion of the assignment of the business in favour of the Transferee Participant.

6.4. RIGHTS AND OBLIGATIONS OF PARTICIPANTS AND CLIENTS

6.4.1. [17] Every Participant shall provide the Rights and Obligations Document and obtain acknowledgement thereof of the client in the form and manner prescribed in the Business Rules.

Provided that this Bye Law shall not be applicable in case of:

i) foreign institutional investors registered with the Securities and Exchange Board of India and who have entered into an agreement with the Participant either directly or through their power of attorney holders in accordance with the provisions of sub regulation (1) of regulation 16 of the SEBI (Foreign Institutional Investors) Regulations, 1995; and

ii) foreign portfolio investor who have entered into an agreement with the Participant either directly or through their power of attorney holders in accordance with the provisions of sub regulation (1) of regulation 26 of SEBI (Foreign Portfolio Investors) Regulations, 2014; and

iii) such agreement gives the Participant an authority to act on behalf of the foreign institutional investors or the foreign portfolio investor for availing the services of the Depository; and

iv) International Multilateral Agency, who has entered into an agreement with the Participant under Regulation 17 of the SEBI (Custodians of Securities) Regulations 1996, and such agreement states that the Custodian will also act as a Participant and all provisions pertaining to Participant shall be applicable;

Notes:

* **Bye law 6.4.1 has been deleted w.e.f. April 4, 2014. Earlier Law 6.4.2 to 6.2.6 re-numbered as Law 6.4.1 to 6.4.5. Prior to this deletion Bye law 6.4.1 read as follows:**
6.4.1. No Participant shall conduct business as a Participant with its Clients unless it has entered into an agreement with its Clients.

[17] **Amended w.e.f. April 4, 2014. Prior to this amendment re-numbered Bye Law 6.4.1 read as follows:**

6.4.2. Every Participant shall enter into an agreement referred to above with each of its Clients as per Annexure B of these Bye Laws:

Provided that in case of:

i. foreign institutional investors registered with the Securities and Exchange Board of India and who have entered into an agreement with the Participant either directly or through their power of attorney holders in accordance with the provisions of sub regulation (1) of regulation 16 of the SEBI (Foreign Institutional Investors) Regulations, 1995; and

ii. such agreement gives the Participant an authority to act on behalf of the foreign institutional investors for availing the services of the Depository; and

iii. such agreement has been filed with the Securities and Exchange Board of India;

iv. International Multilateral Agency, who has entered into an agreement with the Participant under Regulation 17 of the SEBI (Custodians of Securities) Regulations 1996, and such agreement states that the Custodian will also act as a Participant and all provisions pertaining to Participant shall be applicable; then such Participant need not enter into an agreement as per Annexure B of these Bye Laws.

Amended w.e.f. October 6, 2000. Prior to this amendment Bye Law 6.4.2 was amended on March 6, 1997, which read as follows:

6.4.2. Every Participant shall enter into an agreement referred to above with each of its Clients as per AnnexureB of these Bye Laws:

Provided that in case of:

i. foreign institutional investors registered with the Securities and Exchange Board of India and who have entered into an agreement with the Participant either directly or through their power of attorney holders in accordance with the provisions of sub-regulation (1) of regulation 16 of the SEBI (Foreign Institutional Investors) Regulations, 1995; and

ii. such agreement gives the Participant an authority to act on behalf of the foreign institutional investors for availing the services of the Depository ; and

iii. such agreement has been filed with the Securities and Exchange Board of India; then such Participant need not enter into an agreement as per Annexure B of these Bye Laws.

Prior to this amendment, Bye Law 6.4.2. read as follows: 6.4.2. Every Participant shall enter into an agreement referred to above with each of its clients as per Annexure B of these Bye Laws.

6.4.2. The Participant shall thereafter open separate accounts of each of its Clients for holding security balances on behalf of its Clients.

6.4.3. [18]Every Participant shall provide a statement of accounts including transaction statement and holdings statement to the Clients in such form and manner as specified under the Business Rules.

6.4.4. The Participant shall act on the instructions of the Client provided in the manner laid down under the Business Rules.

6.4.5. The Participant shall maintain a separate account for each Client and ensure that the securities of the Client are not mixed with its own securities.

6.4.6. [19]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.

Notes:

[18] **Amended w.e.f. April 4, 2014. Prior to this amendment, re-numbered Bye Law 6.4.3 read as follows:**

6.4.4 Every Participant shall provide a statement of accounts including transaction statement and holdings statement to the Clients in such form as specified under the Business Rules. Such a statement shall be furnished to the Clients at monthly intervals and to the Clients opting for Basic Services Demat Account at quarterly intervals, unless the Participant and its Clients have agreed for provision of such statement at shorter intervals. However, if there is no transaction in the account, then the Participant shall provide such statement to the Client on an annual basis.

Provided that in case of a Participant who has not entered into an agreement as per Annexure B of this Bye Laws with its Client in terms of the proviso to Bye Law 6.4.2, then the Participant shall provide the transaction statement including statement of accounts, if any, to the Client as agreed between the Participant and the Client.

Amended w.e.f. February 27, 2013. Prior to this amendment, Bye Law 6.4.4 was amended on April 22, 2003, which read as follows:

6.4.4. Every Participant shall provide a transaction statement including statement of accounts, if any, to the Clients in such form as specified under the Business Rules. Such a statement shall be furnished to the Clients at monthly intervals, unless the Participant and its Clients have agreed otherwise. However, if there is no transaction in the account, then the Participant shall provide such statement to the Client atleast once a quarter.

Provided that in case of a Participant who has not entered into an agreement as per Annexure B of this Bye Laws with its Client in terms of the proviso to Bye Law 6.4.2, then the Participant shall provide the transaction statement including statement of accounts, if any, to the Client as agreed between the Participant and the Client.

Amended w.e.f. April 22, 2003, prior to this amendment, Bye Law 6.4.4 was amended on November 5, 1998 which read as follows:

6.4.4. Every Participant shall provide a transaction statement including statement of accounts, if any, to the Clients in such form as specified under the Business Rules. Such a statement shall be furnished to the Clients at fortnightly intervals unless the Participant and its Clients have agreed otherwise. However, if there is no transaction in the account, then the Participant shall provide such statement to the Client atleast once a quarter. Provided that in case of a Participant who has not entered into an agreement as per Annexure B of this Bye Laws with its Client in terms of the proviso to Bye Law 6.4.2, then the Participant shall provide the transaction statement including statement of accounts, if any, to the Client as agreed between the Participant and the Client.

Prior to this amendment, Bye Law 6.4.4 read as follows:

6.4.4 Every Participant shall submit periodical statement of accounts to the Clients in such form as specified under the Business Rules. Such a statement shall be furnished to the Clients at least once in fifteen days unless the Participant and its Clients have agreed otherwise.

*** Bye Law 6.4.7. has been deleted w.e.f. September 5, 2002. Prior to deletion, Bye Law 6.4.7. read as follows:**

6.4.7. In the event of multiple instructions received from the Client relating to transfer of securities which exceed the balance of the Client kept with the Participant, the sequence of execution of instructions by the Participant will be as follows :-

i. in the event of the Client specifying the sequence of execution of instructions, in the same manner as specified by the Client to the extent it can be executed with the balance available with the Participant;

ii. in the absence of specific instructions from the Client in the chronological order in which such instructions are received from the Client to the extent it can be executed with the balance available with the Participant.

[19] **Inserted w.e.f. September 11, 2023.**

6.5. TERMINATION

6.5.1. TERMINATION BY NOTICE BY THE DEPOSITORY

The Depository may at any time and on such conditions as it thinks fit, by giving not less than thirty working days notice in writing, terminate the participation of a Participant under the following circumstances:-

i) the Participant no longer meets the eligibility criteria to be a Participant;

ii) in the event of the death, incapacity of a Participant being an individual or the dissolution of a Participant being a partnership;

iii) in the event of a Participant being a body corporate when it is wound up or an official liquidator or provisional liquidator is appointed under The Companies Act, 2013;

iv) in the event of a Participant ceasing to do business which relates to the Depository operations;

v) the Depository has reasonable grounds to believe that the Participant is approaching financial difficulty or will be unable to meet its obligations to the Depository;

vi) in the event of any distress, execution or other process being levied or enforced or served upon or against any property of a Participant;

vii) in the event of bankruptcy, liquidation or winding up of a Participant or the initiation of any proceedings in relation thereto (including but not limited to the bankruptcy or an analogous act by a Participant) or if the Depository considers in its absolute discretion that the occurrence of such events are imminent or likely;

viii) in the event of the appointment of a receiver or administrator over the assets of a Participant or if a Participant suffers a composition with its creditors or if a scheme of arrangement is approved by the court (other than for the purposes of reconstruction or amalgamation) or if the Depository considers in its absolute discretion that the occurrence of such events are imminent or likely;

ix) in the event of failure to pay fees or any other charges as required under the Bye Laws or the Participant agreement;

x) in the event of failure of a Participant to fulfill the obligations arising out of the indemnification of the Depository by the Participant;

xi) the Depository has reasonable grounds to believe that the Participant has been responsible for negligence, fraudulent or dishonest conduct or has made a material misstatement or omitted to state a material fact in any statement to the Depository;

xii) the Participant has violated any Business Rule, procedure or breach of agreement with the Depository;

xiii) the Participant's registration granted by Securities and Exchange Board of India or by any other governmental agency has been suspended or cancelled;

xiv) if the Participant is a member of a stock exchange, the Participant has been expelled, or its trading privileges have been suspended by the stock exchange;

xv) the Depository has reasonable grounds to believe that termination of relationship with the Participant is necessary for the protection of investors or other Participants or to facilitate the orderly performance of the Depository services.

6.5.2. SUSPENSION WITHOUT NOTICE

Without prejudice to any other rights, the Depository may have and notwithstanding anything to the contrary in the Bye Laws, the Depository may suspend with immediate effect, the participation in the Depository of a Participant on the grounds enumerated in Bye Laws 6.5.1 (ix) to 6.5.1 (xv) above pending the proceedings under Bye Law 6.5.1.

6.5.3. TERMINATION OF PARTICIPANTSHIP BY A PARTICIPANT

The Depository may cease to provide any service or act for a Participant, on receiving a notice of not less than thirty days from the Participant, that the Participant no longer wishes to act as such. The Depository shall notify the Participant, other Participants, Clients of Participants and Securities and Exchange Board of India within seven days of the Participant ceasing to act as such.

6.5.4. CONSEQUENCES OF TERMINATION

i) [20]On termination of participation, the Depository shall, unless asotherwise provided in the Bye Laws, cause to be returned to or make available for collection by the Participant, all collateral held by the Depository from the Participant.

Provided that the Depository shall have the right (without affecting any other rights it may have) to set off amounts due or which may become due to the Depository and Clients from the Participant, if applicable.

Provided further that the Depository shall refund such amount or amounts to the Participant after a period of three years from the date of cancellation of the certificate of registration issued by the Securities and Exchange Board of India or after resolving pending investor grievances, if any against the Participant, to the satisfaction of the Depository, whichever is later.

ii) The termination of participation in the Depository of a Participant will not affect any rights and liabilities of the Participant arising out of matters which have taken place prior thereto and for the purpose of settlement of any such rights or liabilities of the Participant, the Depository may continue to treat the Participant as a Participant.

iii) Without prejudice to the provisions of (i) and (ii) above, the Depository shall be entitled to set off any earlier claims or rights of the Participant against any amount due to the Depository or any other person entitled for any claim through the Depository irrespective of the fact that such counter claim has arisen after the date of termination of the Participant.

iv) In the event of the termination of participation by the Participant or the receipt of notification to terminate, the Depository shall, as soon as practicable, notify the other Participants and initiate suitable steps for protection of the interests of Client account holders with such Participant.

v) The Depository shall notify the Participant and other Participants and the Securities and Exchange Board of India within seven days of the termination of the Participant under Bye Laws 6.5.1, 6.5.2 and 6.5.3 above. The Participant shall inform all its Clients of such termination within a period of seven days from the date on which it receives notice of such termination.

vi) [21] The Participant shall be required to meet all its outstanding obligations to the Depository while the Participant was acting as such and the Client shall have the option of either getting the securities held with the Participant transferred to another Participant, or get the securities rematerialised within thirty days from the date of receipt of intimation as mentioned in Bye Law 6.5.4 (v).

vii) [22] In case Clients do not respond to the advise of the Participant as per Bye Law 6.5.4 (vi), the Participant may request the Depository to manage the accounts of such Clients on its behalf, on such terms and conditions as may be prescribed by the Depository, from time to time.

Provided further that the Depository may, on its own, decide to manage the accounts of the clients of the Participant(s) or may nominate one or more Participants to whom such accounts shall stand transferred.

Provided that no transactions in respect of the securities in such account shall be effected until such time as the concerned Beneficial Owner shall make an application and its acceptance by the nominated Participant(s) as per Bye law 9.1.6.

Provided however that the requirement of furnishing transaction statement including statement of accounts as per Bye Law 6.4.4 will not apply to the Client accounts, decided to be managed by the Depository.

Notes:

[20] **Amended w.e.f. April 19, 2018. Prior to this amendment, Bye Law 6.5.4 (i) read as follows:**

6.5.4. (i) On termination of participation, the Executive Committee shall, unless as otherwise provided in the Bye Laws, cause to be returned to or make available for collection by the Participant, all collateral held by the Depository from the Participant.

Provided that the Depository shall have the right (without affecting any other rights it may have) to set off amounts due or which may become due to the Depository, other Participants and Clients from the Participant, if applicable.

Provided further that the Depository shall refund such amount or amounts to the Participant after a period of six months from the date of cancellation of the certificate of registration issued by the Securities and Exchange Board of India or after resolving pending investor grievances, if any against the Participant, to the satisfaction of the Depository, whichever is later.

Amended w.e.f. September 6, 2002. Prior to this amendment, Bye Law 6.5.4 (i) read as follows:

6.5.4. (i) On termination of participation, the Executive Committee shall, unless as otherwise provided in the Bye Laws, cause to be returned to or make available for collection by the Participant, all collateral held by the Depository from the Participant.

Provided that the Depository shall have the right (without affecting any other rights it may have) to set off amounts due or which may become due to the Depository, other Participants and Clients from the Participant, if applicable.

[21] **Amended w.e.f. February 18, 2003. Prior to this amendment, Bye Law 6.5.4 (vi) read as follows:**

6.5.4. (vi) The Participant shall be required to meet all its outstanding obligations to the Depository while the Participant was acting as such and the Client shall have the option of either getting the securities held with the Participant transferred to another Participant, or get the securities rematerialised.

[22] **Amended w.e.f. January21, 2020. Prior to this amendment, Bye Law 6.5.4 (vii) read as follows:**

In case Clients do not respond to the advise of the Participant as per Bye Law 6.5.4 (vi), theParticipant may request the Depository to manage the accounts ofsuch Clients on its behalf, on such terms and conditions as may be prescribed bythe

Depository, from time to time. Provided further that the Depository may, on itsown, decide to manage the accounts of the Clients of the Participant so as to enablethe Clients to get the securities transferred to another Participant. Provided howeverthat the requirement of furnishing transaction statement including statement of accounts as per Bye Law 6.4.4 will not apply to these Client accounts.

Inserted w.e.f. February 18, 2003.

viii) [23]The Participant, upon cancellation of the certificate of registration by the Securities and Exchange Board of India, shall issue a public notice in one national English daily newspaper and in one vernacular daily newspaper, informing the public about the closure of its depository operations. In case of termination of operations of the Participant by the Depository, such public notice may be issued by the Depository at the cost of the Participant.

ix) [24] Upon issuance of notice against the Participant by the Depository under Byelaws 6.5.1, 6.5.2, or 6.5.3 above, the Depository reserves the right to revoke any consent granted or suspend any assignment process initiated by a Participant.

6.6. [25]CLEARING CORPORATION OR A CLEARING HOUSE OF A STOCK EXCHANGE

6.6.1. ADMISSION CRITERIA

A clearing corporation or a clearing house of stock exchange shall be admitted as a User on the Depository only if:-

i) the clearing corporation or a clearing house of a stock exchange has adequate hardware and software systems to interact with the Depository as specified in the Business Rules;

ii) the Depository is satisfied that the clearing corporation or a clearing house of a stock exchange operates in such a manner that it ensures payment against delivery or guarantees settlement;

iii) the clearing corporation or a clearing house of a stock exchange undertakes to cooperate- at all times to redress the grievances of Clients and the Participant in respect of its operation in relation to the Depository;

iv) in the opinion of the Depository, the clearing corporation or a clearing house of a stock exchange has the operational capability to provide the services relating to clearing and settlement of transactions relating to the securities admitted to the Depository to be held in dematerialised form.

Notes :

[23] **Inserted w.e.f. September 6, 2002 and subsequently renumbered as 6.5.4. (viii) w.e.f. February 18, 2003**

[24] **Inserted w.e.f. August 9, 2023**

[25] **Amended w.e.f. September 12, 1997. Prior to this amendment, Bye Law 6.6 read as follows:**

6.6. CLEARING CORPORATION

6.6.1. ADMISSION CRITERIA

A clearing corporation shall be admitted as a user on the Depository only if :-

i) the clearing corporation has adequate hardware and software systems to interact with the Depository as specified in the Business Rules;

ii) the Depository is satisfied that the clearing corporation operates in such a manner that it ensures payment against delivery or guarantees settlement;

iii) the clearing corporation undertakes to co-operate at all times to redress the grievances of Clients and the Participant in respect of its operations in relation to the Depository;

iv) in the opinion of the Depository, the clearing corporation has the operational capability to provide the services relating to clearing and settlement of transactions relating to the securities admitted to the Depository to be held in dematerialised form.

6.7. [26]ADMISSION OF CLEARING CORPORATION/CLEARING HOUSE OF A STOCK EXCHANGE OR A STOCK EXCHANGE AS A FULL-FLEDGED PARTICIPANT (CC/CH-PARTICIPANT)

The applicant under this category shall be admitted as a full fledged Participant including opening beneficiary accounts, provided the following conditions are satisfied in addition to complying with the Bye Laws 6.1 to 6.5.

6.7.1. The applicant has a minimum net worth of Rs.5 crore. In case the applicant does not have Rs.5 crore net worth, it must undertake to enhance its net worth to Rs.5 crore within a period of two years, in a manner satisfactory to NSDL.

Explanation : for the purpose of determining whether the applicant has adequate net worth, the applicant shall submit a net worth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository.

6.7.2. [27]Deletion w.e.f. November 14, 2022.

6.8. [28]VAULT MANAGER

6.8.1. Admission of Vault Manager

6.8.1.1. A vault manager may be admitted as a User on the Depository on entering into agreement as laid down in Annexure E.

6.8.1.2 A Vault Manager may be admitted as a User on the Depository subject to the following:-

i. The Vault Manager shall comply with the eligibility criteria as specified under the SEBI (Vault Managers) Regulations, 2021 or under any other law for the time being in force on continuous basis.

ii. The Vault Manager has obtained a certificate of registration under the SEBI (Vault Managers) Regulations, 2021, and continue to hold a valid registration, and enters into a written agreement with the Depository in accordance with Bye-Laws and the procedure specified under Business Rules, as amended from time to time.

iii. The Vault Manager shall deposit Financial Security Deposit of such amount, as may be prescribed by SEBI, with NSDL or other depository. If the Vault Manager has deposited Financial Security Deposit with other depository, then the Vault Manager shall provide a declaration confirming that Financial Security Deposit is deposited with other depository, in the format specified by the Depository.

iv. The Depository may utilise Financial Security Deposit, to settle claims against the Vault Manager, in such manner as may be prescribed by SEBI or the Depository from time to time. In the event of utilization of the Financial Security Deposit, either in part or whole, the Vault Manager shall replenish the same within such period as may be prescribed by SEBI or the Depository.

v. The Vault Manager has adequate hardware and software systems to interact with the Depository as specified in the Business Rules.

vi. The Vault Manager shall ensure compliance with the SEBI (Vault Managers) Regulations, 2021, and the Bye laws and Business Rules of the Depository.

6.9. [29]RIGHTS AND OBLIGATIONS OF VAULT MANAGER

6.9.1. No Vault Manager shall conduct the business as a Vault Manager unless it enters into an agreement with the Depository as per Annexure E of these Bye Laws.

6.9.2 A Vault Manager shall segregate its business from other business activities.

6.9.3 A Vault Manager shall ensure that the recognised vault is under the absolute control of the Vault Manager and shall earmark separate space for storage of gold that are represented by Electronic Gold Receipt (EGR).

6.9.4 The Vault Managers shall ensure that each of the recognized vaults has authorised persons to access the interface to carry out the activities related to EGR. Such authorised person only shall create and extinguish EGR.

6.9.5 The Vault Manager shall designate one of its employees as the Compliance Officer who shall issue a declaration certifying compliance with relevant Acts, rules and regulations, notifications, guidelines and circulars issued by relevant authorities, from time to time, to the Depository in such manner as may be prescribed.

6.9.6 The Vault Manager shall have the systems and related IT infrastructure to provide encrypted transmission of information to the Depository and system for reconciliation of data between the Vault Manager and the Depository.

6.9.7 The Vault Manager shall ensure that an internal audit in respect of its Vault operations is conducted at intervals as may be decided by the Depository and a copy of the internal audit report shall be furnished to the Depository, within such time as may be prescribed by the Depository.

6.9.8 The Vault Manager shall submit periodic returns to the Depository in the format specified by the Depository.

6.9.9 The Vault Manager shall provide necessary assistance for conducting physical verification of the gold sored in the recognized vault, inspections of records and other documents in its custody or control and furnish such statements and information relating to its activities as Vault Manager, to the inspecting officer as may be required, within such reasonable period as the inspecting officer may specify.

6.9.10 The Vault Manager shall allow the inspecting officer to have reasonable access to the premises occupied by it or by any other person on its behalf and also extend reasonable support for physical verification/ examining the records, documents and computer data in the possession of the Vault Manager or such other person and also provide copies of documents or other materials which in the opinion of the inspecting officer are relevant for the purposes of the inspection. During the course of inspection, the inspecting officer shall be entitled to examine or to record the statements of any director, officer or employee of the Vault Manager. It shall be the duty of every director, officer or employee of the Vault
Manager to provide the inspecting officer all assistance in connection with the inspection, as may be reasonably required.

6.9.11 The Vault Manager shall accept deposit or withdrawal request of gold, from Client, during such business hours as may be prescribed.

6.9.12 The Vault Manager shall record required details, as may be prescribed, in common interface to create or extinguish EGR.

6.9.13 A Vault Manager shall be responsible for reconciling the stock of physical gold at recognised vault in its custody with corresponding EGR and such reconciliation shall be undertaken on a daily basis, or at such frequency and in such manner as may be prescribed by Depository or SEBI from time to time.

6.9.14 In case of discrepancy in reconciliation of physical gold with EGR, the vault manager or recognised vault shall follow the procedure as prescribed by the Depository.

6.9.15 The Vault Manager shall resolve any discrepancy between electronic records of the Depository and physical gold with the Vault Manager.

6.9.16 In the case of any inconsistency/error in recording data in the system committed by the Vault Manager during creation of EGR, the Vault Manager shall ensure that such errors are detected before or during reconciliation at the end of the day and also make representation to Depository for rectification.

6.9.17 The Vault Manager shall be responsible for the accuracy and correctness of all information furnished by it to the Depository.

6.9.18 The Vault Manager shall maintain relevant records as may be prescribed by SEBI or Depository.

6.9.19 The Vault Manager undertakes to cooperate at all times to redress the grievances of Clients and the Participant in respect of its operations in relation to the Depository;

6.9.20 The Vault Managershall resolve the grievances of Clients related to deposit, storage and withdrawal of gold, creation and extinguishment of EGR, quality, quantity/weight or purity or any other related complaints within the time prescribed by Depository or SEBI. The Vault Manager shall determine storage charges, delivery charges and other related charges and disclose them on its website. The Vault Manager shall inform depository 15 days before any revision in the charges.

6.9.21 The Vault Manager shall maintain required operational infrastructure or safekeeping features as may be prescribed by the Depository or SEBI.

6.9.22 The Vault Manager shall ensure that the recognized vaults are physically and operationally suitable for proper storage of gold.

6.9.23 The Vault Manager shall put in place, necessary policies, controls and system for dealing with the risks that may arise due to its businesses, other than EGR related business.

6.9.24 The Vault Manager shall have systems for real time tracking of gold, underlying EGR, starting from the time of deposits till the time of withdrawal of the underlying gold from the recognized vault.

6.9.25 The Vault Manager shall have systems for recovery and backup of data to prevent loss of electronic data.

6.9.26 The Vault Manager shall, in relation to the Gold stored in the Vault, take insurance of such value, as may be prescribed, to cover all potential perils and risk from theft, fire, burglary, fraud, negligence, force majeure events and terrorism, as may be prescribed by SEBI or Depository.

6.9.27 The Vault Manager shall put in place, necessary policies, procedures and controls with respect to risk management, security management and replenishment of lost/damaged gold.

6.9.28 The Vault Manager shall take appropriate measure to duly comply with procedure for ensuring safety of Gold from fire, theft, burglary. Further, in case of any incident of fire or any other act of god, same should be informed to the Depository immediately without any delay.

6.9.29 The Depositor or the Client and the Vault Manager shall be responsible for complying with the applicable laws and regulations laid down by SEBI as also other laws and regulations as may be issued by any of the Government or Statutory authority in this regard from time to time, including but not limited to Good Delivery Standard, applicable taxes,stamp duty, etc. The Depository shall not be responsible or liable on account of any non-compliance by a Depositor or a Client or the Vault Manager.

6.9.30 The Vault Manager shall indemnify the Client for the loss caused due to damage to the gold deposited with recognised Vault or due to negligence of the Vault Manager or for any other reason, within such time as may be prescribed. Further the Vault Manager shall inform the Depository about any indemnification, made to any Client, with relevant details.

6.9.31 The Vault Manager shall comply with the Bye Laws and Business Rules of the Depository, as amended from time to time.

6.10. [30] CREATION OF ELECTRONIC GOLD RECEIPT

6.10.1 The Depository shall create and manage a common interface accessible to all the stakeholders in the Gold exchange ecosystem on need to know basis.

6.10.2 The Electronic Gold Receipt issued through the Depository system is limited to recording of parameters which are necessary for generation of Electronic Gold Receipt by a Vault Manager and the Depository shall not be responsible or liable for parameters not mentioned in the Electronic Gold Receipts.

6.11. [31]INSPECTION

6.11.1 The Depository shall be entitled to, individually or jointly with other depository, undertake inspection of the books of accounts, records, documents and deposits of gold of the Vault Manager for any purpose whatsoever including but not limited to, verification of physical gold stored in recognized vault, at such times and intervals as may be prescribed, in such manner as may be prescribed by SEBI or by Depository either giving prior notice or without any notice.

6.12. [32]COLLECTION OF CHARGES

6.12.1 Depository shall collect storage charges from the Clients in such manner as may be prescribed.

6.13. [33]PENALTY

6.13.1 Depository may initiate proceedings against a Vault Manager and take any disciplinary action in the form of penalty, fines, warnings or administrative letters on Vault Manager for non-compliances with Regulations, circulars or guidelines issued by SEBI from time to time or the Bye laws, business rules, circulars or directions issued by Depository, from time to time.

Note:

[26] **Inserted w.e.f. May 3, 2000.**

[27] **Bye law 6.7.2 has been deleted w.e.f. November 14, 2022. Prior to this deletion Bye law 6.7.2 read as follows:**
6.7.2. The aggregate value of client assets held by a CC/CH Participant shall not exceed 20 times its net worth.

[28] **Inserted w.e.f. August 10, 2023.**

[29] **Inserted w.e.f. August 10, 2023.**

[30] **Inserted w.e.f. August 10, 2023.**

[31] **Inserted w.e.f. August 10, 2023.**

[32] **Inserted w.e.f. August 10, 2023.**

[33] **Inserted w.e.f. August 10, 2023.**

7. SAFEGUARDS TO PROTECT INTEREST OF CLIENTS AND PARTICIPANTS

7.1. [34]PROTECTION OF DATA

7.1.1. The Depository shall take necessary steps to protect the transmission and storage of data under the Depository system. The data shall be protected from unauthorised access, manipulation and destruction. The transmission of data shall be in encrypted form and will have to be decrypted at the User's end so as to eliminate the possibility of unauthorised interception of data. The backup of data stored under the Depository system by the Depository and the Participants shall be kept by the Depository and the Participants respectively. The Depository shall ensure sufficient security measures, to prevent the access of unauthorised persons to the data of the Depository operations, as specified in the Business Rules from time to time.

7.1.2 [35] The Depository shall have adequate Business Continuity Plan for data and electronic records to prevent, prepare for, and recover from any disaster.

7.2. PROTECTION OF ACCOUNTS OF CLIENTS

7.2.1. The Clients have an option to freeze their accounts with the Participants so as to render it inoperable for a limited period of time. On the Client opting to freeze the account, Participant of such Client shall not effect any debit entry or any such other transaction unless the instruction for freezing the account has been withdrawn or modified by the Client.

7.3. [36]PROVISION OF DAILY TRANSACTIONS TO THE CLIENTS ON DISPUTE

7.3.1. [37] In case of a dispute between a Client and a Participant with whom the Client had maintained his account, and the Participant's unwillingness to give transaction statement to the Client, the Depository shall provide or cause to provide, through the Participant, such details about daily transactions as might be required by the Client.

7.4 [38]INVESTOR PROTECTION FUND

i) NSDL shall also establish and maintain an Investor Protection Fund for the protection of interest of beneficial owners.

ii) The contribution to and utilization of the Investor Protection Fund shall be in accordance with the norms specified by SEBI from time to time.

Notes:

[34] **Bye law 7.1 has been deleted w.e.f. January 17, 2019. The Original Bye Laws 7.2, 7.3, 7.4 and 7.5 have been renumbered as 7.1, 7.2, 7.3 and 7.4 respectively. Prior to this deletion Bye law 7.1 read as follows**

7.1. CONTINGENCY FUNDS

7.1.1. NSDL may establish different contingency funds/reserves including the Participants Fund and Investor Protection Reserve under these Bye Laws from time to time. Each Participant will be required to contribute to these Funds/Reserves in the manner and on such terms and conditions as may be specified by the Depository under the Business Rules.

7.1.2. The Executive Committee may specify in the Business Rules, the procedure for setting up, operation and administration of these funds/reserves and for the purpose for which these funds/reserves may be used from time to time.

7.1.3. The Executive Committee may also specify the persons who are entitled to make claims, the procedures for making claims and inter se priority of such claims.

7.1.4. The Investor Protection Reserve may be operated and administered by a committee, which will have a maximum of five members, to be appointed by the Board of NSDL from time to time.

7.1.5. The Funds of the Participants Fund shall be operated and administered in accordance with the Deed of Trust of "National Securities Depository Limited Participants Fund Trust" by the Trustees, appointed by the Board of Directors, for the benefit of Participants.

Prior to this amendment, the Bye Law 7.1 was Amended w.e.f. March 3, 2003. Prior to this amendment, Bye Law 7.1.1 read as follows:

7.1.1. The Executive Committee may establish different Funds including the Participants Funds and Investor Protection Fund that may be set up under these Bye Laws from time to time. Each Participant will be required to contribute to these funds in the manner and on terms and conditions specified by the Depository under the Business Rules.

Amended w.e.f. March 3, 2003. Prior to this amendment, Bye Law 7.1.2 read as follows:

7.1.2. The Executive Committee shall specify in the Business Rules the procedure for setting up, operation and administration of these funds and for the purpose for which these funds may be used from time to time.

Amended w.e.f. March 3, 2003. Prior to this amendment, Bye Law 7.1.3 read as follows:

7.1.3. The Executive Committee shall also specify the entities who are entitled to make claims on the funds, the procedures for making claims on the funds, and the inter se priority of such claims.

Amended w.e.f. March 3, 2003. Prior to this amendment, Bye Law 7.1.4 was amended on September 12, 1997, which read as follows:

7.1.4. The Funds of the Investor Protection Fund shall be operated and administered in accordance with the Deed of Trust of "National Securities Depository Limited Investor Protection Fund Trust" by the Trustees, appointed by the Board of Directors, for the benefit of Clients.

Prior to this amendment, Bye Law 7.1.4 read as follows:

7.1.4. The Funds so established shall be held in trust by the Depository for the benefit of Participants and Clients.

Inserted w.e.f. September 12, 1997.

[35] **Inserted w.e.f. 23, May 2013**

[36] **Inserted w.e.f. September 12, 1997**

[37] **Amended w.e.f. October 16, 1998. Prior to this amendment, renumbered Bye Law 7.3.1 read as follows:**

7.4.1. In case of a dispute between a Client and a Participant with whom the Client had maintained his account, and the Participant's unwillingness to give statement of transactions to the Client, NSDL shall provide or cause to provide, through the Participant, such details about daily transactions as might be required by the Client.

[38] **Renumbered Bye law 7.4. (ii) has been deleted and subsequently Bye Law 7.4.(iii) renumbered as 7.4 (ii)w.e.f. January 17, 2019. Prior to this deletion,renumbered Bye law 7.4 (ii) read as follows**

7.5 ii) The Fund so established shall not be used for the purpose of indemnifying the beneficial owner(s) under section 16 of the Depositories Act, 1996.

8. SECURITIES

8.1. [39]All securities which are eligible for dematerialisation under Regulation 42 of Securities and Exchange Board of India (Depositories & Pariticipants) Regulations, 2018 shall be eligible for being held in dematerialised form in NSDL.

8.2. The Depository shall determine from time to time the securities which are eligible for dematerialisation through the Depository. Before dematerialisation commences, the Issuer or its Registrar and Transfer Agent, if any, shall comply with the following :-

i) The Issuer and/or its Registrar and Transfer Agent undertakes to co-operate at all times to redress the grievances of the Client and the Participant;

ii) The Issuer and/or its Registrar and Transfer Agent shall have adequate hardware and software systems to interact with Depository as specified from time to time in the Business Rules.

iii) [40]The Issuer and its Registrar & Transfer Agent if any, have signed an agreementas per Annexure D of these Bye Laws. Provided however that, no such agreement shall be required to be entered into, with the Depository, if a State or the Central Government is the Issuer.

8.3. The Depository shall, from time to time, suitably publish the list of securities, which have been permitted for the commencement of dematerialisation.

8.4. Without prejudice to any other rights, the Depository may refuse to accept the admission of securities of an issue as an eligible security or may remove the same from the list of eligible securities if:-

i) in the opinion of the Depository, the Issuer or its Registrar & Transfer Agent does not have or cease to have the operational capability to provide services referred to herein in respect of an issue of securities;

ii) the Issuer or its Registrar & Transfer Agent commits any breach to any terms and/ or conditions of the agreement entered into with the Depository;

iii) the Board of Directors in its absolute discretion is satisfied that circumstances exist which render it necessary in the interest of the investors to do so.

Notes:

39 **Amended w.e.f. November 17, 2000. Prior to this amendment Bye Law 8.1 read as follows:**
8.1. A list of securities which shall be considered for dematerialisation is given at Annexure C of these Bye Laws.

40 **Amended w.e.f October 16, 1998. Prior to this amendment, Bye Law 8.2 (iii) read as follows:** 8.2 (iii) The Issuer and/or its Registrar and Transfer Agent, if any, have signed an agreement as per Annexure D of these Bye Laws.

8.5. RIGHTS AND OBLIGATIONS OF ISSUERS AND THEIR REGISTRAR & TRANSFER AGENTS

8.5.1. Each Issuer whose securities are admitted into the Depository shall at the time of transfer of securities into the Depository and thereafter represent and warrant in favour of the Depository that such securities exist and are validly issued and that it is entitled or has full authority to transfer such securities into the Depository.

8.5.2. Every Issuer in respect of securities admitted on the Depository shall decide in consultation with the Depository and accordingly provide timely information to the Depository about book closure, record dates, dates for payment of interest or dividend, dates for the annual general meeting, dates of redemption of securities, dates of conversion, dates of exercising warrants and such other information as may be specified by the Depository from time to time.

8.5.3. [41] The Issuer and its Registrar & Transfer Agent shall cooperate with the Depository to reconcile the records in respect of balances of eligible securities with Clients and confirm to the Depository, the total security balances both in physical as well as in electronic holdings in the books. Provided however that, in case where a State or the Central Government is the Issuer, the Depository shall, on a daily basis, reconcile the records of the dematerialised securities with the statement provided by the RBI.

8.5.4. [42] Every Issuer or its Registrar and Transfer Agent shall issue the certificate of securities against receipt of the Rematerialisation Request Form 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.

8.5.5. [43] The Issuer or its Registrar & Transfer Agent shall furnish to the Depository allotment details of all Clients ,Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations who have opted for securities to be credited in the electronic form.

8.5.6. [44] The Depository shall electronically provide the details of the Clients, Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations to the Issuer or its Registrar & Transfer Agent every fortnight. Provided however that, this clause shall not apply to Government Securities.

8.5.7. The Depository shall be responsible for the accuracy/correctness of all such information related to eligible securities intimated by it to the Issuers and/or its Registrar & Transfer Agent.

Notes:

41 **Amended w.e.f. October 16, 1998. Prior to this amendment, Bye Law 8.5.3 read as follows:** 8.5.3. The Issuer and its agents shall co-operate with the Depository to reconcile the records in respect of balances of eligible securities with Clients and confirm to the Depository, the total security balances both in physical as well as in electronic holdings in the books.

42 **Amended w.e.f. October 16, 1998. Prior to this amendment, Bye Law 8.5.4 read as follows:** 8.5.4. Every Issuer or its Registrar and Transfer Agent shall issue the certificate of securities against receipt of the Rematerialisation Request Form from the Client through the Participant and on receipt of confirmed instructions from the Depository.

43 **Amended w.e.f. May 16, 2022. Prior to this amendment, Bye Law 8.5.5 was amended on August 30, 2008 which read as follows:** The Issuer or its Registrar & Transfer Agent shall furnish to the Depository allotment details of all Clients /Clearing Members/Clearing Corporations who have opted for securities to be credited in the electronic form.

Prior to this amendment, Bye Law 8.5.5 was amended on May 7, 2001, which read as follows: 8.5.5. The Issuer or its Registrar & Transfer Agent shall furnish to the Depository allotment details of all Clients/Clearing Members/Clearing Corporations/Intermediaries who have opted for securities to be credited in the electronic form.

Prior to this amendment, Bye Law 8.5.5 read as follows: 8.5.5. The Issuer or its Registrar & Transfer Agent shall furnish to the Depository allotment details of all Clients who have opted for securities to be credited in the electronic form.

44 **Amended w.e.f. May 16, 2022. Prior to this amendment, Bye Law 8.5.6 was amended on August 30, 2008 which read as follows:** The Depository shall electronically provide the details of the Clients/ Clearing Members/ Clearing Corporations to the Issuer or its Registrar & Transfer Agent every fortnight. Provided however that, this clause shall not apply to Government Securities.

Prior to this amendment, Bye Law 8.5.6 was amended on May 7, 2001, which read as follows: 8.5.6. The Depository shall electronically provide the details of the Clients/ Clearing Members/ Clearing Corporations/Intermediaries to the Issuer or its Registrar & Transfer Agent every fortnight. Provided however that, this clause shall not apply to Government Securities.

Prior to this amendment, Bye Law 8.5.6. was amended on October 16, 1998, which read as follows: 8.5.6. The Depository shall electronically provide the details of the Clients to the Issuer and/or its Registrar & Transfer Agent every fortnight. Provided however that, this clause shall not apply to Government Securities.

Prior to this amendment, Bye Law 8.5.6 read as follows: 8.5.6. The Depository shall electronically provide the details of the Clients to the Issuer and/or its Registrar Agent every fortnight.

8.5.8. The Issuer and/or its Registrar and Transfer Agent shall be responsible for the accuracy and correctness of all information furnished by it in the form to the Depository.

8.5.9. [45]Every Issuer or its Registrar and Transfer Agent shall 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 shall be furnished to the Depository.

8.5.10. [46] Every Issuer or its Registrar and Transfer Agent shall ensure that following items are placed before its Board of Directors in respect of its depository operations:

(i) Internal audit findings alongwith management comments
(ii) Inspection findings of the Depository alongwith management comments.

8.5.11. [47] The Issuer and its Registrar & Transfer Agent shall adhere to the Bye Laws and Business Rules of the Depository. Provided however that, this clause shall not apply where the Issuer is a State or the Central Government.

Notes:

[45] **Inserted w.e.f. November 10, 2016.**
[46] **Inserted w.e.f. November 10, 2016.**
[47] **The Bye Law 8.5.9 has been renumbered as 8.5.11 w.e.f. November 10, 2016.**
Amended w.e.f. October 16, 1998. Prior to this amendment, Bye Law 8.5.9 read as follows:
8.5.9. The Issuer and its Registrar and Transfer Agent shall adhere to the Bye Laws and Business Rules of the Depository.

9. ACCOUNTS/TRANSACTIONS BY BOOK ENTRY

9.1. ACCOUNT OPENING

9.1.1. The Depository shall keep accounts separately in respect of each Participant. The Depository shall keep a record of each Client's account which shall be updated on a daily basis.

9.1.2. The Participant shall maintain separate accounts in respect of each Client and its own account. The Participant shall intimate the balances held in its own account and Client account to Depository on a daily basis.

9.1.3. Any prospective Client who wishes to avail the services of the Depository will have to open an account with the Depository through a Participant.

9.1.4. [48]The Client will have to make an application for this purpose to the Participant in the form and manner specified under the Business Rules.

9.1.5. Once the application has been accepted by the Participant, the applicant will be issued a Client account number.

9.1.6 [49]Upon such application by the Client and its acceptance by the Participant by opening the account as per Bye Law 9.1.3 to 9.1.5, the Participant and the Client shall be deemed to have entered into an agreement under the provisions of the Depositories Act, SEBI (Depositories and Participants) Regulations, 2018, these Byelaws and the Business Rules.

9.1.7 [50A]The joint holders in client account may authorise jointly, or first holder or any one of the holders or survivor(s) to operate the Client account in the form and manner as specified in the Business Rules.

Notes:

[48] **Amended w.e.f. April 4, 2014. Prior to this amendment Bye Law 9.1.4 read as follows:** 9.1.4. The Client will have to make an application for this purpose to the Participant in the format specified under the Business Rules.
***Bye law 9.1.5 has been deleted w.e.f. April 4, 2014. Earlier Law 9.1.6 re-numbered as law 9.1.5. Prior to this deletion, Bye law 9.1.5 that was amended w.e.f. March 6, 1997 read as follows:**
9.1.5. The Client will be required to enter into an agreement with the Participant in accordance with the provisions of Chapter 6 of these Bye Laws.
Prior to this amendment, Bye Law 9.1.5 read as follows:
9.1.5. The Client will be required to enter into an agreement with the Participant as per the draft laid out in Annexure B of these Bye Laws.

[49] **Inserted w.e.f. April 4, 2014.**

[50A] **Amended w.e.f. April 16, 2026. Prior to this amendment Bye Law 9.1.7 read as follows: The joint holders in client account may authorise jointly, any one of the holders or survivor(s) to operate the Client account in the form and manner as specified in the Business Rules**
Inserted w.e.f. February 28, 2022.

9.2. DEMATERIALISATION

9.2.1. 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.

9.2.2. [51A]A Client may convert his physical holdings of securities into dematerialised form by making an application to the Participant in a Dematerialisation Request Form (hereinafter referred to as DRF) in the form prescribed under the Business Rules along with the relevant security certificates.

Provided that in case of request for dematerialisation of securities relating to: (i) Issue of duplicate securities certificate; (ii) Claim from Unclaimed Suspense Account; (iii) Renewal / Exchange of securities certificate, (iv) Endorsement, (v) Sub-division / Splitting of securities certificate, (vi) Consolidation of securities certificates/folios, (vii) Transmission, (viii) Transposition or (ix) any other service request as prescribed by SEBI from time to time, the Issuer or Registrar and Transfer Agent shall process the same in the manner as prescribed under the Business Rules from time to time.,.

9.2.3. [52A]The Participant shall forward the DRF so received, along with the security certificates, to the Issuer or its Registrar & Transfer Agent after electronically registering such request with the Depository. Such DRF shall be forwarded by the Participant not later than seven days of accepting the same from its Client.

9.2.4. The Depository will electronically intimate, on a daily basis, all dematerialisation requests to the respective Issuer or its Registrar & Transfer Agent.

9.2.5. [53A]The Issuer or its Registrar & Transfer Agent shall verify the validity of the security certificates as well as the fact that the DRF has been made by the person recorded as a member in its Register of Members.

9.2.6. After verification as aforesaid, the Issuer or its Registrar & Transfer Agent shall intimate the Depository authorising an electronic credit for that security in favour of the Client. On receipt of such intimation, the Depository shall cause necessary credit entries to be made in the account of the Client concerned.

9.2.7. No credit of any securities to the accounts of any Client shall be made unless the Depository has received an intimation from the Issuer or its Registrar & Transfer Agent or its agents as set out in Bye Law 9.2.6 above.

9.2.8. Where the Issuer or its Registrar & Transfer Agent rejects any dematerialisation request, it shall electronically intimate the Depository regarding such rejection within a period of fifteen days.

9.2.9. [54A]On the Issuer or its Registrar & Transfer Agent intimating to the Depository in the manner specified in Bye Law 9.2.8 above, the Issuer or its Registrar & Transfer Agent shall return the DRF along with the relevant security certificates 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.

9.2.10. In the event of an intimation being received by the Depository from Issuer or Registrar & Transfer Agent to credit the account of the Client with securities which do not match with the details of the Client or Participant, the balance shall be held in suspense account and shall be reconciled as provided in 9.7.1.

9.2.11. In the event of any person making a claim to the securities that are held in the name of the Client with the Depository after the same are so registered, such claim must be settled amongst the Participants, Clients and Issuer or its Registrar & Transfer Agent.

9.2.12. The Issuer or its Registrar & Transfer Agent giving intimation as set out in Bye Law 9.2.6 above, represents and warrants to the Depository that such securities exist and are validly issued and is entitled/or has full authority to transfer such securities with the Depository in the name of the Client.

9.2.13. [55]If the names of the clients appearing on the security certificates match with the names in which the account has been opened but are in a different order, such securities can be dematerialised by following the procedure laid down in the Business Rules.

9.2.14. [56] If a client is desirous of getting the name(s) of the deceased joint holder(s) removed from the security certificate(s) and get them dematerialised, it may do so by following the procedure laid down in the Business Rules.

Notes:

51A Amended w.e.f. April 24, 2026. Prior to this amendment, Bye Law 9.2.2 read as follows:

Client may convert his physical holdings of securities into dematerialised form by making an application to the Participant in a Dematerialisation Request Form (hereinafter referred to as DRF) in the form prescribed under the Business Rules along with the relevant security certificates. Provided that in case of request for dematerialisation of securities relating to: (i) Issue of duplicate securities certificate; (ii) Claim from Unclaimed Suspense Account; (iii) Renewal / Exchange of securities certificate, (iv) Endorsement, (v) Sub- division / Splitting of securities certificate, (vi) Consolidation of securities certificates/folios, (vii) Transmission, (viii) Transposition or (ix) any other service request as prescribed by SEBI from time to time , a letter of confirmation in prescribed form issued by the Issuer or its Registrar & Transfer Agent in accordance with the circular or guidelines issued by SEBI from time to time can be accepted in place of the original securities certificate(s) along with DRF

Amended w.e.f. October 04, 2022. Prior to this amendment, Bye Law 9.2.2 read as follows:

9.2.2 A Client may convert his physical holdings of securities into dematerialised form by making an application to the Participant in a Dematerialisation Request Form (hereinafter referred to as DRF) in the form prescribed under the Business Rules along with the relevant security certificates.

52A Amended w.e.f. April 24, 2026. Prior to this amendment, Bye Law 9.2.3 read as follows: The Participant shall forward the DRF so received, along with the security certificates or the letter of confirmation (as the case may be), to the Issuer or its Registrar & Transfer Agent after electronically registering such request with the Depository. Such DRF shall be forwarded by the Participant not later than seven days of accepting the same from its Client

Amended w.e.f. October 04, 2022.:

[53A] Amended w.e.f. April 24, 2026. Prior to this amendment, Bye Law 9.2.5 read as follows: Issuer or its Registrar & Transfer Agent shall verify the validity of the security certificates or the Letter of Confirmation (as the case may be) as well as the fact that the DRF has been made by the person recorded as a member in its Register of Members**.**

Amended w.e.f. October 04, 2022.

[54A] Amended w.e.f. April 24, 2026.Prior to this amendment, Bye Law 9.2.9 read as follows: On the Issuer or its Registrar & Transfer Agent intimating to the Depository in the manner specified in Bye Law
9.2.8 above, the Issuer or its Registrar & Transfer Agent shall return the DRF along with the relevant security certificates or letter of confirmation (as the case may be) unless the reasons for such rejections are:-

i) the security certificates are stolen or;
ii) the security certificates are fake or;
iii) the letter of confirmation is fake or expired; or
iv) 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.

Amended w.e.f. October 04, 2022.

[55] Inserted w.e.f. 23, May 2013

*** Bye law 9.2.13 has been deleted w.e.f. February 27, 2004. Prior to deletion, Bye law 9.2.13 that was inserted w.e.f. October 16, 1998 read as follows :**

9.2.13. If a Client is desirous of dematerialising the shares sent for transfer, then it may do so as per the provisions of the Guidelines for dematerialisation of shares sent for transfer issued by the Securities and Exchange Board of India and in the manner laid out in the Business Rules. In such a case, for the

purpose of Bye Laws 9.2.2 and 9.2.3 above, in lieu of security certificates the letter issued by the Issuer or its Registrar & Transfer Agent in accordance with the said guidelines shall be submitted by the Client to the Participant for forwarding it to the Issuer or its Registrar & Transfer Agent.

Bye Law 9.2.14 that was inserted w.e.f. May 7, 2001 has been renumbered as 9.2.13 w.e.f. February 27, 2004.

[56] Bye Law 9.2.15 that was inserted w.e.f. May 7, 2001 has been renumbered as 9.2.14 w.e.f. February 27, 2004.

9.3. [57] FREEZING/ UNFREEZING OF AN ACCOUNT AND/OR ISIN AND/ OR SPECIFIC NUMBER OF SECURITIES UNDER AN ISIN

9.3.1. The Client may request to freeze;

(a) its account maintained with a Participant; or

(b) a particular ISIN in its account; or

(c) specific number of securities held under an ISIN in its account,

by giving an instruction to the Participant or to the Depository, in the form and manner prescribed under the Business Rules.

9.3.2. The Participant shall freeze the account and/or the ISIN and/or specific number of securities of a Client, on the basis of instructions received from the Client or pursuant to the orders received by the Participant or the Depository from the Central or State Government, the Securities and Exchange Board of India or any order passed by a court, tribunal, or any other statutory authority in this regard.

9.3.3. The Depository, at the request of a Participant or on the basis of the request received from the Client or pursuant to the orders received from the Central or State Government, the Securities and Exchange Board of India or any order passed by a court, tribunal or any other statutory authority, shall freeze the account and/or the ISIN and/or specific number of securities of the Client.

9.3.4. The Depository shall, on its own freeze the Participant's own account and/ or the ISIN and/or specific number of securities to the extent of the securities held in the Participant's name, or advise the Participant to do so, under the following circumstances:-

i) on the basis of the orders received from the Central or State Government or the Securities and Exchange Board of India or any court or tribunal or any other statutory authority in this regard; or

ii) on the basis of the orders passed by the Depository as set out in Chapter 11 of the Bye Laws; or

iii) the Participant has become insolvent, bankrupt or in case the Participant is a body corporate, it being wound up.

9.3.5. The account and/or the ISIN and/or specific number of securities, which were frozen in terms of the Bye Laws 9.3.1, 9.3.2, 9.3.3 and 9.3.4, may be unfrozen as per the procedure prescribed under the Business Rules in this regard.

Notes:

[57] **Amended w.e.f. February 18, 2003. Prior to this amendment, Bye Law 9.3 read as follows:**

9.3. ACCOUNT FREEZING

9.3.1. The Participant shall freeze the account of a Client maintained with him on written instructions received by the Participant in that regard from the Client concerned in the form specified under the Business Rules.

9.3.2. The Participant shall freeze the account of a Client on written instructions received by him in this regard from the Depository pursuant to the orders of the Central or State Government, Securities and Exchange Board of India or any order passed by the court, tribunal, or any statutory authority in this regard. Provided further that the frozen account shall be released on instructions from the Client in the case of Bye Law 9.3.1 above and the orders of the relevant authority in the case of Bye Law 9.3.2 above.

9.3.3. The Depository shall freeze the account of a Participant to the extent the securities are held in the Participants name:-

i) on the orders of the Central or State Government or the Securities and Exchange Board of India or any court or tribunal or any statutory authority in this regard;

ii) on the orders passed by the Disciplinary Action Committee on disciplinary grounds to that effect set out in Chapter 11 of the Bye Laws relating to Disciplinary Action;

iii) if the Participant becomes insolvent, bankrupt or in case of a body corporate, being wound up. Provided further that the frozen account may be released on instructions of the relevant authority in the case of Bye Law 9.3.3 above.

9.4. REMATERIALISATION

9.4.1. 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.

9.4.2. 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.

9.4.3. The Client shall make the request for withdrawal of the balance in his account in the Rematerialisation Request Form (hereinafter referred to as RRF) as specified in the Business Rules.

9.4.4. On receipt of the RRF, the Participant shall 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 and block the balance of the Client to the extent of the rematerialisation quantity and electronically intimate the request to the Depository.

9.4.5. On receipt of the request referred to in Bye Law 9.4.4 above, the Depository shall block the balance of the Participant to the extent of rematerialisation quantity in Depository system.

9.4.6. The Depository will intimate electronically all such accepted rematerialisation applications to the Issuer or its Registrar & Transfer Agent on a daily basis.

9.4.7. The Participant shall forward the RRF to the Issuer or its Registrar and Transfer Agent within seven days of accepting such request from the Client. The Issuer or its Registrar & Transfer Agent after validating the RRF will confirm electronically to the Depository that the RRF has been accepted. Thereafter the Issuer or its Registrar and transfer Agent shall despatch the share certificates arising out of the rematerialisation request within a period of thirty days from receipt of such Rematerialisation Request Form.

9.4.8. On receipt of such acceptance from the Issuer or its Registrar and Transfer Agent, 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.

9.5. ACCOUNT CLOSURE

9.5.1. A Client wanting to close an account shall make an application, in the format specified to that effect in the Business Rules to the Participant.

9.5.2. The Client may close its account if no balances are standing to its credit in the account. In case any balances exist, then the account may be closed in the following manner:-

i) by rematerialisation of all its existing balances in its account; and / or;

ii) by transferring its security balances to its other account held either with the same Participant or with a different Participant.

9.5.3. The Participant shall ensure that all pending transactions as well as suspended accounts have been adjusted before closing such account. After ensuring that there are no balances in the Client account, the Participant shall execute the request for closure of the Client's account.

9.6. TRANSFER OF BALANCES

9.6.1. The Participant shall not execute any debit or credit in the account of the Client without authorisation from such Client.

9.6.2. The mode and the form of authorisation shall be specified in the Business Rules.

9.6.3. Where there is transfer of balance from the Client of one Participant to the Client of another Participant, both the delivering and the receiving Participant must enter instructions for delivery and receipt respectively. After the instructions are matched in the Depository system, such transfer shall be executed in the Participant's account in the Depository and the Participant shall in turn execute such transfer in the Client's account.

9.6.4. In the event of a Participant ceasing to be a Participant for the Depository, the Client of that Participant may, either request for rematerialisation of securities or request for the transfer of balances in its account with another Participant.

9.6.5. The Depository may on receipt of a court order transfer the balances standing in the Participant's account to another Participant account.

9.7. SECURITIES HELD IN SUSPENSE

9.7.1. The Depository may place any balance of relevant securities in a suspense account held with the Depository if it is unable to effect or give credit of a security to the account of a Participant and/or the Client as a result of incorrect electronic intimation received from the Issuer or its Registrar & Transfer Agent. Such balances shall be reconciled within a period of fifteen days failing which the Depository shall authorise the Issuer or its Registrar and Transfer Agent to issue physical securities to the concerned investors.

9.8. CORPORATE BENEFITS

9.8.1. [58] The Issuer or its Registrar & Transfer Agent shall intimate the Depository of the corporate actions which would herein mean and include any action taken by the Issuer relating to prescribing dates for book closures, record dates, dates for redemption or maturity of security, dates of conversion of debentures, warrants, call money dates and such other action from time to time.

9.8.2. [59]On receiving the intimation as stated above, the details of the holdings of the Clients, Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations shall be provided electronically by the Depository to the Issuer or its Registrar & Transfer Agent as of relevant cut-off date for the purpose of corporate actions and distribution of corporate benefits.

9.8.3. [60] The Issuer or its Registrar & Transfer Agent shall, on the basis of the list provided by the Depository, distribute dividend, interest or other monetary benefits to the Clients and to the Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations for onward distribution to the Clients. Provided however that the Issuer or its Registrar & Transfer Agent may opt to distribute the dividend, interest or other monetary benefits through the Depository with the concurrence of the Depository.

Notes:

[58] **Amended w.e.f. May 7, 2001. Prior to this amendment, Bye Law 9.8.1. read as follows:** 9.8.1. The Issuer or its Registrar & Transfer Agent shall intimate the Depository of the corporate actions which would herein mean and include any action taken by the Issuer relating to prescribing dates for book closures, record dates, dates for redemption or maturity of security, dates of conversion of debentures, warrants, call money dates and such other action from time to time.

[59] **Amended w.e.f. May 16, 2022. Prior to this amendment, Bye Law 9.8.2 was amended on August 30, 2008 which read as follows:** 9.8.2. On receiving the intimation as stated above, the details of the holdings of the Clients/Clearing Members/Clearing Corporations shall be provided electronically by the Depository to the Issuer or its Registrar & Transfer Agent as of relevant cut off date for the purpose of corporate actions and distribution of corporate benefits

Prior to this amendment, Bye Law 9.8.2. was amended on May 7, 2001, which read as follows: 9.8.2. On receiving the intimation as stated above, the details of the holdings of the Clients/Clearing Members/Clearing Corporations/Intermediaries shall be provided electronically by the Depository to the Issuer or its Registrar & Transfer Agent as of relevant cut off date for the purpose of corporate actions and distribution of corporate benefits.

Prior to this amendment, Bye Law 9.8.2. read as follows:9.8.2. On receiving the intimation as stated above, the details of the holdings of the Clients shall be provided electronically by the Depository to the Issuer and / or its Registrar and Transfer Agent as of relevant cut off date for the purpose of corporate actions and distribution of corporate benefits.

[60] **Amended w.e.f. May 16, 2022. Prior to this amendment, Bye Law 9.8.3 was amended on August 30, 2008 which read as follows:** 9.8.3. The Issuer or its Registrar & Transfer Agent shall, on the basis of the list provided by the Depository, distribute dividend, interest or other monetary benefits to the Clients and to the Clearing Members/ Clearing Corporations for onward distribution to the Clients.

Provided however that the Issuer or its Registrar & Transfer Agent may opt to distribute the dividend, interest or other monetary benefits through the Depository with the concurrence of the Depository.

Prior to this amendment, Bye Laws 9.8.3 was amended on May 7, 2001, which read as follows: 9.8.3. The Issuer or its Registrar & Transfer Agent shall, on the basis of the list provided by the Depository, distribute dividend, interest or other monetary benefits to the Clients and to the Clearing Members/ Clearing Corporations/ Intermediaries for onward distribution to the Clients. Provided however that the Issuer or its Registrar & Transfer Agent may opt to distribute the dividend, interest or other monetary benefits through the Depository with the concurrence of the Depository.

Prior to this amendment, Bye Law 9.8.3. was amended w.e.f. July 28, 1998, which read as follows: 9.8.3. The Issuer or its Registrar and Transfer Agent shall distribute dividend, interest or other monetary benefits directly to the eligible beneficial owners on the basis of the list provided by the Depository. Provided however that the Issuer or its Registrar and Transfer Agent may opt to distribute the dividend, interest or other monetary benefits to the eligible beneficial owners through the Depository with the concurrence of the Depository.

Prior to this amendment, Bye Law 9.8.3 read as follows: 9.8.3. The Issuer or its Registrar and Transfer Agent shall distribute dividend, interest and other monetary benefits directly to the Clients on the basis of the list provided by the Depository.

9.8.4. [61]The Issuer or its Registrar & Transfer Agent may, if the benefits are in the form of securities, distribute such benefits to the Clients, Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations through the Depository provided that: -

i) the newly created security is an eligible security;
ii) the concerned entity has consented to receive the benefits through the Depository.

9.8.5. [62] In such cases, the Issuer or its Registrar & Transfer Agent shall provide allotment details of all Clients, Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations to the Depository.

9.8.6. [63] On receipt of the allotment details, the Depository shall cause necessary credit entries to be made in the accounts of the Clients and to the Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations for onward distribution to the Clients. Corporate benefits availed by Clearing Members, Trading Members, Portfolio Managers and Clearing Corporations shall be held in trust on behalf of beneficiary owners.

9.8.7. [64] The Clauses 9.8.1 to 9.8.6 shall not apply in case of Government securities issued by a State or the Central Government. Provided however that, the payment of interest or the principal amount or any amount in respect of Government Securities shall be in accordance with the terms of issue of Government Securities.

Notes:

[61] **Amended w.e.f. May 16, 2022. Prior to this amendment, Bye Law 9.8.4. was amended on August 30, 2008 which read as follows:**

9.8.4. The Issuer or its Registrar & Transfer Agent may, if the benefits are in the form of securities, distribute such benefits to the Clients/ Clearing Members/ Clearing Corporations through the Depository provided that: -

i) the newly created security is an eligible security;
ii) the concerned entity has consented to receive the benefits through the Depository.

Prior to this amendment, Bye Law 9.8.4. was amended on May 7, 2001, which read as follows:

9.8.4. The Issuer or its Registrar & Transfer Agent may, if the benefits are in the form of securities, distribute such benefits to the Clients/ Clearing Members/ Clearing Corporations / Intermediaries through the Depository provided that: -

i) the newly created security is an eligible security;
ii) the concerned entity has consented to receive the benefits through the Depository.

Prior to this amendment, Bye Law 9.8.4. read as follows:

9.8.4. The Issuer or its Registrar & Transfer Agent may, if the benefits are in the form of securities, distribute such benefits to the Clients through the Depository provided that:-

i) the newly created security is an eligible security;
ii) the concerned Client has consented to receive the benefits through the Depository.

[62] **Amended w.e.f. May 16, 2022. Prior to this amendment, Bye Law 9.8.4. was amended on August 30, 2008 which read as follows:**

9.8.5. In such cases, the Issuer or its Registrar & Transfer Agent shall provide allotment details of all Clients /Clearing Members/Clearing Corporations to the Depository

Prior to this amendment, Bye Law 9.8.5. was amended on May 7, 2001, which read as follows:

9.8.5. In such cases, the Issuer or its Registrar & Transfer Agent shall provide allotment details of all Clients /Clearing Members/Clearing Corporations/Intermediaries to the Depository.

Prior to this amendment, Bye Law 9.8.5. read as follows:

9.8.5. In such case, the Issuer or its Registrar and Transfer Agent shall provide allotment details of all Clients to the Depository.

[63] **Amended w.e.f. May 16, 2022. Prior to this amendment, Bye Law 9.8.4. was amended on August 30, 2008 which read as follows:**

9.8.6. On receipt of the allotment details, the Depository shall cause necessary credit entries to be made in the accounts of the Clients and to the Clearing Members/Clearing Corporations for onward distribution to the Clients. Corporate benefits availed by Clearing Member and Clearing Corporations shall be held in trust on behalf of beneficiary owners

Prior to this amendment, Bye Law 9.8.6. was amended on May 7, 2001, which read as follows:

9.8.6. On receipt of the allotment details, the Depository shall cause necessary credit entries to be made in the accounts of the Clients and to the Clearing Members/Clearing Corporations/ Intermediaries for onward distribution to the Clients. Corporate benefits availed by Clearing Member, Clearing Corporations and Intermediaries shall be held in trust on behalf of beneficiary owners.

Prior to this amendment, Bye Law 9.8.6. read as follows:

9.8.6. On receipt of allotment details, the Depository shall cause necessary credit entries to be made in the account of the Client concerned.

Inserted w.e.f. November 5, 1998

[64]

9.9. [65]PLEDGE AND HYPOTHECATION

9.9.1. If a Client intends to create a pledge on a security owned by him, he shall make an application in this regard in the form specified in the Business Rules to the Depository through the Participant, who has his account in respect of such securities.

9.9.2. The pledgor and the pledgee must have an account in the Depository to create a pledge. However, the pledgor and the pledgee may hold an account with two different Participants.

9.9.3. The Participant after satisfaction that the securities are available for pledge shall make a note in its records, of the notice of pledge, and forward the application to the Depository.

9.9.4. The Depository, after receiving confirmation from the Participant of the pledgee through an application made by the pledgee to the Participant in the form specified in Business Rules in this regard, shall within fifteen days of the receipt of the application create and record the pledge and send an intimation of the same to the Participants of pledgor and pledgee.

9.9.5. On receipt of the intimation under Bye Law 9.9.4 above, the Participants of both the pledgor and the pledgee shall inform the pledgor and the pledgee respectively of the entry of creation of the pledge.

9.9.6. If the Depository does not create the pledge, it shall within fifteen days of the receipt of application under Bye Law 9.9.1 send alongwith the reasons, an intimation to the Participants of the pledgor and the pledgee.

9.9.7. The pledgor or pledgee may request cancellation of the entry of pledge made under Bye Law 9.9.4 by making an application in the form specified in this regard in the Business Rules to the Depository through its Participant.

9.9.8. The Participant shall make a note in its records, of the cancellation of the entry of pledge and forward the request to the Depository.

9.9.9. The Depository, after receiving prior confirmation from the Participant of the pledgee through an application made by the pledgee to the Participant in the form specified in Business Rules in this regard, shall cancel the entry of pledge made under Bye Law 9.9.4 and send an intimation of the same to the Participants of pledgor and pledgee.

9.9.10. The pledgee may invoke the pledge made under Bye Law 9.9.4, subject to the provisions of the pledge document, by making an application in the form specified in this regard in the Business Rules, to the Depository through its Participant.

9.9.11. The Participant shall make a note in its records, of the request of invocation of the entry of pledge and forward the request to the Depository.

9.9.12. [65A]The Depository, on receipt of a request under Bye Law 9.9.11, shall invoke the pledge and send an intimation/notification to both pledger and pledgee confirming that the pledge has been invoked and the pledgee has been recorded as "beneficial owner" in terms of Regulation 79(8) of the DP Regulations and amend its record accordingly to register the pledgee as a beneficial owner of the securities and shall thereafter, send intimation of the same to the Participants of the pledgor and the pledgee.

9.9.13. On receipt of the intimation under Bye Law 9.9.12 above, the Participants of both the pledgor and the pledgee shall inform the pledgor and the pledgee respectively of the invocation of pledge.

9.9.14.

i) If the Client intends to create a hypothecation on the securities owned by him, he may do so in accordance with the provisions of Bye Laws 9.9.1 to 9.9.13.

ii) The provisions of Bye Law 9.9.1 to 9.9.13 shall *mutatis mutandis* apply in such cases of hypothecation except in so far as Bye Law 9.9.4, the Depository shall invoke the entry of hypothecation made under Bye Law 9.9.4 after receiving confirmation from the Participant of the hypothecator through an application made by the hypothecator to the Participant in the form specified in this regard in the Business Rules.

9.9.15. No transfer of security in respect of which a notice or entry of pledge or hypothecation is in force shall be effected by a Participant without the prior concurrence of the pledgee or the hypothecatee as the case may be.

9.9.16. [65B]Notwithstanding anything contrary to the above or the circulars/guidelines issued in this matter from time to time, all matters relating to the Pledge/Hypothecation/ margin pledge/ margin re-pledge (creation, Closure and Invocation and confirmation thereof as applicable) shall be governed by and carried out in accordance with the Business Rules of NSDL as amended from time to time and the applicable provisions of law, including the regulations, circulars, guidelines, and directions issued by SEBI/NSDL, as amended from time to time.

Notes:

[65] **Amended w.e.f November 13, 1997. Prior to this amendment, Bye law 9.9 read as follows:**

9.9. PLEDGES AND HYPOTHECATION

9.9.1. If a Client intends to create a pledge or hypothecation on a security owned by him, he shall make an application in this regard in the form specified in the Business Rules to the Depository through the Participant, who has his account in respect of such security in the manner specified under Bye Laws 9.9.3 to 9.9.10 below.

9.9.2. The pledgor and the pledgee must have an account in the Depository to create a pledge. However, the pledgor and the pledgee may hold an account through two different Participants.

9.9.3. If the security intended to be pledged or hypothecated is unencumbered, the Participant shall, after making a note in its records, of the notice of pledge or hypothecation, forward the application of the Client to the Depository for its approval.

9.9.4. On receipt of the application of the Client through the Participant, the Depository shall make such investigation as it may consider necessary and if it approves the creation of the pledge or hypothecation, it shall enter the details of the intended pledge or hypothecation in its records within fifteen days of the receipt of application and where it does so, intimate the Participant who shall also amend its records accordingly and immediately intimate the Client.

9.9.5. On receipt of the intimation under Bye Law 9.9.4 above, the Client may create a pledge or hypothecation and where he does so, he shall intimate the Depository through the Participant of the creation of such pledge or hypothecation.

9.9.6. The Participant, on receipt of the intimation under Bye Law 9.9.5 above, shall substitute, for the notice of the pledge or hypothecation in its records, an entry of pledge or hypothecation as the case may be and shall inform the pledgee through its Participant and the Depository.

9.9.7. On receipt of the intimation under Bye Law 9.9.6 above, the Depository shall make in its records the changes referred to in Bye Law 9.9.6 above.

9.9.8. Where the Depository disapproves the creation of the pledge or hypothecation, it shall record the reasons for such disapproval and intimate the Participant, who in turn shall inform the Client and the Client shall not create a pledge or hypothecation in respect of the securities.

9.9.9. The entry of pledge or hypothecation made under Bye Law 9.9.6 above shall be cancelled by the Participant when the Client redeems the pledge or hypothecation and makes a request, with the concurrence of the pledgee, to the Participant to cancel the entry of pledge or hypothecation, and the Participant shall inform the Depository accordingly.

9.9.10. On receipt of the intimation under Bye Law 9.9.9 above, the Depository shall make, in its records, the changes referred to in Bye Law 9.9.9 above.

9.9.11. No transfer of the security in respect of which a notice of pledge or entry of pledge is in force, shall be effected by a Participant without the concurrence of the pledgee.

9.9.12. Where the pledgee satisfies the Depository that owing to the default of the Client, the pledgee is entitled to be registered as the Beneficial Owner of the pledged securities or part thereof, the Depository may, after giving the Client a reasonable

opportunity to make such representation as he may wish to make, direct the Participant to register the pledgee as the Client of such securities or part thereof and amend its own records accordingly.

9.9.13. On receipt of the direction under Bye Law 9.9.10 above, the Participant shall immediately carry out the necessary corrections in its records.

[65A]Amended w.e.f. September 09, 2026. Prior to this amendment, Clause 9.9.12 read as follows:

The Depository, on receipt of a request under Bye Law 9.9.11, shall invoke the pledge and amend its record accordingly to register the pledgee as a beneficial owner of the securities and shall thereafter, send intimation of the same to the Participants of the pledgor and the pledgee.

[65B] Inserted w.e.f. September 09, 2026.

9.10. [66]TRANSMISSION OF SECURITIES

9.10.1. NSDL shall effect the transmission of security balances of any Client due to death, lunacy, bankruptcy, insolvency or by any other lawful means other than transfer.

9.10.2. In case where the deceased was one of the jointholders in the Client account, the surviving Client(s) shall be the person(s) recognised by NSDL as having any title to the security balances in that joint Client account.

9.10.2.1. [67] In cases where the deceased is the Karta of a Hindu Undivided Family ("HUF"), the surviving member(s) of the HUF may notify to NSDL the eldest coparcener of the HUF or a coparcener who is appointed as Karta by an agreement reached amongst all the coparceners of the HUF as the Karta of the HUF in accordance with law, and subject to production of such evidence and execution of such documents as may be prescribed in the Business Rules, the name of such newly designated Karta shall be entered in the records of NSDL.

9.10.3. [67A]In case where the deceased was a sole holder of the Client account, his legal heir(s) or the legal representative(s) shall be the only person(s) recognised by NSDL as having any title to the security balances in that sole Client account. In the event of the simultaneous demise of joint holders where no valid nomination exists, the legal heir(s) or legal representative(s) of the youngest joint holder shall exclusively be recognized as the rightful claimant(s) to the security balances held in the Client account.

9.10.4. Such surviving joint holder(s) or legal heir(s) or legal representative(s) shall be required to produce such evidence and follow the procedures prescribed in the Business Rules for the purpose of transmission of security balances in their favour.

Note:

[66] **Inserted w.e.f. October 16, 1998.**

[67A] **Inserted w.e.f. April 16, 2026**

Amended w.e.f. January 18, 2023. Prior to this amendment, Bye Law 9.10.2.1 was amended w.e.f. March 28, 2018, which read as follows:

9.10.2.1. In cases where the deceased is the Karta of a Hindu Undivided Family ("HUF"), the surviving member(s) of the HUF may notify to NSDL the eldest surviving member of the HUF as the Karta of the HUF in accordance with law, and subject to production of such evidence and execution of such documents as may be prescribed in the Business Rules, the name of such newly designated Karta shall be entered in the records of NSDL.

Amended w.e.f. March 28, 2018. Prior to this amendment, Bye Law 9.10.2.1 was amended w.e.f.October17, 2008, which read as follows:

9.10.2.1. In cases where the deceased is the Karta of a Hindu Undivided Family ("HUF") holding securities in such capacity, the surviving member(s) of the HUF may notify to NSDL the eldest surviving member of the HUF as the Karta of the HUF in accordance with law, and subject to production of such evidence and execution of such documents as may be prescribed in the Business Rules, the name of such newly designated Karta shall be entered in the records of NSDL as having title to the securities held in the beneficial owner account held by the deceased Karta.

Provided however that such facility shall be permitted by NSDL only if the gross value of the securities lying to the credit of such beneficial account does not exceed such limit as may be prescribed by NSDL in its Business Rules from time to time. In all other cases, no change of name of account holder shall be permitted unless supported by a succession certificate and such other requirements as may be prescribed in accordance with law.

Amended w.e.f. October 17, 2008. Prior to this amendment, Bye Law 9.10.2.1 was inserted w.e.f March 9, 2005, which read as follows:

9.10.2.1. In cases where the deceased is the Karta of a Hindu Undivided Family ("HUF") holding securities in such capacity, the surviving member(s) of the HUF may notify to NSDL the eldest surviving male member of the HUF as the Karta of the HUF in accordance with law, and subject to production of such evidence and execution of such documents as may be prescribed in the Business Rules, the name of such newly designated Karta shall be entered in the records of NSDL as having title to the securities held in the beneficial owner account held by the deceased Karta.

Provided however that such facility shall be permitted by NSDL only if the gross value of the securities lying to the credit of such beneficial account does not exceed such limit as may be prescribed by NSDL in its Business Rules from time to time. In all other cases, no change of name of account holder shall be permitted unless supported by a succession certificate and such other requirements as may be prescribed in accordance with law.

9.11. [68] TRANSMISSION OF SECURITIES IN THE CASE OF NOMINATION

9.11.1. [69]In respect of every account, the Beneficial Owner(s) ("Nominating Person(s)") may nominate upto three person(s), ("Nominee(s)") who shall receive the securities in the event of his death in the manner prescribed under the Business Rules from time to time.

9.11.2. [70]The securities held in such account shall be transferred in the name of the nominee(s), upon the death of the Nominating Person, or as the case may be, all the Nominating Persons subject to the other Bye Laws mentioned hereunder.

9.11.3. [71]A minor may be nominated to the interest in an account under these Bye Laws, provided the Nominating Person(s) follow(s) such requirements as may be prescribed under the Business Rules, including without limitation, provision of the name of the guardian of such minor to the Participant and the Depository.

9.11.4. Beneficial Owner(s) may substitute or cancel a nomination at any time. A valid nomination, substitution or cancellation of nomination shall be dated and duly registered with the Participant in accordance with the Business Rules prescribed therefor. The closure of the account by the Nominating Person(s) shall conclusively cancel the nomination.

9.11.5. [71A]The legal heir(s) of the nominee shall have no lawful right, entitlement, or claim whatsoever over the assets of the Beneficial Owner(s), under any circumstances, if the nominee predeceases the Beneficial Owner(s).

9.11.6. [72]The Nominee(s) shall not be entitled to exercise any right conferred on Beneficial Owners under these Bye Laws, upon the death of the Nominating Person(s), unless the Nominee(s) follows the procedure prescribed in the Business Rules for being registered as the Beneficial Owner of the securities of the Nominating Person(s) in the books of the Depository.

9.11.7. [73] The nominee(s) shall on the death of the Nominating Person(s), in order to register themselves as a Beneficial Owner(s), give a notice in writing to the Participant, along with the death certificate issued by the competent authority as prescribed under the Business Rules. Subject to scrutiny of such documents, the securities in the Account shall be transmitted to the account of the Nominee(s) held with any depository.

9.11.8. [74]Notwithstanding anything contained in any other disposition and/or nominations made by the Nominating Person(s) under any other law for the time being in force, for the purposes of dealing with the securities lying to the credit of deceased Nominating Person(s) in any manner, the Participant shall rely upon the last nomination validly made prior to the demise of the Nominating Person(s). The Participant shall not be liable for any action taken in reliance upon and on the basis of nomination validly made by the Nominating Person(s).

Notes:

[68] **Inserted w.e.f. October 25, 2000. The Original Bye Laws 9.11, 9.12 and 9.13 have been renumbered as 9.12, 9.13 and 9.14 respectively.**

[69] **Amended w.e.f. December 3, 2016. Prior to this amendment, Bye Law 9.11.1 read as follows:**

9.11.1. In respect of every account, the Beneficial Owner(s) ("Nominating Person(s)") may nominate any person ("Nominee") to whom his securities shall vest in the event of his death in the manner prescribed under the Business Rules from time to time.

[70] **Amended w.e.f. December 3, 2016. Prior to this amendment, Bye Law 9.11.2 read as follows:**

The securities held in such account shall automatically be transferred in the name of the Nominee, upon the death of the Nominating Person, or as the case may be, all the Nominating Persons subject to the other Bye Laws mentioned hereunder.

[71] **Amended w.e.f. January 23, 2025. Prior to this amendment, Bye Law 9.11.3 read as follows:**

A minor may be nominated to the interest in an account under these Bye Laws, provided the Nominating Person(s) follow(s) such requirements as may be prescribed under the Business Rules, including without limitation, provision of the name and address of the guardian of such minor to the Participant and the Depository.

[71A] Inserted w.e.f. April 16, 2026

[72] **Amended w.e.f. December 3, 2016. Prior to this amendment, Bye Law 9.11.5 read as follows:**

9.11.5. A Nominee shall not be entitled to exercise any right conferred on Beneficial Owners under these Bye Laws, upon the death of the Nominating Person(s), unless the Nominee follows the procedure prescribed in the Business Rules for being registered as the Beneficial Owner of the securities of the Nominating Person(s) in the books of the Depository.

[73] **Amended w.e.f. July 18, 2023. Prior to this amendment, Bye Law 9.11.6. was amended on December 3, 2016 which read as follows:**

9.11.6. The nominee(s) shall on the death of the Nominating Person(s), in order to register themselves as a Beneficial Owner(s), give a notice in writing to the Participant, along with the certified true copy of the death certificate issued by the competent authority as prescribed under the Business Rules. Subject to scrutiny of such documents, the securities in the Account shall be transmitted to the account of the Nominee(s) held with any depository.

Prior to this amendment, Bye Law 9.11.6. read as follows:

9.11.6. A nominee shall on the death of the Nominating Person(s) be entitled to elect himself to be registered as a Beneficial Owner by delivering a notice in writing to the Depository, along with the certified true copy of the death certificate issued by the competent authority as prescribed under the Business Rules. Subject to scrutiny of such election, the securities in the Account shall be transmitted to the account of the Nominee held with any depository.

[74] **Amended w.e.f. December 3, 2016. Prior to this amendment, Bye Law 9.11.7 read as follows:**

9.11.7. Notwithstanding anything contained in any other disposition and/or nominations made by the Nominating Person(s) under any other law for the time being in force, for the purposes of dealing with the securities lying to the credit of deceased Nominating Person(s) in any manner, the Depository shall rely upon the last nomination validly made prior to the demise of the Nominating Person(s). The Depository shall not be liable for any action taken in reliance upon and on the basis of nomination validly made by the Nominating Person(s).

9.11.9. [75]The Participant shall, on receipt of notice or on obtaining intimation about the death of the Nominating Person(s), issue a notice requiring the person recorded as Nominee(s) in its records to have the beneficial ownership of the relevant securities registered in the name of such Nominee(s). Further, the Participant shall take such action including suspending any transaction in the account of the Nominating person(s) for debits, till such time the requirements of the notice are complied with.

9.12. [76] DEMATERIALISATION OF GOVERNMENT SECURITIES

9.12.1. Credit of securities into the Depository shall be made on account of dematerialisation of physical securities or on account of transfer from Subsidiary General Ledger (SGL) accounts maintained by other eligible entities or on fresh issue of securities in dematerialised form.

9.12.2. A Client may convert his physical holding of securities into dematerialised form by making an application to the Participant in the Dematerialisation Request Form (DRF-GS) along with relevant security certificate and Form of transfer prescribed by RBI as contained in the Business Rules.

9.12.3. [77]A Client may transfer his holdings in dematerialised form held in an SGL account with other eligible entity by making an application to the Participant in the Dematerialisation Request Form (DRF-GS) as prescribed under the Business Rules.

9.12.4 [78]In case the request is for dematerialisation of physical certificates, the Participant shall forward the DRF-GS and the documents so received, along with the security certificates, to the Depository after electronically registering such a request in the DPM. Such DRF-GS shall be forwarded by the Participant to the Depository not later than seven days of accepting the same from its Client.

9.12.5. [79]In case the request is for transfer of holdings from an SGL account of the other eligible entity to depository, the Participant shall register such request in the DPM electronically and forward request in such form and manner to the depository as may be specified in the Business Rules.

9.12.6. The Depository shall cause the necessary credit entries to be made in the account of the Client concerned, after obtaining prior approval from RBI for conversion of physical securities into SGL balances or for transfer of balances from SGL account maintained by other eligible entities, as the case may be.

9.12.7. Where any dematerialisation request is rejected by RBI, the Depository shall electronically intimate the Participant regarding such rejection within a period of seven days.

9.12.8. 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:-

a) the security certificates lodged by the Client are reported to be stolen;

b) the security certificates are reported to be forged or fake;

c) an order from a court or a competent statutory authority restraining the Depository from doing so;

d) any other reason which in the opinion of RBI, that it would not be proper to return the security certificates.

Notes:

[75] Amended w.e.f. December 3, 2016. Prior to this amendment, Bye Law 9.11.8 read as follows:
9.11.8. The Depository shall, on receipt of notice or on obtaining intimation about the death of the Nominating Person(s), issue a notice requiring the person recorded as a Nominee in its records to make an election to have the beneficial ownership of the relevantsecurities registered in the name of such Nominee. Further, the Depository shall take such action including suspending any transaction in the account of the Nominating person(s) for debits, till such time the requirements of the notice are complied with.

[76] Inserted w.e.f. October 16, 1998. Earlier Bye Law 9.11 re-numbered as 9.12 w.e.f. October 25, 2000

[77]**Amended w.e.f. June 26, 2013. Prior to this amendment. Bye law 9.12.3 read as follows:** 9.12.3. A Client may transfer his holdings in dematerialised form held in an SGL account with other eligible entity by making an application to the Participant in the Dematerialisation Request Form (DRF-GS) as prescribed under the Business Rules along with SGL transfer documents as prescribed under Rule 7 of P.D. Rules of RBI duly executed by the other eligible entity from whose SGL account the transfer is sought.

[78]**Amended w.e.f. June 26, 2013. Prior to this amendment. Bye law 9.12.4 read as follows:** 9.12.4. The Participant shall forward the DRF-GS and the documents so received, along with the security certificates, wherever applicable, to the Depository after electronically registering such a request in the DPM. Such DRF-GS shall be forwarded by the Participant to the Depository not later than seven days of accepting the same from its Client.

[79]**Inserted w.e.f., June 26, 2013. Earlier Bye Law 9.12.5, 9.12.6, 9.12.7 re-numbered as Bye Law 9.12.6, 9.12.7, 9.12.8**

9.13. [80]WITHDRAWAL OF GOVERNMENT SECURITIES FROM THE DEPOSITORY

9.13.1. A Client or a Participant holding its own securities in the Depository may withdraw the 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 Depository in the Rematerialisation Request Form (hereinafter referred to as RRF-GS) as specified in the Business Rules.

9.13.2. On receipt of the RRF-GS, the Participant shall 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.

9.13.3. On receipt of the request referred to in Bye Law 9.13.2 above, the Depository shall block the balance of the Participant to the extent of rematerialisation quantity in Depository system.

9.13.4. [81]In case the request is for physical certificates, 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.

9.13.5. [82]In case the request is for transfer to an SGL account with other eligible entity, the Participant shall register such request in the DPM electronically and forward request in such form and manner as may be specified in the Business Rules.

9.13.6. In case the request was for physical certificates, 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.

9.13.7. In case the request was for transfer to an SGL account with other eligible entity, the Depository shall confirm the acceptance of RRF electronically to the Participant, after obtaining approval from RBI.

9.13.8. On receipt of such confirmation from RBI as mentioned in clause 9.13.5 and 9.13.6 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.

Note:

[80]**Inserted w.e.f October 16, 1998. Earlier Law 9.12 re-numbered as Law 9.13 w.e.f. October 25,**

[81]**Amended w.e.f. June 26, 2013. Prior to this amendment, Bye law 9.13.4 read as follows:** 9.13.4. The Participant shall forward the RRF-GS 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.

[82]**Inserted w.e.f. June 26, 2013, Earlier Bye Law 9.13.5, 9.13.6 and 9.13.7 has been re-numbered as Bye Law 9.13.6, 9.13.7 and 9.13.8.**

9.14. [83]SECURITIES LENDING

9.14.1.[84] Any entity desirous to lend or borrow securities may do so in the manner laid down under SEBI (Securities Lending Scheme), 1997 or any amendment thereof.

9.15. [85]HOLD ON SECURITIES

9.15.1. If a Client intends to record encumbrance, other than pledge or hypothecation, on securities owned by him, including any restriction on the free and marketable title to securities, by whatever name called, whether executed directly or indirectly; lien, negative lien, non-disposal undertaking or non-disposal agreement; or any covenant, transaction, condition or arrangement in the nature of encumbrance, by whatever name called, whether executed directly or indirectly; he shall make an application for creation of hold on the securities in the form and manner specified in the Business Rules to the Depository through the Participant, who has his account in respect of such securities.

9.15.2. Upon creation of hold on securities held by the Client in the demat account by the Depository, no transfer, pledge, hypothecation, encumbrance , lending, rematerialisation, or alienation of securities in any manner shall be permitted, unless the hold on securities is released in the form and manner specified in the Business Rules.

Notes:

[83]**Inserted w.e.f. November 5, 1998. Earlier Bye Law 9.13 re-numbered as Bye Law 9.14 w.e.f. October 25, 2000.**

[84]**Amended w.e.f. August 30, 2008. Prior to this amendment, Bye law 9.14.1 read as follows:** 9.14.1. Any entity having an account with a Participant in the Depository, desirous to lend or borrow securities, may do so in the manner laid down under SEBI (Stock Lending Scheme), 1997 or any amendment thereof and under the Business Rules.

[85]**Amended w.e.f. October 12, 2021. Prior to this amendment, Bye law 9.15 read as follows:**

9.15.1. If a Client intends to record encumbrance, other than pledge or hypothecation, on securities owned by him , including any restriction on the free and marketable title to securities, by whatever name called, whether executed directly or indirectly; lien, negative lien, non-disposal undertaking or non-disposal agreement ; or any covenant, transaction, condition or arrangement in the nature of encumbrance, by whatever name called, whether executed directly or indirectly; he shall make an application for creation of hold on the securities in the form and manner specified in the Business Rules to the Depository through the Participant, who has his account in respect of such securities.

9.15.2. Upon creation of hold on securities held by the Client in the demat account by the Depository, no transfer, pledge, hypothecation, encumbrance , lending, rematerialisation, or alienation of securities in any manner shall be permitted, unless the hold on securities is released in the form and manner specified in the Business Rules.

9.16. [86]MARGIN PLEDGE

9.16.1 If a client intends to create a margin pledge on securities owned by him for margin or settlement obligations of the client or such other purpose as specified by SEBI in favour of a Trading Member which may be re-pledged to the Clearing Member or by the client in favour of a Clearing Member and further re-pledged to the Clearing Corporation, he shall make an application for creation of margin pledge in the form and manner specified in the Business Rules to the Depository through the Participant, who has his account in respect of such securities.

9.16.2 The Trading Member or the Clearing Member through an account designated for this purpose with a Participant, may re-pledge the securities of the Client to the Clearing Member and Clearing Corporation respectively, in the form and manner specified in the Business Rules.

9.16.3 If the securities are pledged or re-pledged with a Trading Member or Clearing Member or Clearing Corporation, any release or invocation of margin pledge will be effected, in the form and manner specified in the Business Rules.

9.16.4 The rights to release or invoke a margin pledge shall be either with the Clearing Corporation, Clearing Member or Trading Member in a hierarchical order at a particular point in time.

Explanation:
(i) If securities are re-pledged to Clearing Corporation, the rights to release or invoke the margin pledge will be with the Clearing Corporation to the exclusion of other parties.

(ii) If securities are re-pledged to the Clearing Member or if the Clearing Corporation has exercised its rights to release the pledge, the rights to release or invoke the margin pledge will be with the Clearing Member to the exclusion of other parties.

(iii) If securities are pledged to the Trading Member or if the Clearing Member has exercised its rights to release the pledge, the rights to release or invoke the margin pledge will be with the Trading Member to the exclusion of other parties.

9.16.5 The pledger and pledgee must have an account in the Depository to create a margin pledge. However, the pledger and pledgee may hold an account with different Participants.

9.16.6 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.

9.17. [87]AUTO PLEDGE FOR UNPAID SECURITIES OF CLIENT WITH TRADING MEMBER/CLEARING MEMBER

9.17.1 In case of unpaid securities (i.e., the securities that have not been paid for in full by the client to the Trading Member/Clearing Member), upon instructions of the Trading Member/Clearing Member to the Participant, such unpaid securities shall be transferred to the respective client's demat account, and thereafter a pledge shall be created in favour of Client Unpaid Securities Pledgee Account (CUSPA) of the Trading Member/Clearing Member as a pledgee without any specific instruction from the client (hereinafter referred to as "auto-pledge").

9.17.2 In case an auto-pledge is created under Bye-Law 9.17.1, the pledgor shall not be allowed to request for release of the pledge.

9.18. [88]PAY-OUT BY CLEARING CORPORATION

9.18.1 Based on the instructions received from the Clearing Corporation, the Depository shall transfer the securities from Clearing Corporation's pool account to the respective client's accounts.

19.18.2 In case of unpaid securities, upon receipt of instructions from the Clearing Corporation, to auto-pledge the 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.

Notes:

[86]Inserted w.e.f. August 01, 2020.
[87]Inserted w.e.f. August 30, 2023.
I[88]nserted w.e.f. December 27,

9.19. [89]TRANSACTIONS IN UNITS OF ALTERNATIVE INVESTMENT FUNDS (AIF) UNDER "RESTRICTED TRANSFERABILITY

9.19.1 If an AIF intends to restrict the off-market transfers and/or creation of pledge/margin pledge and/or hold under Non-Disposal Undertakings/Agreement (NDU) in units of AIF, it shall request Depository as per the procedure specified in the Business Rules.

9.20. [89A]TRANSACTIONS IN UNLISTED SECURITIES UNDER "RESTRICTED TRANSFERABILITY"

9.20.1 If an Issuer (which is a private limited company) intends to restrict the transfer and/or creation of pledge/margin pledge, and/ or hypothecation and/or hold under encumbrance on its unlisted securities or intends to remove such restriction, it may request the Depository as per the procedure specified in the Business Rules.

9.20.2 If the request is found to be in order, the Depository may grant approval for restriction of transferability or removal of such restriction of transferability.

9.21. [89B]FREEZING AND UNFREEZING OF UNLISTED SECURITIES BY ISSUER REQUEST:

9.21.1 To meet certain statutory obligations, an Issuer (which is a private limited company) may request the Depository to freeze or unfreeze its unlisted securities, as per the procedure specified in the Business Rules.

10. RECONCILIATION, ACCOUNTS AND AUDIT

10.1. RECONCILIATION

10.1.1. The Participant shall intimate the Depository, all security balances held by the Participant with the Depository on a daily basis at the end of the day and the said balances will be reconciled with its balance held by the Depository.

10.1.2. [90]The Depository shall intimate the Issuer or its Registrar & Transfer Agent, all security balances of the Issuer held in dematerialised form with the Depository at the end of the day and the said balances will be reconciled by the Issuer or its Registrar & Transfer Agent. Provided however that, this clause shall not apply where the Issuer is a State or the Central Government and reconciliation shall be carried out as provided in Clause 8.5.3 of the Bye Laws.

10.1.3. If there is failure of the reconciliation as specified in Bye Law 10.1.1 and Bye Law 10.1.2 above, 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.

10.2. ACCOUNTING, INTERNAL CONTROL, REPORTS AND RETURNS

10.2.1. [90] Each Participant shall furnish to the Depository every year, a copy of its audited financial statement and the net worth certificate based on its audited financial statements, certified by a Practising Chartered Accountant, in the manner specified in the Business Rules, by October 31 every year.

Provided that when the Depository is satisfied that circumstances warrant an extension of time to furnish such report, it may grant such extension to the Participant.

10.2.2. Every Participant shall keep accounts and records in respect of the operations of the Depository which shall be distinct and independent from the records and accounts maintained by it in respect of any other activities carried out by the Participant.

10.2.3. Proper accounts shall be maintained by the Depository as well as the Participants in respect of the operations of the Depository in accordance with the software provided

by the Depository.

10.2.4. 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.

10.2.5. Every Participant shall allow persons authorised by the Depository to enter its premises during normal office hours and inspect its records relating to the operations of the Depository.

10.2.6. Every Participant shall submit periodic returns to the Depository in the format specified by the Depository.

Notes:

[89]**Inserted w.e.f. May 02, 2024.**

[89A]**Inserted w.e.f August 11, 2025**

[89B]**Inserted w.e.f August 11, 2025**

[90]**Amended w.e.f. October 16, 1998. Prior to this amendment, Bye Law 10.1.2 read as follows:**

10.1.2. The Depository shall intimate the Issuers or its Registrar and Transfer Agent all security balances of the Issuer held in dematerialised form with the Depository at the end of the day and the said balances will be reconciled by the Issuer or its Registrar and Transfer Agent.

Amended w.e.f. July 08, 2024. Prior to this amendment, Bye Law 10.2.1 was amended on September 25, 2023, which read as follows:

Each Participant shall furnish to the Depository every year, a copy of its audited financial statement by October 31 every year.

Amended w.e.f. September 25, 2023. Prior to this amendment, Bye Law 10.2.1 was amended on September 16, 2009, which read as follows:

Each Participant shall furnish to the Depository every year, a copy of its audited financial statement within six months from the end of the Participant's financial year.

Prior to this amendment, Bye Law 10.2.1 was amended on September 6, 2002, which read as follows:

10.2.1. Each Participant shall furnish to the Depository every year, a copy of its audited financial statement within a period of one month after the balance sheet and profit and loss account have been placed before the company at the Annual General Meeting (AGM) or within six months from the end of the Participant's financial year, whichever is earlier.

Provided that when the Depository is satisfied that circumstances warrant an extension of time to furnish such report, it may grant such

10.2.1. Each Participant shall furnish to the Depository every year, a copy of its audited financial statement and such report shall be furnished not later than six months after the end of the Participant's financial year. Provided that when the Depository is satisfied that circumstances warrant an extension of time to furnish such report, it may grant such extension to the Participant.

10.2.7. [91] Every Participant shall maintain the following records and documents, namely:

i) records of all the transactions entered into with a Depository and with a Client;
ii) details of securities dematerialised, rematerialised on behalf of Clients
iii) records of instructions received from Clients nd statements of account provided to Clients; and,
iv) records of approval, notice, entry and cancellation of pledge or hypothecation or margin pledge or hold, as the case may be.

10.2.8. Every Participant shall intimate the Depository, the place where the records and documents are maintained.

10.2.9. [92] Subject to the provisions of any other law, the Participant shall preserve records and documents for a minimum period of eight years.

10.3. AUDIT

10.3.1 [93] Every Participant shall 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 shall be furnished to the Depository.

10.3.2. The scope of such audit shall cover the existence, scope and efficiency of the internal control system, compliance with the provisions of the Act, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Bye Laws, Business Rules, agreement and systems security in the office of the Participant in respect of the operations of the Depository.

10.3.3. In addition, the Depository may, if it feels it is in the interests of the investors to do so, direct that an audit of the records of the Participant shall be conducted by such auditor as may be appointed by the Depository in this regard so far the records relate to the operations of the Depository.

10.3.4 [94] The Chartered Accountants, Company Secretaries or Cost and Management Accountants who are engaged in Internal Audit or Inspection of the Participant in respect of its depository operations, should not have any conflict of interest with the said Participant.

Notes:

[91]**Amended w.e.f. August 01,2020. Prior to this amendment Bye Law 10.2.7 read as follows:**

10.2.7. Every Participant shall maintain the following records and documents, namely:

i) records of all the transactions entered into with a Depository and with a Client;
ii) details of securities dematerialised, rematerialised on behalf of Clients
iii) records of instructions received from Clients nd statements of account provided to Clients; and,
iv) records of approval, notice, entry and cancellation of pledge or hypothecation, as the case may be.

Amended w.e.f. April 4, 2014. Prior to this amendment Bye Law 10.2.7 read as follows:

10.2.7. Every Participant shall maintain the following records and documents, namely:

i) records of all the transactions entered into with a Depository and with a Client;
ii) details of securities dematerialised, rematerialised on behalf of Clients with whom it has entered into an agreement;
iii) records of instructions received from Clients and statements of account provided to Clients; and,
iv) records of approval, notice, entry and cancellation of pledge or hypothecation, as the case may be.

[92]**Amended w.e.f. May 10,2022. Prior to this amendment Bye Law 10.2.9 read as follows:**

10.2.9. Subject to the provisions of any other law, the Participant shall preserve records and documents for a minimum period of five years.

[93]**Amended w.e.f. March 16, 2009. Prior to this amendment Bye Law 10.3.1 was amended on October 17, 2008, which read as follows:**

10.3.1. Every Participant shall 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 holding a Certificate of Practice and a copy of the internal audit report shall be furnished to the Depository.

Prior to this amendment Bye Law 10.3.1 was amended on March 23, 1999, which read as follows:

10.3.1. Every Participant shall ensure that an internal audit in respect of the operations of the Depository is conducted at intervals of not more than three months by a qualified Chartered Accountant or a Company Secretary holding a certificate of Practice and a copy of the internal audit report shall be furnished to the Depository.

Prior to this amendment, Bye Law 10.3.1. read as follows:

10.3.1 Every Participant shall ensure that an internal audit shall be conducted in respect of the operations of the Depository by a qualified Chartered Accountant in accordance with the provisions of the Chartered Accountants Act, 1949, at intervals of not more than three months and a copy of the internal audit report shall be furnished to the Depository.

[94]Inserted w.e.f March 16, 2009.

10.4. INSPECTION

10.4.1. INSPECTION AUTHORITY

i) 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 to the extent they pertain to the Depository operations for any of the purposes specified below:-

a) as to whether the books of accounts and other books are being maintained in the manner required;
b) as to whether the provisions of the Depositories Act, 1996, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, made thereunder are being complied with;
c) as to whether the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 and the rules made thereunder are being complied with;
d) as to whether the provisions of the Bye Laws and Business Rules of the Depository and any instructions or directions issued thereunder are being complied with;
e) to investigate into the complaints received from the Clients, other Participants or any other person on any matter having a bearing on the activities of the Participant;
f) to investigate suo-moto, for any reason where circumstances so warrant an inspection into the affairs of the Participant in the interest of the investors in general;
g) to facilitate reconciliation of records in case the records of the Participant with the Depository remain unreconciled for a period exceeding three working days;
h) to comply with any of the directives issued in this behalf by any court or regulatory authority including the Government.

ii) The inspecting authority appointed by the Depository under Bye Law 10.4.1 (i) above may either be its own officials or outside professionals.

iii) When the Depository appoints 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.

iv) When outside professionals are appointed as an inspecting authority in respect of a Participant and such professionals are already related in any other capacity with the Participant then such Participant shall forthwith inform the Depository of such relationship.

v) 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 the Depository.

10.4.2. NOTICE

i) Before undertaking any inspection under Bye Law 10.4.1 above, the Depository shall give a reasonable notice to the Participant for that purpose;

ii) Notwithstanding anything contained in Clause (i) above, where the Depository 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;

iii) The Depository officials or the inspecting authority who is directed to undertake the inspection, shall undertake the inspection and the Participant against whom an inspection is being carried out shall be bound to discharge his obligations as provided under Bye Law 10.4.3.

10.4.3. OBLIGATIONS OF A DEPOSITORY PARTICIPANT ON INSPECTION

i) It shall be the duty of every Participant, its director, partner, officer and employee who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control or arrange to produce where such books, accounts and other documents when they are in any other person's custody or control and furnish him such statements and information within such time as the said inspection authority may require.

ii) The Participant shall allow the inspecting authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and computerised data in his possession or any other person and also provide copies of documents or other materials which in the opinion of the inspecting authority are relevant.

iii) The inspecting authority, in the course of inspection may examine or record statements of any member, director, officer and employee of the Participant or of any associate of such Participant.

iv) It shall be the duty of every such Participant, its director, partner, officer and employee or where an associate is examined, of such associate to give to the inspecting authority all assistance in connection with the inspection which the Participant may be reasonably expected to give.

v) Notwithstanding the provisions above, the inspecting authority shall not have the right to examine any person or inspect any records which do not pertain to the operations of the Depository.

10.4.4. SUBMISSION OF REPORT

i) The inspecting authority shall, as soon as possible, submit an inspection report.

ii) The inspecting authority shall maintain complete confidentiality and shall not disclose any information contained in the documents submitted to it or inspected by it to any person, firm, company or authority unless required by any law for the time being in force.

iii) The Depository 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.

iv) On receipt of the explanation, if any, from the Participant the Depository may call upon the Participant to take such measures as it may deem fit in the interest of the investors.

v) In case the report of the Inspection Authority indicates the existence of any grounds for taking disciplinary action against a Participant, the Depository if so satisfied may take further action in this regard.

10.5 [95]REPORTING BY PARTICIPANTS TO ITS BOARD OF DIRECTORS

10.5.1 Every Participant shall ensure that following items are placed before its Board of Directors in respect of its depository operations:

i) Internal audit findings alongwith management comments

ii) Inspection findings of NSDL alongwith management comments

Provided that, in case the Participant is incorporated outside India, then such findings may be placed before a Committee constituted to oversee its Indian operations.

Notes:

[95]Inserted w.e.f June 27,

11. DISCIPLINARY ACTION

11.1. [96] DISCIPLINARY ACTION

11.1.1. Without prejudice to any other right the Depository may have, the Depository may take following action in accordance with the provisions of these Bye Laws:

i) suspension of a Participant;
ii) expulsion of a Participant;
iii) declaring a security as is 'ineligible' on the Depository;
iv) freezing the account of the Participant;
v) conduct inspection;
vi) conduct an investigation/inquiry, call for records, to issue show cause notice to Participants for suspension/expulsion.

11.2. PARTICIPANT'S RESPONSIBILITY FOR PARTNERS, AGENTS AND EMPLOYEES

A Participant shall be fully responsible for the acts and omissions of its authorised officials, authorised representatives and employees and if any such act or omission be held by the Depository to be one which, if committed or omitted by the Participant would subject it to any of the penalties as provided in the Bye Laws of the Depository, then such Participant shall be liable therefor to the same penalty to the same extent as if such act or omission had been done or omitted by itself.

Notes:

[96]w.e.f. May 10, 2022 the original Rule 11.1 has been deleted. Prior to deletion, the original Rule 11.1, which was read as follows.

11.1. DISCIPLINARY ACTION COMMITTEE

11.1.1. A Disciplinary Action Committee shall be appointed by the Board of Directors to deal with any disciplinary matters relating to the Participants, Clients, Issuer or its Registrar and Transfer Agent and other users.

11.1.2. The maximum strength of the Disciplinary Action Committee shall be five.

11.1.3. The Disciplinary Action Committee appointed by the Board of Directors shall consist of :-

i) an officer of the Depository nominated by the Board of Directors who shall be the Chairman of such Committee;

ii) two persons nominated in that behalf by the Board of Directors from amongst the Participants, Issuers, Registrars & Transfer Agents, Banks or other entities or intermediaries interfacing with the Depository, to be known as 'User Representatives';

iii) two persons of eminence in the field of finance, accounting, law or any other discipline and amongst Clients as decided by the Board.

Consequently, Rules 11.2 to 11.13 have been renumbered as Rules 11.1 to 11.12 respectively.

Amended w.e.f. May 10, 2022. Prior to this amendment, the Rule 11.2 read as follows:

11.2 POWERS OF THE DISCIPLINARY ACTION COMMITTEE

11.2.1. The Disciplinary Action Committee shall have such responsibilities and powers as may be delegated to it by the Board, from time to time, which may inter-alia include the following responsibilities and powers to be discharged in accordance with the provisions of these Bye Laws:

i) suspension of a Participant;
ii) expulsion of a Participant;
iii) declaring a security as is 'ineligible' on the Depository;
iv) freezing the account of the Participant;
v) powers to conduct inspection;
vi) power to conduct an investigation/inquiry, call for records, to issue show cause notice to Participants for suspension/expulsion

11.3. SUSPENSION OF A PARTICIPANT

11.3.1. The Depository shall require a Participant to suspend its business when it fails to meet the continuing requirements for fulfilling criteria of admission as provided in these Bye Laws thereunder and the suspension of business shall continue until Participant furnishes satisfactory evidence of meeting with the requirements.

11.3.2. The Depository may require a Participant to suspend its business in part or in whole inter alia where :-

i) in the opinion of the Depository, the Participant's financial condition is such that it has gone below the networth norms or the Participant fails to maintain it as specified in the Regulations and Bye Laws of the Depository;

ii) the Participant violates the provisions of the Bye Laws and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

iii) The Participant does not comply with the instructions of the Client and is required to do so under the provisions of The Depositories Act, 1996, The Securities and Exchange Board of India Act, 1992 and any directives thereunder, The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, the Bye Laws and Business Rules.

11.4. EXPULSION OF A PARTICIPANT

11.4.1. The Depository shall expel a Participant from the Depository under the following circumstances:-

i) in case the Participant commits repeated breach of the provisions of the Bye Laws and the Business Rules, in spite of repeated reminders from the Depository in this regard;

ii) in case the Participant consistently exposes himself to risks which in the opinion of the Depository is not commensurate with Participant's net worth;

iii) if the quality of services rendered by the Participant is not satisfactory in the opinion of the Depository as evidenced by the complaints of their Client(s);

iv) if the Participant carries on the activities in a manner which is detrimental to the interests and continued existence of the Depository as well as the interests of the investors in general.

11.5. REVOCATION OF SUSPENSION

11.5.1. The suspension of business under the Bye Laws as stated above shall continue until the Participant has been allowed by the Depository to resume business on its paying such deposit or on its doing such act or providing such evidence as the Depository may require.

11.6. PROCEDURE FOR EXPULSION/SUSPENSION OR OTHER DISCIPLINARY ACTION

11.6.1. A Participant shall appear and testify before and cause its partners, authorised representatives and employees to appear before the Depository or before such other Committee(s) or such members of Committee authorised in this behalf by Committee, officer(s) of the Depository authorised in that behalf by the Committee and shall produce before the Depository or Committee(s) or officer of the Depository authorised in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession and which may be deemed relevant or material to any matter under inquiry or investigation.

11.6.2. The Depository shall issue show cause notice to the concerned Participant who shall be required to reply within such time as may be specified in the show cause notice or within such extended time as may be granted by the Depository on an application made to it.

11.6.3. The concerned Participant shall be entitled to a personal hearing. The Participant may appear himself or through a

professional counsel, attorney, advocate or other representative at any hearing given by the Depository.

11.6.4. The Depository shall after taking into account the pleadings written and oral explanation and arguments, shall pass reasoned order. The Depository shall send a copy of its final order to Participants, and the Securities and Exchange Board of India.

11.6.5. The Participant shall have the right to appeal to Board of Directors against final order of Depository.

11.7. IMPOSITION OF PENALTIES

11.7.1. The Depository may pass an order suspending/expelling a Participant for such period or on such terms and conditions as it deems fit.

11.7.2 [97] Depository may impose penalty on a Clearing Member, Trading Member or Portfolio Manager for not operating its CM, TM or Portfolio Manager Account in the specified manner and such penalty amount may be collected from the Participant with whom the Clearing Member, Trading Member or Portfolio Manager has opened the said account.

11.8. CONSEQUENCE OF SUSPENSION

11.8.1. The suspension of a Participant shall have the following consequences namely:

i) Suspension of Participant rights: The suspended Participant shall during the terms of its suspension be deprived of and excluded from all the rights and privileges of a Participant on the Depository;

ii) Rights of Clients unimpaired: The suspension shall not affect the rights of the Clients of the suspended Participant;

iii) Rights of creditors unimpaired: The suspension shall not affect the rights of the Participants who are creditors of the suspended Participant;

iv) Fulfillment of obligations: The suspended Participant shall be bound to fulfill obligations outstanding at the time of its suspension as directed by the Depository. The Depository shall have the power to fulfill all obligations towards its Clients of the suspended Participant outstanding at the time of suspension of such Participant;

v) Further business prohibited : The suspended Participant shall not during the terms of its suspension transact any Depository business with or through a Participant;

vi) Participants not to deal: No Participant shall transact business for or with the suspended Participant during the terms of its suspension except with the previous permission of the Depository.

11.8.2. In case of suspension of Participant, the Client shall have the option of either getting the securities held with the Participant transferred to another Participant or getting the securities rematerialised.

11.8.3. [98] Depository may impose penalty on Issuer and/ or its Registrar and Transfer Agent whose securities are admitted in the Depository system, in a specified manner for non-compliances with regulations, bye laws, business rules, circulars or directions issued from time to time by SEBI or Depository.

11.9. CONSEQUENCES OF EXPULSION

11.9.1. The expulsion of a Participant shall have the following consequences namely:-

i) Participants rights forfeited : The expelled Participant shall forfeit to the Depository, its rights as a Participant and all rights and privileges as a Participant of the Depository including any right to the use of or any claim upon or any interest in any property or funds of the Depository; but any liability of any such Participant to the Depository or to any Participant of the Depository shall continue and remain unaffected by its expulsion;

ii) Office vacated : The expulsion shall create a vacancy in any office or position held by the expelled Participant in the Depository;

iii) Rights of Clients unimpaired : The expulsion shall not affect the rights of the Clients who are Clients of the expelled

Participant;

iv) Rights of Creditors unimpaired : The expulsion shall not affect the rights of the Participants who are creditors of the expelled Participants;

v) Fulfillment of obligations: The expelled Participant shall be bound to fulfill transactions outstanding at the time of his expulsion and it may with the permission of the Depository close such outstanding transactions with or through a Participant. The Depository shall have the power to fulfill all obligations towards its Clients of the expelled Participant outstanding at the time of expulsion of such Participant;

vi) Participants not to deal: No Participant shall transact business for or with expelled Participant except with the previous permission of the Depository.

In case of expulsion of Participant, the Client shall have the option of either getting the securities held with the Participant transferred to another Participant or getting the securities rematerialised.

Notes:

[97]Inserted w.e.f. May 16, 2022
[98]Inserted w.e.f. July 10, 2023

11.10. EXPULSION RULES TO APPLY

When a Participant ceases to carry on business otherwise than on death, the Participant shall be deemed to be expelled and in that event all provisions relating to expulsion contained in these Bye Laws shall apply to such concerned Participants in all respects.

11.11. NOTICE OF SUSPENSION OF BUSINESS

Notice shall be given to all other Participants by a notice on the system of the Depository of the expulsion or suspension of business in relation to the operations of the Depository by a Participant or of any other charges imposed on it, on its partners, authorised representatives or other employees. The Depository may, in its absolute discretion and in such manner as it thinks fit, notify or cause to be notified to the Participants of the Depository or to the Clients and to public, that any person who is named in such notification has been expelled, suspended or has suspended its business or ceased to be a Participant. No action or other proceedings shall, in any circumstances, be maintainable by such suspended/ expelled Participant against the Depository or any member of the Committee(s) or any employee of the Depository for the publication or circulation of such notification.

11.12. PROCEDURE FOR CANCELLATION OF AGREEMENT BETWEEN PARTICIPANT AND DEPOSITORY

11.12.1. The agreement entered into between the Participant and the Depository shall be cancelled under the following cases:-

i) on the expulsion of the Participant by the Depository; or,

ii) on the termination of the Participant by the Depository in accordance with the provisions of Bye Law 6.5.1; or,

iii) on the termination of the Participantship by the Participant in accordance with the provisions of Bye Law 6.5.3.

11.12.2. The cancellation of the agreement shall have effect only when such cancellation has been approved by the Depository. The Depository shall give approval for such cancellation only if:-

i) there exists no suspense balance in the accounts of the Participants with the Depository;

ii) the accounts of all the Clients of the Participants have been closed and there exist no balances;

iii) the Participant has paid or settled all his outstanding dues to the Depository.

11.12.3. Such cancellation of the agreement referred to in Bye Law 11.13.1 above shall not affect any claims arising in respect of transactions effected by the Participant while it was a Participant of the Depository.

12. APPEALS

12.1. RIGHT OF APPEAL

12.1.1. Any Participant aggrieved by the order passed by the Depository shall have the right of appeal to the Board of Directors against the said order of the Depository.

12.2. PROCEDURE FOR APPEAL

12.2.1. [99] An Appeal may be filed by a Participant within fifteen days of receipt of the order of the Depository. The Appeal may be filed by filing with the Board of Directors a note and memorandum of appeal stating the reasons and grounds of the appeal against the decision/order of the Depository and must also state the relief sought, if any.

12.2.2. The Board of Directors shall have the power to stay the operation of the final order passed by Depository for such period and on such terms and conditions as Board of Directors deems fit.

12.3. CONSIDERATION OF APPEAL

12.3.1. The Appeal will be heard by the Board of Directors or Committee or to whom the power of hearing is delegated. At such hearing, the appellant shall be entitled to be represented by advocates, counsel, attorneys and other representatives.

12.3.2. The time limit for the disposal of an appeal preferred to the Board of Directors shall be two months from the date of making such appeal or such other extended time as may be decided by the Board of Directors.

12.4. RECORD

12.4.1. A copy of the record, relating to the appeals, shall be furnished to the Securities and Exchange Board of India upon a request being received from the Securities and Exchange Board of India.

Notes:

[99]Amended w.e.f. September 7, 2023. Prior to this amendment, the Rule 12.2.1 read as follows:
12.2.1. An Appeal may be filed by a Participant within thirty days of receipt of the order of the Depository. The Appeal may be filed by filing with the Board of Directors a note and memorandum of appeal stating the reasons and grounds of the appeal against the decision/order of the Depository and must also state the relief sought, if any.

13. [100] DISPUTE RESOLUTION

13.1. [101]CONCILIATION

13.1.1 In case of any dispute(s) between Client(s) and a Participant, or Client(s) and the Depository, arising out of or in relation to services of the Participant and/or the dealings on the Depository, including any agreements, contracts and transactions made, subject to the Bye Laws or Business Rules of the Depository or with reference to anything incidental thereto , or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the Client(s), a Participant or the Depository, any question of whether dealings, transactions, agreements and contracts have been entered into or not; then such disputes of the Client(s), Participant(s) or the Depository shall be referred to conciliation in accordance with the applicable Circular(s), regulations and guidelines issued by the SEBI from time to time, applicable provisions of the SEBI (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023, The Mediation Act, 2023, The Arbitration and Conciliation Act, 1996, Chapter 19 of the Business Rules of the Depository and this Chapter.

Note:

[100] Amended w.e.f. December 04, 2025, Prior to this amendment Bye Law 13 was read as Conciliation

[101] Amended w.e.f. December 12, 2000. Prior to this amendment, reference to Chapter 19 of the Business Rules was not there

Amended w.e.f. December 04, 2025, Prior to this amendment Bye Law 13.1 was read as follows:
13.1. In all claims, differences and disputes, irrespective of whether the Depository is a party or not, arising out of or in relation to dealings on the Depository including any agreements, contracts and transactions made subject to the Bye Laws or Business Rules of the Depository or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereof and including any question of whether such dealings, transactions, agreements and contracts have been entered into or not, the parties shall be free to adopt conciliation proceedings subject to the provisions of Part III of The Arbitration and Conciliation Act, 1996.

13.2. [102]ARBITRATION

13.2.1 [103]DISPUTES BETWEEN PARTICIPANTS INTER SE, BETWEEN PARTICIPANT AND CLIENT(S) OR BETWEEN DEPOSITORY AND CLIENT(S)

i) In case of any dispute between Participants inter se, between Participant(s) and Client(s), or the Depository and Client(s) arising out of or in relation to services of the Participant or dealings on the Depository, including any agreements, contracts and transactions made subject to the Bye Laws and the Business Rules of the Depository or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions, agreements and contracts have been entered into or not, then such disputes by the Client(s), Participant(s) or the Depository shall be referred to arbitration in accordance with the applicable Circular(s), regulations and guidelines issued by the SEBI from time to time, applicable provisions of the SEBI (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023, The Mediation Act, 2023, The Arbitration and Conciliation Act, 1996, Chapter 19 of the Business Rules of the Depository and this Chapter.

ii) In all dealings, transactions, agreements and contracts, which are made subject to the Bye Laws and the Business Rules of the Depository, the provisions relating to arbitration as provided in the applicable circulars, regulations and guidelines issued

by the SEBI from time to time, applicable provisions of the SEBI (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023, The Mediation Act, 2023, The Arbitration and Conciliation Act, 1996, Chapter 19 of the Business Rules of the Depository and this Chapter shall form a part of such dealings, transactions, agreements and contracts and the parties shall be deemed to have entered into an arbitration agreement by which all disputes of the nature referred to in Bye Law13.2.1 above shall be submitted to and decided by arbitration as per the provisions of applicable Circular(s), regulations and guidelines issued by the SEBI from time to time, applicable provisions of the SEBI (Alternative Dispute Resolution) Mechanism (Amendment) Regulations, 2023, The Mediation Act, 2023, The Arbitration and Conciliation Act, 1996, Chapter 19 of the Business Rules of the Depository and this Chapter.

13.2.2 DISPUTES WHERE THE DEPOSITORY IS A PARTY

i) In case of disputes between the Depository and the Participant or the Depository and the Issuer (or its registrar and transfer agent) or the Depository and the Clearing Corporation or Depository and Vault Manager, arising out of or in relation to services of or dealings on the Depository including any agreements, contracts and transactions made subject to the Bye Laws and Business Rules of the Depository or in pursuance thereof or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions, agreements and contracts have been entered into or not, shall be referred to arbitration in accordance with and subject to the provisions of applicable circular(s), regulations and guidelines issued by the SEBI from time to time, applicable provisions of the SEBI (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023, The Mediation Act, 2023, The Arbitration and Conciliation Act, 1996, Chapter 19 of the Business Rules of the Depository and this Chapter.

ii) if any administrative, disciplinary or penal action or decision is taken by Depository under applicable laws, Byelaws or Business Rules of Depository, or actions taken pursuant to directions, order, or advise of statutory authorities, by which any Client, Participant(s), Issuer(s) or registrar and transfer agent is aggrieved, then such action shall not be regarded as a dispute referrable for conciliation or arbitration under the applicable circular(s), regulations and guidelines issued by the SEBI from time to time, applicable provisions of the SEBI (Alternative Dispute Resolution Mechanism (Amendment) Regulations, 2023, The Mediation Act, 2023, The Arbitration and Conciliation Act, 1996 , Chapter 19 of the Business Rules of the Depository and this Chapter.

13.2.3 GENERAL PROVISIONS APPLICABLE TO ALL CONCILIATION AND/OR ARBITRATIONS AS PROVIDED FOR IN THIS CHAPTER

i) For all disputes , which are required by the provisions of this Chapter to be submitted for conciliation or arbitration, irrespective of the parties involved in such disputes, the place for conciliation or arbitration shall be as specified by applicable SEBI Circular(s). In the absence of such specification in the SEBI Circular(s), the place of arbitration shall be at Mumbai only, unless otherwise mutually agreed upon by the parties.

ii) Subject to the applicable SEBI Circulars, the language to be used in arbitral proceedings shall be English.

iii) The arbitral award shall be written in English language.

iv) All disputes referred to in this Chapter shall be submitted to conciliation and/or arbitration within the limitation period as specified in The Limitation Act, 1963.

ANNEXURE A

AGREEMENT BETWEEN THE DEPOSITORY PARTICIPANT AND THE NATIONAL SECURITIES DEPOSITORY LIMITED

This Agreement made and entered into this _____day of _____

Between _____ situated at _____

(hereinafter called "Participant") and The National Securities Depository Limited having its Registered Office at Tradeworld, 4th floor, 'A' Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter called "NSDL")

Witnesseth

WHEREAS the Participant has furnished, to NSDL an application for being admitted as a Depository Participant.

NOW THEREFORE in consideration of the NSDL having agreed to admit the Depository Participant, into its Depository system, both the parties to this Agreement hereby covenant and agree as follows:

1) The Participant shall abide by the provisions of The Depositories Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Bye Laws & Business Rules and procedures of NSDL wherever applicable and comply with any orders, directions or notices which may be issued or prescribed by NSDL from time to time in respect of its services and facilities of the Depository system whether of a temporary or permanent nature.

2) The Participant shall continue to be bound by the Bye Laws and Business Rules of NSDL, notwithstanding that it may have ceased to be a Participant, as to all matters and transactions occurring while it was a Participant.

3) The Bye Laws and Business Rules of NSDL shall be a part of the terms and conditions of every agreement, contract or transaction which the Participant may make or have with NSDL.

4) The Participant shall be bound by any amendment to the Bye Laws or Business Rules of NSDL with respect to any transaction occurring subsequent to the time of such amendment. Such amendment shall take effect as if it were originally a part of the Bye Laws and Business Rules of NSDL, provided however, that no such amendment shall affect the Participant's rights to cease to be a Participant.

5) The agreement and all contracts and transactions effected by the Participant with any other party, or to which the Participant is a party under the Bye Laws and the Business Rules of NSDL or through the facilities of NSDL shall be governed by and be construed in accordance with the provisions of the relevant laws as well as the rules and regulations of the regulatory bodies having jurisdiction over the Participant applicable from time to time.

6) 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.

   a) 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.

b) 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.

7) The Participant shall not commingle his own holdings held in NSDL with those held on behalf of the Clients. The Participant shall effect any transfer of holdings only if the same is supported by a valid instruction and an adequate audit trail of the same is maintained unless otherwise provided in the Bye Laws. The Participant shall be responsible for every action taken on the basis of any order, instruction, direction or mandate given by the account holder.

8) The Participant shall comply with the time schedule specified from time to time by NSDL for data transfer.

9) The Participant shall comply with such procedures, in case of deposit and withdrawal of securities to and from any of its accounts maintained with NSDL as laid down under the Bye Laws and Business Rules.

10) The Participant shall comply with the requests received from the clients, for dematerialisation and rematerialisation within such time and in such manner as may be specified in the Business Rules, and shall be required to keep records of the same as laid down by The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

11) The Participant shall keep computerised records in such manner as may be prescribed in The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Bye Laws and Business Rules in respect of its use of any of the services and facilities of NSDL and allow any person duly authorised by NSDL to enter its premises, within the regular business hours on any business day where such records are kept and inspect and take copies of such records. The Participant shall provide on demand any information to NSDL relating to the contracts and transactions that the Participant may have under the depository system.

12) The Participant shall reconcile its own records with those of NSDL on a daily basis and in such manner as may be specified in the Business Rules.

13) The Participant shall install at its computer center, client server, hardware configuration with system database, communication and application software as prescribed by NSDL.

a) Unless otherwise supplied directly by NSDL, all hardware and software in accordance with prescribed configuration shall be procured by the Participant from NSDL empanelled brands only.

b) The above hardware and software set-up shall be dedicated for NSDL specific application module and even if there is spare processing/data storage capacity, the same shall not be used for any other application including the Participant's backoffice system.

c) The above hardware may be connected by the Participant to their internal LAN for data transfer purpose.

d) The above hardware shall not be connected by the Participant to their interoffice WAN without the prior written permission of NSDL. NSDL reserves the right to deny such permission if in its opinion granting such permission involves violation of conditions relating to the operations of NSDL's WAN as stipulated by Department of Telecommunications or any other reasons as may be deemed fit by NSDL.

e) The Participant shall carry out modification, upgradation, replacement and deletion for the above mentioned configuration from time to time as may be prescribed by NSDL.

14) The Participant shall maintain such insurance mechanism and coverage, as NSDL may require of its Participants from time to time.

15) [103]The Participant shall contribute to the Investor Protection Fund and any other fund established to protect the interests of the Clients in the manner laid out in the Bye Laws and Business Rules.

16) The Participant shall comply with such accounting, audit, financial requirements including requirements for submission of periodic returns on its activities in relation to NSDL, in such form and manner and within such time period as may be specified in the Bye Laws and Business Rules.

17) The Participant shall have such system and audit control measures including setting up of separate internal controls, audit department for regularly reviewing its internal operations, as laid down under the Bye Laws and Business Rules.

18) The Participant shall pay NSDL such amount as may be specified by the NSDL in this regard to compensate for any loss incurred by the Client due to any act of omission, commission, negligence, misfeasance, fraud, willful misconduct, errors or default on its part as a Participant or any of its employees in relation to the operations of the Depository.

19) The Participant shall indemnify NSDL, in respect of securities credited in its own account towards:
    a) losses, liabilities and expenses arising from claims of third parties and from taxes and other governmental charges; and,
    b) any other related expenses in respect of such securities as determined by the NSDL.

20) The Participant shall provide such information relating to account holders as may be required by NSDL from time to time.

21) NSDL is authorised to provide at any time to the Issuer, the details of any credit to the Participant 's own accounts as well as the account of Client in NSDL, including its name, and the number of securities and is also authorised to provide similar information to any appropriate governmental authority in this regard.

22) The Participant shall notify NSDL within seven days, of any change in the details set out in the application form submitted to NSDL at the time of admission or furnished to NSDL from time to time.

23) The Participant shall notify NSDL forthwith :-
    a) in case the Participant is an individual, in the event of its incapacity to act as such Participant;
    b) in case the Participant is a partnership firm, in the event of its dissolution;
    c) in case the Participant is a body corporate when it is being wound up;
    d) upon its becoming aware of the presentation of any petition for its bankruptcy, liquidation or attachment of its property;
    e) upon its becoming aware of any bankruptcy order against it or in the event of any distress, execution or other process being levied or served upon or against its property;
    f) in the case of any change in its financial conditions which may lead to its bankruptcy or if it suffers a composition with its creditors;
    g) on the convening of any meeting to consider a resolution for the appointment or purported appointment of a receiver or administrator in respect of any of its property, or any other change in circumstances material to its participation in the depository system.

Note:

[103] **Amended w.e.f. January 17, 2019.Prior to this amendment, Clause 15 of Annexure A of the Bye Law read as follows:**
The Participant shall contribute to the Investor Protection Fund, the Participant Fund and any other fund established to protect the interests of the Clients in the manner laid out in the Bye Laws and Business Rules.

24) The Participant shall resolve any investor grievance which has been received against the Participant or NSDL and submit a report of the grievances resolved to NSDL and Securities and Exchange Board of India in accordance with the period stipulated in The Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018.

25) [104] The Participant shall not assign its business as a participant to any other person without prior approval of the Depository. In case of assignment of business of a participant is due to change in control of a participant as prescribed by SEBI, then the prior approval of SEBI shall be also obtained by the participant. The Depository may grant an in-principle approval for the assignment of its business as a Participant to any other person, subject to certain terms and conditions as specified by the Depository. Any purported assignment or delegation in contravention of the terms of this Agreement shall be null and void. For the purpose of this clause, any change in control of the participant as specified by SEBI shall constitute an assignment of the business and/or functions. In the event any termination proceedings are initiated or pending against the Participant prior to or after granting the in-principle approval of the Depository to the Participant for assignment of its business, then the Depository shall be entitled to reject the in-principle approval to the Participant or suspend any assignment process initiated by the Participant or revoke any such in-principle approval granted to the assignment application.

26) The Participant and NSDL shall abide by the arbitration and conciliation procedure prescribed under the Bye Laws of NSDL and that such procedure shall be applicable to any disputes between the Participant and NSDL.

27) The Participant and NSDL further agree that all claims, differences and disputes, arising out of or in relation to dealings on the Depository including any agreements, contracts and transactions made subject to the Bye Laws or Business Rules of the Depository or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions, agreements and contracts have been entered into or not, shall be subject to the exclusive jurisdiction of the courts at Mumbai only.

IN WITNESS WHEREOF the Participant and the National Securities Depository Limited have caused their presence to be executed as of the day and year first above written.

Witnessed By _____

_____

_____

(Signed For & on Behalf of the Participant)

Witnessed By _____

_____

By _____

(Signed For & On Behalf of National Securities Depository Limited)

Date: _____

Place: _____

Note:

[104] **Inserted Clause 25 w.e.f. August 9, 2023. Subsequently, earlier clause 25 and 26 is renumbered as 26 and 27 respectively.**

ANNEXURE B

SINCE DELETED W.E.F. APRIL 4, 2014, REFER ANNEXURE B

Prior to deletion the provisions of Annexure B were as under

AGREEMENT BETWEEN THE DEPOSITORY PARTICIPANT AND THE PERSON SEEKING TO OPEN AN ACCOUNT WITH THE DEPOSITORY PARTICIPANT

This agreement made and entered into this _____ day of _____

Between _____ situated at _____

(hereinafter called "the Client") and _____ situated at

_____ (hereinafter called "the Depository Participant").

Witnesseth

WHEREAS the Client has furnished to the Depository Participant the duly filled in application form requesting therein to open an account with the Depository Participant.

NOW THEREFORE in consideration of the Depository Participant having agreed to open an account for the Client, both the parties to the agreement hereby covenant and agree as follows :

1) The Client shall pay such charges to the Depository Participant for the purpose of opening and maintaining his account, for carrying out the instructions of the Client and for rendering such other services as may be agreed to from time to time between the Depository Participant and the Client as set out in Schedule A. The Depository Participant shall reserve the right to revise the charges by giving not less than thirty days notice in writing to the Client.

2) The Client shall have the right to get the securities which have been admitted on the Depository dematerialised in the form and manner laid down under the Bye Laws and Business Rules. The Depository Participant further undertakes that it shall not create or permit to subsist any mortgage, charge or other encumbrance over all or any of such securities submitted for dematerialisation except on the instructions of the Client.

3) The Depository Participant hereby undertakes that it shall maintain a separate account of its own securities held in dematerialised form with the Depository and shall not commingle the same with the securities held in dematerialised form on behalf of the Client.

4) The Depository Participant undertakes that a transfer to and from the accounts of the Client shall be made only on the basis of an order, instruction, direction or mandate duly authorised by the Client and that the Depository Participant shall maintain adequate audit trail of such authorization.

5) The Depository Participant agrees that the Client may give standing instructions with regard to the crediting of securities in his account and the Depository Participant shall act according to such instructions.

6) [105]The Depository Participant undertakes to provide a statement of accountsincluding transaction statement and holdings statement to the Client at monthly intervals and to the Clients opting for Basic Services Demat Account at quarterly intervals unless the Depository Participant and the Client have agreed for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the Depository Participant shall provide such statement to the Client on an annual basis.

7) The Depository Participant shall have the right to terminate this agreement, for any reasons whatsoever, provided the Depository Participant has given a notice in writing of not less than thirty days to the Client as well as to the Depository. Similarly, the Client shall have the right to terminate this agreement and close his account held with the Depository Participant, provided no charges are payable by him to the Depository Participant. In such an event, the Client shall specify whether the balances in its account should be transferred to another account of the Client held with another Depository Participant or to rematerialise the security balances held. Based on the instructions of the Client, the Depository Participant shall initiate the procedure for transferring such security balances or rematerialise such security balances within a period of thirty days, as per the procedure laid down in the Bye Laws and Business Rules. Provided further, termination of this agreement shall not affect the rights, liabilities and obligations of either party and shall continue to bind the parties to their satisfactory completion.

8) [106]On the failure of the Client to pay the charges as laid out in Clause (1) of this agreement within a period of thirty days from the date of demand Depository Participant may terminate this agreement and close the account of the Client by requiring it to specify whether the balances in its account be transferred to the account of the Client held with another Depository Participant or be rematerialised in the manner specified in the Bye Laws and Business Rules.

9) [107]The Client further agrees that in the event of the Client committing a default in the payment of any of the amounts provided in Clause (1) within a period of thirty days from the date of demand, without prejudice to the right of the Depository Participant to close the account of the Client, the Depository Participant may charge interest @ not more than 24% p.a. or such other rate as may be specified by the Executive Committee from time to time for the period of such default. In case the Client has failed to make the payment of any of the amounts as provided in Clause (1) of this agreement, the Depository Participant shall have the right to stop processing of instructions of the Client till such time he makes the payment along with interest, if any, after giving two days notice to the Client.

10) The Depository Participant shall have a right to provide such information related to the Client's account as may be requested by the National Securities Depository Limited from time to time.

11) The Client shall have the right to create a pledge of the securities held in the dematerialised form with the Depository Participant only in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules.

Note:

[105] **Amended w.e.f. February 27, 2013, Prior to this amendment Bye Law - Annexure B clause 6 read as follows:**

The Depository Participant undertakes to provide a transaction statement including statement of accounts, if any, to the Client at monthly intervals unless the Depository Participant and the Client have agreed for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the Depository Participant shall provide such statement to the Client atleast once a quarter.

[106] **Amended w.e.f. May 3, 2012, Prior to this amendment Bye Law - Annexure B clause 8 read as follows:**

On the failure of the Client to pay the charges as laid out in Clause (1) of this agreement within a period of thirty days from the date of demand Depository Participant shall terminate this agreement and close the account of the Client by requiring it to specify whether the balances in its account be transferred to the account of the Client held with another Depository Participant or be rematerialised in the manner specified in the Bye Laws and Business Rules.

[107] **Amended w.e.f. May 3, 2012, Prior to this amendment Bye Law - Annexure B clause 9 read as follows:**

The Client further agrees that in the event of the Client committing a default in the payment of any of the amounts provided in Clause (1) within a period of thirty days from the date of demand, without prejudice to the right of the Depository Participant to close the

account of the Client, the Depository Participant may charge interest @ not more than 24% p.a. or such other rate as

may be specified by the Executive Committee from time to time for the period of such default. In case the Client has failed to make the payment of any of the amounts as provided in Clause (1) of this agreement, the Depository Participant shall have the right to discontinue the Depository services till such time he makes the payment along with interest, if any, after giving two days notice to the Client.

12) The Depository shall not be liable to the Client in any manner towards losses, liabilities and expenses arising from the claims of third parties and from taxes, and other governmental charges in respect of securities credited to the Clients account.

13) The Client may exercise the right to freeze his account maintained with the Depository Participant so as to lock the securities held with the Depository Participant in accordance with the procedures prescribed in the Bye Laws and Business Rules.

14) The Client may exercise the right to defreeze his account maintained with the Depository Participant in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules.

15) The Client shall notify the Depository Participant, within seven days, of any change in the details set out in the application form submitted to the Depository Participant at the time of opening the account or furnished to the Depository Participant from time to time.

16) The Depository Participant undertakes to resolve all legitimate grievances of the Client against the Depository Participant within a period of thirty days.

17) The Depository Participant and the Client shall abide by the arbitration and conciliation procedure prescribed under the Bye Laws of National Securities Depository Limited and that such procedure shall be applicable to any disputes between the Depository Participant and the Client.

18) [108]Notwithstanding anything contained herein or in the Bye Laws or Business Rules,neither party hereto shall be liable to indemnify or compensate the other for any breach, non-performance or delay in performance of any obligations under the Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion or any other act of God, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, or intrusion, or any other irresistible force or compulsion.

19) The Depository Participant and the Client further agree that all claims, differences and disputes, arising out of or in relation to dealings on the Depository including any transactions made subject to the Bye Laws or Business Rules of the Depository or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions have been entered into or not, shall be subject to the exclusive jurisdiction of the courts at Mumbai only.

Notes:

[108] **Inserted w.e.f. April 4, 2013, Earlier clause 18 re-numbered as clause 19.**

IN WITNESS WHEREOF the Client and the Depository Participant has caused these presents to be executed as of the day and year first above written.

Signed and delivered by

(for and on behalf of the Client)	Witness

Signed and delivered by

(for and on behalf of the Depository Participant)	Witness

Schedule A

1. Account Maintaining charges.
2. Custody charges.
3. Transaction charges.
4. Rematerialisation charges.
5. Other charges.

ANNEXURE D

TRIPARTITE AGREEMENT BETWEEN THE ISSUER, REGISTRAR & NATIONAL SECURITIES DEPOSITORY LIMITED

This Tripartite Agreement made and entered into on this _____

day of _____ between _____

having its Registered Office at _____ (hereinafter called

the "R & T Agent") and the National Securities Depository Limited having its Registered Office at Tradeworld, 4th floor,

'A' Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter called the

"NSDL")

Witnesseth

WHEREAS The Issuer and or its Registrar and Transfer Agent has furnished, to the NSDL an application for its (define the security) being admitted as an 'eligible security' in the depository system and whereas the second undersigned is working as the R & T Agent of the Issuer.

NOW THEREFORE in consideration of the NSDL having agreed to admit the securities of the Issuer as being eligible for being admitted on the depository system, the parties to this Tripartite Agreement hereby covenant and agree as follows :

1) The Issuer and/or the R & T Agent agree and undertake to comply with the provisions of the Bye Laws and the Business Rules of NSDL, wherever applicable.

2) The Issuer, its R & T Agent and NSDL hereby agree that the Bye Laws and Business Rules of NSDL shall be part of the terms and conditions of every agreement, contract or transaction between the parties to the agreement.

3) The Issuer and /or its R & T Agent shall be bound by any amendment to the Bye Laws and Business Rules of NSDL with respect to any transaction occurring subsequent to the time of such amendment. Such amendment shall take effect as if it were originally a part of the Bye Laws and Business Rules of NSDL.

4) The agreement and all contracts and transactions effected by the Issuers and all/ or its R & T Agent under the Bye Laws and Business Rules of NSDL or through the facilities of NSDL shall be governed by and be construed in accordance with the provisions of the relevant laws as well as the rules and regulations of the Regulatory Bodies having jurisdiction in respect of the same from time to time.

5) The Issuer and/or R & T Agent shall furnish a list of authorized officials who shall represent & interact on behalf of the Issuer and/or R & T Agent with NSDL within Fifteen days of the execution of this agreement and any changes including additions/deletions, thereof shall be communicated to NSDL within Fifteen days of such change.

6) The Issuer shall send to NSDL copies of the letters approving listing and commencement of trading issued by the relevant stock exchanges in respect of securities held in dematerialised form with NSDL.

7) NSDL shall allocate unique identity codes to both the Issuer and/or its R & T Agent.

8) The Issuer and its R & T Agent shall establish continuous electronic means of communication with NSDL and NSDL shall provide necessary manuals & procedural guidelines to the Issuer and/or its R & T Agent, as is necessary for effective and prompt conduct of the business of the Depository. The Issuer and/or its R & T Agent shall maintain such systems, procedures, means of communication, adequate infrastructure, hardware, software security devices and back-up facilities as may be prescribed by NSDL.

9) The Issuer and/or its R & T Agent shall strictly follow the backup procedure recommended by NSDL. A copy of the latest back-up of database and subsequently incremental backup shall be maintained at a designated remote site.

10) The Issuer and/or its R & T Agent shall comply with all the systems and procedures recommended by NSDL and shall allow access to their systems by NSDL designated EDP Audit Team for periodic assessment of compliance with systems and procedures.

11) The Issuer and/or its R & T Agent agree that NSDL shall not be liable to the Issuer and/or its R & T Agent for any loss arising out of any failure of the Issuer and/or its R & T Agent to keep full and upto date security copies (backup) of computer programme and data it uses in accordance with the best computing practice.

12) The Issuer shall inform NSDL on the next day on which the information is being sent to the stock exchanges in which the eligible securities are listed, about the dates from which new shares arising out of conversions, further issues, final call payments, etc. become pari-passu with its existing shares.

13) The Issuer shall furnish information to NSDL of any further issues such as rights, bonus, public offerings with details viz.; opening and closing dates, issue size, issue price, record date, book closure, proportion, along with a copy of the offer document.

14) The Issuer shall give information to NSDL about book closures, record dates, dates for the payment of interest or dividend, dates for annual general meetings and other meetings, dates for redemption of debentures, dates for conversion of debentures and warrants, call money dates, amalgamation, merger, reduction of capital, reconstruction scheme of arrangement, sub-division, consolidation, and conversion of debentures/loans and such other information relating to any corporate action, on the next day it is being communicated to the relevant stock exchanges, where the eligible security is listed.

15) The Issuer and its R & T Agent undertakes that the dematerialisation and rematerialisation requests are processed within fifteen and thirty days respectively. However, it is agreed that in case of bulk dematerialisation requests, this period may be extended to thirty days.

16) The Issuer and its R & T Agent undertakes that no dematerialisation requests shall be accepted when there are any prohibitory order, stop transfer, attachment order, or disputed title, on the day of such request. It is agreed that where a court order has been received by the Issuer and/ or its R & T Agent or where there are court orders against any transfer request if such a request is entertained, the Issuer and/ or its R & T Agent shall be entirely responsible. The Issuer and/or its R & T Agent agrees to be fully responsible for destruction, mutilation and cancellation of certificates received and accepted by it for dematerialisation.

17) It is agreed that the Issuer and its R & T Agent will continue to be responsible for corporate actions. The NSDL undertakes to provide the list of beneficial owners with suitable details to the Issuer or R & T Agent as of the record date. This list shall be provided by the NSDL fifteen days after such request has been received by the NSDL. In the event of any loss caused to the Issuer and/ or its R & T Agent, in respect of any incorrect information relating to the Client, furnished by NSDL or its Participant, NSDL shall indemnify such losses.

18) The Issuer and/or its R & T Agent shall indemnify NSDL in respect of any loss or liability incurred, or any claim arising in respect of any incorrect information furnished by the Issuer and/or its R & T Agent in respect of the operations of the Depository.

19) Any claims, disputes or liabilities arising in respect of any securities which have been rematerialised under intimation from the Issuer and/or its R & T Agent to NSDL after the despatch of such securities' certificates in the manner laid down under the Bye Laws shall be settled between the Issuer and/or its R & T Agent and the owner of such securities.

20) In the case of securities that have been dematerialised and electronically credited to the accounts of the Clients in NSDL under intimation from the Issuer and/ or its R & T Agent in the manner laid down under the Bye Laws, any claims, disputes or liabilities or cause of action from a third party arising in respect of such securities pertaining to any fake or forged securities shall be settled between the Issuer and / or its R & T Agent and such third party.

21) NSDL may authorise persons who, shall have the right to enter during the regular business hours, on any working day, the premises of such Issuer and/or its R & T Agent where the records relating to the depository operations are being maintained and inspect, and take copies thereof.

22) NSDL shall provide reports updating details of Beneficial Owners on a fortnightly basis to the Issuer and /or its R & T Agent.

23) NSDL shall provide the details of the list of Beneficial Owners as well as the pending requests for Dematerialisation and Rematerialisation that may be required by the Issuer and / or its R & T Agent from time to time on the payment of such charges as may be provided in the Business Rules. Such information shall be provided within fifteen days from the date of making such request and where the list of Beneficial Owners is required as on a particular date, the same shall be provided within a period of fifteen days after such date or fifteen days from the date of receipt of such request by the NSDL whichever is later.

24) NSDL shall in its discretion provide any other details that may be required by the Issuer and/or its R & T Agent from time to time on the payment of such charges as it may deem fit.

25) The Issuer and/or R & T Agent shall inform NSDL of any proposed changes in the address of the Registered Offices, Corporate Office, or of the location where the equipment for communication with NSDL is situated not less than thirty days before the date of such change.

26) NSDL shall inform the Issuer and/or its R & T Agent of any proposed changes in the address of its Registered Office or Corporate Office not less than thirty days before the date of such change.

27) The Issuer shall not change, discontinue or substitute its R & T Agent unless the alternative arrangement has been agreed to by NSDL.

28) The Issuer and/or its R & T Agent shall not assign to any other person/entity its functions & obligations, relating to transactions with the Depository, without the approval of NSDL.

29) All parties to this Agreement shall resolve the grievances of the Beneficial Owners within a period of twenty-one days, from the date of receipt of the complaint, concerning NSDL, the Issuer and/or its R & T agents.

30) All parties to this Agreement shall abide by the arbitration and conciliation procedure prescribed under the Bye Laws of NSDL and that such procedure shall be applicable to any disputes between the NSDL and the Issuer and/or R & T Agent.

31) All parties to this Agreement further agree that all claims, differences and disputes, arising out of or in relation to dealings on the Depository including any agreements, contracts and transactions made subject to the Bye Laws or Business Rules of the NSDL or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions, agreements and contracts have been entered into or not, shall be subject to the exclusive jurisdiction of the Courts at Mumbai only.

IN WITNESS WHEREOF all the parties to this Agreement have caused their presentsto be executed as of the day and the year first above written.

Witnessed By _____

_____

(Signed For & On Behalf of the Issuer)

Witnessed By _____

_____

(Signed For & On Behalf of the R & T Agent)

Witnessed By _____

_____

(Signed For & On Behalf of NSDL)

Date :

Place :

ANNEXURE E

Important Instructions:

1. Agreement to be executed on the stamp paper of such amount as may be specified from time to time under applicable law.

2. All pages of the agreement should be stamped and signed while executing through wet signature; and in case of digital signature, the same may be inscribed at the end of the document.

3. Name and signature of the witness should be present on the last page of Agreement while executing through wet signature. In case of digital signature, the name and signature of Witness is not required.

4. All the copies should be stamped and signed in original while executing through wet signature.

AGREEMENT BETWEEN DEPOSITORY AND VAULT MANAGER

This Agreement made and entered into at [•] this [•] day of [•], 20[•] at Mumbai by and between:

National Securities Depository Limited, a company incorporated under the provisions of the Companies Act, 1956 and registered under the Depositories Act, 1996 with the Securities and Exchange Board of India (SEBI) as a Depository and having its Registered Office at Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013 (hereinafter referred to as "**Depository**"), which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its executors, administrators, successors and permitted assigns **OF THE ONE PART**;

AND

_____having its Corporate Office at _____ (hereinafter called the "**Vault Manager**") which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its executors, administrators, successors and permitted assigns **OF THE OTHER PART**.

WHEREAS the Depository provides depository services *inter-alia* in relation to Gold backed by receipts to be held in dematerialized form (i.e in the form of Electronic Gold Receipt) in depository system.

AND WHEREAS the Vault Manager is mandatorily required to enter into an agreement with the Depository to get empaneled with the Depository for providing facility to create and extinguish Electronic Gold Receipt, reconciliation of records and other related activities as defined by the Depository, as per the Governing Laws (defined below).

NOW THEREFORE in pursuance of the Securities and Exchange Board of India (Vault Managers) Regulations, 2021 as amended from time to time ("**Vault Managers Regulations**") read with Standard Operating Guidelines for the Vault Managers and Depositories - Electronic Gold Receipts (EGR) segment issued on February 14, 2022, as amended from time to time ("**Operating Guidelines**"), and in consideration of the mutual promises herein contained, the parties hereto do hereby agree and covenant with each other as follows:

1. General Clauses

1.1. Words and expressions used but not defined in this Agreement but defined under applicable law shall have the same meaning respectively assigned to them under the said legislations in the following order of priority including amendments and acts, laws & regulations as may be prescribed by SEBI in any other name as a replacement to these laws, Securities and Exchange Board of India Act, 1992, Vault Managers Regulations, Operating Guidelines, all other rules, regulations, instructions, orders, circulars, guidelines and/or directions issued/ may be issued by the SEBI from time to time (hereinafter referred to as "**Governing Laws**").

1.2. The Vault Manager represents, covenants, warrants that it shall fulfil all the applicable laws in relation to its business and be bound by the Securities and Exchange Board of India Act, 1992 read with Vault Managers Regulations, the Operating Guidelines and other applicable laws as may be applicable to its business \ and agree to abide by the Bye Laws and Business Rules and procedures of the Depository, wherever applicable and comply with any notices, circulars, communications, directions, similar orders, issued or as prescribed by the Depository time to time in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.

1.3. The obligations on the part of the Vault Manager herein contained are a reiteration of and/or are in addition to the obligations contained in the Governing Laws, Bye Laws and the Business Rules, and the omission of one or more of such obligations from this Agreement shall not in any manner be construed as a waiver of such obligations as are not herein contained.

2. Admission of the Vault Manager

2.1. Subject to the terms and covenants of this Agreement and relying, *inter alia*, upon the representations, warranties, covenants and undertakings of the Vault Manager as set out in this Agreement, the Depository hereby agrees to admit the Vault Manager, and the Vault Manager accepts such admission, to provide vaulting services for creation and extinguishment of Electronic Gold Receipt, reconciliation of records and other related activities as defined by the Depository in accordance with the terms of this Agreement.

2.2. The Vault Manager hereby agrees and confirms that nothing in this Agreement shall limit the Depository's right to admit any other person/ entity for providing the same vaulting services as being provided by the Vault Manager under this Agreement.

2.3. The Vault Manager confirms that it has the necessary expertise, requirements, security parameters, eligibility criteria, finance, infrastructure and resources for carrying out its obligations under the applicable laws, including the Vault Managers Regulations, Operating Guidelines, circulars, other notifications or instructions as prescribed by SEBI, and/or Bye Laws, Business Rules as prescribed by the Depository.

3. Storing of Gold

3.1. The Vault Manager agrees to store Gold as may be agreed between the Depository and Vault Manager from time to time and in the manner and subject to such security measures as may be prescribed by SEBI or the Depository.

4. Duties and Obligations of the Vault Manager

The Vault Manager agrees and undertakes to:

4.1. Comply with the "fit and proper criteria" specified under the Vault Managers Regulations and/or by SEBI from time to time.

4.2. maintain the minimum net worth as may be prescribed by SEBI from time to time.

4.3. Inform the Depository in case of any issue with respect to eligibility criteria laid down by SEBI or any other matter that the Depository may be required to know.

4.4. pay Financial Security Deposit (FSD) to any one of the two depositories registered with SEBI prior to making an application for registration to SEBI along with such further security deposits as may be prescribed by SEBI or the Depository from time to time. After receipt of such certificate of registration, the Vault Manager may approach any or both the depositories to execute this Agreement.

4.5. adopt the principles of good delivery prescribed by the SEBI, from time to time.

4.6. always comply with eligibility requirements as may be prescribed under Vault Managers Regulations read with the Operating Guidelines, as amended from time to time and shall put in place appropriate internal systems and controls to monitor its compliance with the requirements prescribed under applicable laws.

4.7. meet vaulting standards specified under the Operating Guidelines and as specified by SEBI from time to time, including standards in respect of response(s) to legitimate complaints about physical Gold quantity, quality/purity, and financial standards. It is hereby clarified that the Vault Manager shall ensure to meet the vaulting standards including standards in respect of response(s) to legitimate complaints based on the assaying certificate issued in respect of the gold.

4.8. to adopt all the guidelines and the standard operating procedures as may be specified by SEBI, or the Depository from time to time.

5. Hardware and Software installation by the Vault Manager

5.1. The Vault Manager shall install and maintain at its premises all systems, mechanism and related IT infrastructure required to provide encrypted transmission of information to the Depository and system-based reconciliation of data between the Vault Manager and Depository to the satisfaction of the Depository.

5.2. The Vault Manager agrees to adhere to the guidelines developed by Depository from time to time regarding automatic data processing systems and record keeping, to the satisfaction of Depository, including but not limited to:

5.2.1. details of hardware, software and communications systems, their capability, function and location;
5.2.2. details of data storage and back up procedures and sites, their capability, function and location;
5.2.3. details of disaster recovery systems and procedures.

5.3. The Vault Manager agrees and undertakes that it shall, from time to time, at its own cost, carry out such addition, modification, upgradation or replacement of the said hardware and/or software as may be specified by the Depository, to the satisfaction of the Depository.

6. Deposit and withdrawal of Gold

6.1. The Vault Manager shall accept physical Gold coming only through accredited refineries or nominated agencies as defined in the Vault Managers Regulations.

6.2. The Vault Manager shall, before accepting physical Gold from a depositor, ensure to verify the documents, weight, and details as prescribed by Vault Managers Regulations, SEBI or the Depository from time to time.

6.3. On receiving the physical Gold, the Vault Manager shall necessarily weigh the gold bars and verify/match the details of each of the gold bar, against the deposit request, with the packing list.

6.4. The Vault Manager shall not make any change in the information contained in an Electronic Gold Receipt issued by the Vault Manager.

6.5. The Vault Manager shall share information regarding deposit and withdrawal of Gold by the Depositor/Beneficial Owner in such manner as prescribed by the Depository from time to time and to the satisfaction of the Depository.

6.6. The storage of Gold and Electronic Gold Receipt by the Vault Manager shall be as prescribed under applicable law and to the satisfaction of the Depository.

6.7. The withdrawal of Gold from the vault and extinguishment of Electronic Gold Receipt shall be as per the procedure laid down under the Bye Laws, Business Rules, Operating Guidelines and as may be prescribed by the Depository or SEBI, as the case may be, from time to time, to the satisfaction of the Depository.

6.8. On the withdrawal of Gold from the vault, the Vault Manager shall intimate the same to the Depository.

6.9. Where the Vault Manager refuses or fails to deliver the Gold in compliance with the provisions of the Vault Managers Regulations and / or Bye Laws and /or Business Rules, the burden of proof shall lie on the Vault Manager to establish the existence of a lawful excuse for the refusal or failure to the satisfaction of SEBI or the Depository.

6.10. The Vault Manager agrees and undertakes that it shall, from time to time, carry out such additional functions as may be specified by the Depository or SEBI in relation to deposit and withdrawal of Gold, to the satisfaction of the Depository. In case such additional function attracts additional cost and resources to the Vault Manager then charges will be borne as mutually agreeable between the parties and the same shall be in writing.

7. Refiners

7.1. The Vault Manager shall with the consent of the Depository maintain an integrated database of the refiners whose Gold are to be acceptable towards trading on the Exchange, in the manner as specified by SEBI from time to time.

8. Appointment of Compliance Officer

8.1. The Vault Manager shall appoint a Compliance Officer or such other Key Personnel as may be required under the Vault Managers Regulations, Operating Guidelines and/or Bye Laws and /or Business Rules, from time to time, to ensure compliance with the Governing Laws as prescribed by SEBI or any other competent authority.

9. Conduct

In the conduct of its vaulting business, the Vault Manager agrees and undertakes that it shall:

9.1. deal only in physical Gold that may be specified by the Depository from time to time;
9.2. deliver the physical Gold referred to in an Electronic Gold Receipt, to the beneficial owner of the Electronic Gold Receipt on demand made by the beneficial owner through the Depository after satisfying the storage charges or any other charges as permitted by SEBI.
9.3. ensure that the beneficial owner of Electronic Gold Receipt, on receiving the physical Gold from the Vault Manager, acknowledges the receipt of the physical Gold in terms of governing laws.
9.4. takes necessary actions to maintain the quality/purity quantity and safety of physical Gold stored in the vault.
9.5. inform Depository of any damage to Gold held in store by it, whenever such damage occurs to an extent that will render the Gold undeliverable.
9.6. maintain and record a complete and accurate set of records and accounts of all transactions pertaining to the operation of a vault as per the requirements that SEBI or the Depository may specify from time to time;

9.7. ensure that the physical inventory tallies exactly with the electronic record on a daily basis;
9.8. maintain effective control of all vault storage space;
9.9. have adequate internal controls to prevent any manipulative or/and fraudulent activity;
9.10. carry out periodic checks to ensure that all the equipment are in working condition;
9.11. diligently provide necessary co-operation and assistance in case of inspections and audits by SEBI, if any or the Depository;
9.12. resolve grievances, if any, efficaciously and before the specified timelines as prescribed under the Governing Laws, bye-laws, or Business Rules ;
9.13. not discriminate among depositors regarding the use of and access to a vault;
9.14. not to store physical Gold belonging to itself in the vault used for the purpose as prescribed by SEBI and the Depository under the Vault Managers Regulations;
9.15. not to sell, remove or dispose or create any interest in the physical Gold deposited in the vault, including by way of pledge or hypothecation, for the purpose of trading on the Exchange except as permitted by SEBI;
9.16. act with integrity, which includes adopting the best and responsible business practices;
9.17. conduct its vaulting business with due skill, care and diligence;
9.18. take utmost care to organise and control its affairs effectively, with adequate risk management systems;
9.19. maintain adequate financial resources and records as may be prescribed under the Vault Managers Regulations, the Operating Guidelines and/or the Bye Laws and/or the Business Rules;
9.20. observe proper standards of securities market conduct.

10. Costs, Fees and Charges

10.1. The Vault Manager shall pay to the Depository such fees, costs, charges, and deposits as may be specified by the Depository from time to time. In the event of the Vault Manager failing to make payment of any such fees, costs, charges, or deposits, as the case may be, on or before the respective due dates, the Depository shall be entitled to charge interest/penalty/fines on any delayed payments at the rate as may be prescribed by the Depository. At the end of each month, the Vault Manager shall raise an invoice against the Depository for the storage charges. Such storage charges shall be displayed on the website of the Vault Manager and /or determined by SEBI from time to time The Depository shall in turn collect the storage charges from the beneficial owners of the accounts through the depository participants at the end of each month or on sale or withdrawal of gold, and credit the same to the account of the Vault Manager in a manner specified in the Vault Managers Regulations.

11. Inspection and access to premises

11.1. The Vault Manager shall allow authorized personnel of the Depository to have an access (physical or electronic) to premises, facilities, data systems, data storage sites, servers and any other facilities related to the electronic data communication network connecting the Depository with the Vault Manager to reconcile the Electronic Gold Receipts issued with the physical Gold on the given day.

11.2. The Vault Manager shall, and shall cause its directors, officers, advisors, representatives, agents, contractors and employees to produce before the inspecting officer appointed by the Depository for inspection, such books of accounts, records and other documents in their custody or control and furnish him with such statements and information relating to their activities as Vault Manager, as the inspecting officer may require, within such reasonable period as the inspecting officer may specify. The Vault Manager shall allow the inspecting officer to have complete and unrestricted access to the premises occupied by it or by any other person on its behalf and also extend reasonable facility for examining the books, records, documents and computer data in the possession of the Vault Manager or such other person and also provide copies of documents or other materials which in the opinion of the inspecting

officer are relevant for the purposes of the inspection. The Vault Manager shall cause its directors, officers and employees to give to the inspecting officer all assistance in connection with the inspection, which the inspecting officer may require.

12. Insurance

12.1. The Vault Manager shall at all times ensure to fully cover under insurance, the value of physical Gold stored in its vaults at all times including the fluctuation in price that may occur due to change in global markets for all potential perils relevant to the Gold for which insurance cover is available and necessary, to the satisfaction of the Depository.

12.2. The Vault Manager shall undertake to keep insurance cover for risks such as fire and allied perils including flood, cyclone, earthquake and spontaneous combustion, burglary and theft and special perils covering riots, strikes, terrorism and also to keep adequate insurance to cover and mitigate additional risks as may be specified by SEBI from time to time, subject to satisfaction of the Depository.

12.3. The Vault Manager shall take fidelity guarantee & crime insurance and professional indemnity cover, to cover all deliverable stocks of physical Gold held by the Vault Manager.

12.4. The Vault Manager shall undertake to buy insurance cover against terrorism for recognized vaults located in areas which are notified under the Armed Forces Special Powers Act (AFSPA The value of physical Gold to be insured should be marked to market on replacement value on an ongoing basis.

13. Confidentiality

13.1. The Vault Manager undertakes, on behalf of itself and all its employees including directors and agents, contractors, vendors that it shall not reveal any information regarding customers who have dealings with the vault or regarding Gold deposits or withdrawals by them to any person except as permitted by the SEBI or the Depository.

13.2. The Vault Manager shall establish such mechanism to protect the confidentiality of the users of the vaulting system.

13.3. The parties hereto shall keep strictly confidential all technical and business information including but not limited to that which may be disclosed or confided to it by the other in the course of the performance of the obligations under this Agreement or under the Bye Laws or Business Rules and neither party hereto shall disclose the same to any third party without prior approval of the other party hereto.

14. Segregation of activities

14.1. Where a Vault Manager is carrying on any activity besides those laid down in Vault Manager Regulation, then Vault Manager agrees to separate and segregate, physically and operationally, the activities relating to its business as Vault Manager from all other activities including earmarking separate space for storage of physical Gold for trading of Electronic Gold Receipt and storage of goods for its other business.

15. Code of conduct

15.1. The Vault Manager agrees and undertakes to abide by the Code of Conduct as set out under the Governing Laws, the Operating Guidelines, Bye Laws and/or Business Rules and/or as may be issued by SEBI or Depository from time to time.

16. Maintenance of records and its reconciliation

16.1. The Vault Manager shall maintain such records and returns for such period as may be prescribed by PMLA or SEBI or Depository from time to time.

16.2. The Vault Manager shall undertake physical reconciliation of deposited physical Gold with the corresponding record of Electronic Gold Receipts with the both the depositories from time to time as may be prescribed under the Bye Laws/ Business Rules and other Governing Laws.

17. Liability

17.1. The Vault Manager shall have the liabilities as specified under the Vault Managers Regulations, Operating Guidelines, Bye Laws, Business Rules and under this Agreement including addendums, annexures, supplementary agreement.

17.2. Vault Manager responsibility shall commence when any Gold have been received into Vault Manager possession upon a receipt being given thereof by Vault Manager and shall terminate when the Gold have been delivered as referred to in Clause 6.7.

18. Representation and Warranties

18.1. The Vault Manager represents and warrants to the Depository as under:

18.1.1. the Vault Manager is duly organised, validly existing and good standing under the applicable laws and has the full power and authority, to enter into, execute and deliver this Agreement and to perform the transactions contemplated hereby;

18.1.2. the execution and delivery by the Vault Manager of this Agreement and the performance by the Vault Manager of the transactions contemplated hereby have been duly authorised by all necessary corporate or other action of the Vault Manager;

18.1.3. this Agreement constitutes the legal, valid and binding obligation of the Vault Manager, enforceable against the Vault Manager in accordance with its terms.

19. Indemnity

19.1. The Vault Manager agrees and undertakes to indemnify and keep indemnified and hold harmless the Depository, its employees, agents, advisors, affiliates, members, director and officers from and against all claims, demands, penalties, suits, action, litigation, arbitration, prosecution and any proceedings whatsoever and all costs, charges and expenses relating thereto and any harm, loss, damage or injury suffered or incurred by the Depository and/or any of its participants, directly or indirectly, including by a third party, by reason of or as a consequence of or arising out of any act or omission or breach or misrepresentation or default by the Vault Manager (including its employees, directors, members, partners, owners, agents, advisors, representatives, affiliates) of any of the terms of this Agreement, applicable laws, and/or furnishing of any false or incorrect information/misrepresentation to the Depository or permitting deposit or withdrawal of gold in breach of any order, decree, injunction or covenant or law in force or the Vault Manager (or any of its employees including directors, managers, officers and agents) otherwise committing any default in observance of its obligations under the applicable laws including the Governing Laws as prescribed by SEBI, Operating Guidelines, Bye Laws, Business Rules as prescribed by the Depository or under this Agreement.

20. Term and Termination

20.1. This Agreement shall be valid from the execution date and shall continue unless terminated as provided below.

20.2. This Agreement may be terminated:

20.2.1. by either party by giving a prior notice of 30 days to the other party; or
20.2.2. by mutual written agreement between the parties; or
20.2.3. immediately by the Depository upon cancellation of registration of Vault Manager by SEBI; or
20.2.4. immediately by the Depository upon the Vault Manager surrendering the certificate of registration to SEBI;
20.2.5. immediately by the Depository for breach or violation of the Vault Managers Regulations, Operating Guidelines, Bye-laws, Business Rules or any other Governing Law, or this Agreement.

20.3. Upon termination of this Agreement for any reason whatsoever, the Vault Manager shall:

20.3.1. immediately cease to provide vaulting services to the Depository and beneficial owners/ investors;
20.3.2. immediately take necessary steps to ensure transfer of existing physical gold in its vault to another vault registered with SEBI based on mutually agreed charges. However, if the termination of this Agreement is due to any default/breach of the Vault Manager then the Vault Manager will not be entitled to claim the charges;
20.3.3. continue to discharge its obligations in respect of existing physical gold deposit till the time such transfer of physical gold is completed;
20.3.4. submit copies of all such documents/ records/ returns with the Depository as may be so requested by the Depository; and
20.3.5. comply with all such directions as may be issued by SEBI or the Depository in respect dealing with the existing physical gold.

21. Further assurance

21.1. The Vault Manager undertakes that it shall, and shall cause its employees, agents, advisors, affiliates, members, director and officers, to execute, furnish all such documents, certificate, information/ papers, reports and/or take or cause to be taken all such further actions as may be required to fulfil the obligations under the terms of this Agreement and/or comply with the provisions of the Governing Laws as prescribed by SEBI or the Operating Guidelines, and the Bye Laws and Business Rules issued by the Depository and/or the directions/ orders of the Depository, to the satisfaction of the Depository, and any breach or non-compliance thereafter shall be to the sole account of the Vault Manager.

22. Stamp duty

22.1. Any stamp duty (including interest or penalty levied thereon) payable on this Agreement and/or any deed, document or writing executed in pursuance hereof between the parties hereto shall be borne and paid by the Vault Manager.

23. Force Majeure

23.1. Notwithstanding anything contained herein, however subject to the applicable laws including the Vault Managers Regulations, Circulars, guidelines, other notifications or instructions as prescribed by SEBI, Operating Guidelines, Bye Laws, Business Rules as prescribed by the Depository, neither party

hereto shall be liable to indemnify or compensate the other for any breach, non-performance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to epidemic, pandemic, tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion or any other act of God, act of Government / authorities, epidemic, pandemic, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, unanticipated technological or natural interference or intrusion, pandemic, loss or damage to satellites, loss of satellite linkage or any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

24. Service of Notice

24.1. Any notice or communication required to be given under this agreement shall be in writing, and shall be legally effective only when it is delivered to the addressee at the last known address in the manner prescribed in the Business Rules.

25. Severability

25.1. If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any such provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way affect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

26. Amendments/Modifications at SEBI or Depository instance to be binding

26.1. The Depository may from time to time make such amendments or modifications to the annexures to the Bye Laws as it may deem fit, with the prior approval of SEBI, consistent with the provisions of the Depositories Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and Vault Managers Regulations. All agreements between the Depository and counter parties and amongst counter parties as per Bye Laws that have already been executed as on the date of such amendment or modification, shall ipso facto be deemed to have stood amended and/or modified in accordance with amendment or modification effected to the concerned annexure with effect from the date of such amendment or modification.

27. No Waiver

27.1. Neither party hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.

28. Arbitration and Conciliation

28.1. The parties hereto shall, in respect of all disputes and differences that may arise between them, abide by the provisions relating to arbitration and conciliation specified under the Bye Laws as prescribed by the Depository. The judicial seat and venue of arbitration shall be Mumbai.

29. Governing Language

29.1. All deeds, documents and writings that may be executed and all correspondence that may be exchanged between the parties hereto in relation to the subject matter of this Agreement shall be in English language, which shall be the governing language between the parties hereto.

30. Governing Law

30.1. This Agreement shall be governed by and construed in accordance with the laws in force in India.

31. Jurisdiction

31.1. The parties hereto agree to submit to the exclusive jurisdiction of the courts in Mumbai.

32. Headings

32.1. The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement.

33. Interpretation

33.1. Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

34. Execution of Agreement

34.1. This Agreement is executed in duplicate and a copy each shall be retained by each of the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands and seals to this Agreement in duplicate on the day, month, year and place first hereinabove mentioned.

SIGNED AND DELIVERED)
by the within named)

_____)
by the hand of its authorized)
representative Shri [•])
in the presence of)
1.

SIGNED AND DELIVERED)
by the within named "**Vault Manager**")
)
by the hand of its authorized)
representative)

in the presence of)
1.