

Circular No.: NSDL/CIR/II/08/2022

March 21, 2022

Subject: Procedure for facilitating off-market transfer for tendering securities for 'Buy-back', 'Open offer for Acquisition' and 'Delisting - Exit offer'.

All Issuers / R & T Agents may be aware that for off-market transfer of securities, account holder has to provide the reason for transfer from specified list of off-market transfer reason codes. In order to ensure that the off-market transfer is indeed for the purported reason as declared by the account holder(s) at the time of such transfers, system level validation is being implemented by Depositories. In respect of any off-market transfers where the reason code provided by the client to the Participant is reason code 12, 13 or 28 as given below, such off-market transfers will be executed only if the demat account number and the security (ISIN) has been enabled for such transfers for specified period. In case such enablement is not carried out by the issuer, such off-market transfers will not be effected.

Sr. No.	Reason Code No.	Reason Code Description
1	12	Buy-back
2	13	Open offer for Acquisition
3	28	Delisting - Exit offer

Accordingly, Issuers/R&T Agents are advised to take note of the following procedure wherein transfer of securities **by way of off-market transfer using aforesaid reason code is required to be enabled.**

1. Issuer making an offer under 'Open offer for Acquisition', 'Delisting - Exit offer' and 'Buy-back' where off-market transfer are necessitated using the Off-market transfer reason code viz. 'Open offer for Acquisition', 'Delisting - Exit offer' and 'Buy-back' shall make a request to NSDL for enabling off-market transfers in an ISIN to a designated demat account for a specified period. The format of the request letter is enclosed as Annexure-A.
2. Issuer shall make this request to NSDL at least two days prior to the date of the opening of the offer.
3. NSDL shall enable the off-market reason code as per the request of the Issuer in NSDL system and holders of the security will be enabled to transfer securities in an ISIN using the off-market reason code to the designated demat account and for the specified period as per the request from the Issuer.

The feature of enabling system level validation for off-market transfer reason codes will be implemented in two phases.

In the first phase, the system level validation will be implemented for Intra depository off-market transfers (where source and target accounts are held with NSDL) only with effect from March 25, 2022. Thus, in case, the designated demat account opened by Issuer and investors' demat account are held with different depositories, transfers shall be allowed as per the existing mechanism.

In the second phase, the system level validation for Inter depository off-market transfers (where the target account is held with other depository) shall be implemented and information of the designated demat account provided by Issuer to one of the depository will be shared amongst depositories for system level validation. Date of implementation of the second phase shall be informed separately.

Issuers/R&T Agents are advised to note that the process for tendering of shares/securities using stock exchange mechanism for 'Open offer for Acquisition', 'Delisting - Exit offer' and 'Buy-back' will be as per the procedure prescribed by SEBI and amended from time-to-time wherein market transfer mechanism is adopted, and thus the above procedure will not be applicable.

All Issuers/R & T Agents are advised to take note of the above and ensure compliance. All R & T Agents are advised to inform their client companies suitably.

For and on behalf of
National Securities Depository Limited

RAKESH MAHASUKHLAL
MEHTA

Digitally signed by RAJESH BHARGUHLAL MEHTA
DN: c=IN, o=NATIONAL SECURITIES DEPOSITORY LIMITED, ou=ISSUER SERVICES, postalCode=600019,
st=Tamilnadu,
serialNumber=785ee42618e0f613c7d9fa76ca72767ad61799763de67ef1ff5238af958ec, cn=RAJESH
BHARGUHLAL MEHTA

Rakesh Mehta
Vice President

Encl.: As above.