Circular No.: NSDL/POLICY/2015/0094 Date: October 27, 2015

Subject: SARAL Account Opening Form for resident individuals and Amendment to Business Rules.

All Participants are hereby informed that SEBI has vide its Circular No. CIR/MIRSD/1/2015 dated March 4, 2015 (*copy enclosed*) introduced a SARAL Account Opening Form for opening of a trading account and demat account. SEBI has also vide its point no. 3 of aforesaid Circular clarified that the Provisions laid down under the PML Act, PML Rules, SEBI Master Circular on AML dated December 31, 2010 and SEBI Circular on AML dated March 12, 2014 shall also continue to remain applicable in SARAL Account. Accordingly, following new Rule 12.1.2 is inserted in Business Rules and existing Rule 12.1.2 to 12.1.6 have been renumbered as 12.1.3 to 12.1.7 respectively. (Complete Rule 12.1. is also enclosed as Annexure A in track change mode):

12.1.2. Any resident individual desiring to open a SARAL account shall submit FORM 38 in addition to SARAL form prescribed by SEBI.

Procedure for opening and monitoring of SARAL account is given below for necessary compliance:

1. Applicability:

a. This Circular is applicable only to those Participants who are also stock brokers.

b. SARAL Form is only for resident individuals.

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

d. Facilities such as internet trading, margin trading, derivative trading and use of power of attorney cannot be permitted.

2. Opening of SARAL demat account

a. Demat account can be opened based on SARAL Form, provided trading account is also opened with the same entity.

b. The prevalent procedure for opening a demat account and upload of documents to the KYC Registration Agency must be followed.

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

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

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

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

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

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

   iii. Proof of Permanent address is mandatory where Participant has obtained declaration for residence/ correspondence address.

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

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

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

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

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

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

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

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

3. Change of address:

a. As per the SEBI circular in case of SARAL account, in the event of change in the residence/correspondence address due to relocation or any other reason, the investor may intimate the new address for correspondence to the Participant within two weeks of such a change.

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

c. The change of address may be verified by the intermediary through 'positive confirmation', as described at Sr. No. 2 (f) (iv) above.

d. In case the Participant is unable to verify the residence/correspondence address through positive confirmation within 15 days, the Participant must suspend the account for debit and credit with the reason 'KYC not complied'. Participants shall communicate at the permanent address and/or email address advising the client to provide the correct residence/correspondence address.

4. Monitoring

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

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

5. Conversion from SARAL account to regular account.

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

6. Concurrent Audit:

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

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

Participants are requested to take note of the above and ensure compliance.

For and on behalf of
National Securities Depository Limited

Samar Banwat
Senior Vice President

Enclosed: Four

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month.	By email at dp_igreport@nsdl.co.in. Alternatively, by hard copy to the Investor Relationship Cell.	1. Circular No. NSDL/PI/98/500 dated October 6, 1998. 2. Circular No. NSDL/PI/2004/1688 dated September 16, 2004.
Internal/ Concurrent Audit Report (April - September)	November 15th every year	Digitally signed report by email at nsdl-bp-inspection@nsdl.co.in. Alternatively, by hard copy to Inspection Department.	Circular No.: NSDL/POLICY/2015/0087 dated October 1, 2015 and Circular No. NSDL/POLICY/2010/0017 dated February 22, 2010..

Digitally signed by
Name : Samar Banwat
Date : 10/27/2015 6:52:46 PM
Reason : Authentication