Circular No.: NSDL/POLICY/2020/0103 July 31, 2020

Subject: SEBI circular on implementation of Margin obligations to be given by way of Pledge / Re-pledge in the Depository System.

Attention of Participants is invited to NSDL Circular No. NSDL/POICY/2020/0023 dated February 26, 2020, NSDL/POLICY/2020/0073 dated May 27, 2020 and NSDL/POLICY/2020/0075 dated May 30, 2020 regarding SEBI circular on Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System. In this context, SEBI vide its circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/143 dated July 29, 2020 (copy enclosed) has informed about its decision as under:

1. The mechanism of pledge / re-pledge issued vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 shall be implemented with effect from August 01, 2020. Trading member (TM) / Clearing member (CM) shall endeavor to align their systems and accept client collateral and margin funded stocks by way of creation of pledge / re-pledge in the Depository system.
2. The TM / CM shall also be allowed to accept client securities as collateral by way of title transfer into the Client Collateral Account as per the present system. The system of parallel acceptance of the client securities by way of title transfer shall be available only upto August 31, 2020 and no further extension shall be granted.
3. Funded stocks held by the TM / CM under the margin trading facility shall preferably be held by the TM / CM by way of pledge with effect from August 01, 2020. TM / CM may continue to hold funded stocks in respect of margin funding in 'Client Margin Trading Securities Account' till August 31, 2020 by which date all such accounts shall be closed.
4. It is reiterated that, in terms of paragraph 12 of the circular dated February 25, 2020, the TM / CM shall be required to close all existing demat accounts tagged as 'Client Margin / Collateral' by August 31, 2020.

Participants are requested to take note of the above.

For and on behalf of
National Securities Depository Limited

Chirag Shah
Senior Manager

Enclosed: One

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Internal/ Concurrent Audit Report (October 2019 – March 2020)	July 31st 2020	Through e-PASS	1. Circular No. NSDL/POLICY/2020/0045 dated April 7, 2020 2. Circular No. NSDL/ POLICY/2020/0056 dated April 29, 2020 3. Circular No. NSDL/ POLICY/2020/0062 dated May 7, 2020. 4. Circular No. NSDL/POLICY/2020/0083 dated June 16, 2020 5. Circular No. NSDL/POLICY/2020/0086 dated June 30, 2020
Compliance Certificate (January - June)	July 31st every year	Through e-PASS	Circular No. NSDL/POLICY/2019/0088 dated December 17, 2019.

Digitally signed by
Name : Chirag Shah
Date : 7/31/2020 12:00:10 PM
Reason : Authentication