

Circular No.: NSDL/POLICY/2022/045

March 29, 2022

Subject: Suspension of demat accounts in case of non-compliance with PAN Linking with Aadhaar – 6 KYC attributes.

Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2021/0036 dated April 07, 2021 regarding Mandatory updation of certain attributes of KYC of clients wherein at point no 2 (C) it was mentioned that *“In case PAN is not seeded with AADHAAR before the date specified by the Government, it will not be considered as a valid PAN”* and NSDL Circular Nos. NSDL/POLICY/2021/0093 dated September 07, 2021 & NSDL/POLICY/2022/040 dated March 23, 2022 regarding Linking of PAN with Aadhaar.

In this context, Participants are once again advised to ensure that their existing and new demat account holders comply with the requirement of linking of PAN with Aadhaar by March 31, 2022.

Participants are requested to note that in case where demat account holders fail to link their PAN with Aadhaar by March 31, 2022, such demat accounts will become 6 KYC non complaint (due to invalid PAN) and be suspended (suspended for Debit) under **freeze reason code 39 – “Account holder related PAN inoperative”** by NSDL until demat account holders link their PAN with Aadhaar and PAN flag is updated by Participants after verification in NSDL system.

Participants are also advised to inform such clients that if they have any debit transactions to be executed in respect of Pay-ins scheduled after March 31, 2022 viz., account transfer and inter depository transfer, they shall execute such instructions for transferring securities well in advance but before EOD of March 31, 2022 to avoid the risk of non-delivery for sell trades of March 30, 2022 and March 31, 2022.

Procedure for suspension of demat accounts is as under:

1. With effect from August 1, 2021, following PAN flags were made available in NSDL system (NSDL Circular numbers NSDL/POLICY/2021/0062 dated June 23, 2021 & NSDL/POLICY/2021/0079 dated July 27, 2021):

PAN Flag	Description
Y	PAN verified and seeded with Aadhaar
N	PAN not verified
A	PAN verified and not seeded with Aadhaar
B	PAN verified and seeding with Aadhaar not required

2. NSDL will suspend such demat accounts under Client Type 1 i.e., Resident where PAN flag is updated as 'A' i.e., *‘PAN verified and not seeded with Aadhaar’* in any of the demat account holder. **No** action w.r.t suspension of demat account is required to be taken by the Participants for such non-compliant demat accounts. The list of all demat accounts is made available to Participants for their reference on NSDL I-assist portal under maker login with file name as **‘Status on updation of Mobile number, email ID and income range’**.

3. Participants are also advised to ensure readiness in their back office to process large COD exports / Client Master Export files arising out of this exercise. Large COD export files may be expected due to future dated order for suspension execution by NSDL on April 1, 2022.
4. The details of such orders for suspension will be available in COD and Client master exports in Local DPM. Participants are therefore requested to ensure that COD export/ Client master export files are processed in their respective Back-office systems.
5. In respect of trades done on or after April 1, 2022, Participants may also advise its client Brokers to inform their clients to ensure that in addition to the trading accounts, the clients are compliant with 6 KYC requirements and AADHAAR-PAN linkages in respect of their demat accounts as well to ensure settlement.
6. Participants are requested to ensure that PAN is linked with Aadhaar for all the holders in the demat account before removing the suspension of demat account. After verification, Participants are advised to update the PAN flag in the concerned demat account.
7. From April 1, 2022, prior to opening new demat accounts under Client Type 1 i.e., Resident, Participants are advised to ensure that the clients who are required to possess Aadhaar number have linked their PAN with Aadhaar.
8. Participants are advised to send intimation to clients after suspension of demat accounts on April 1, 2022 via letter / email/ SMS or any other mode which the Participant may deem fit.

Participants are requested to take note of the above and ensure compliance. For assistance on aforesaid matter, Participants may contact help desk at 022 – 48867000 / 24997000 or email at helpdesk@nsdl.co.in

For and on behalf of

National Securities Depository Limited

Arockiaraj

Manager

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
Charge Structure	April 30th every year	By email at dpfees@nsdl.co.in	1.Circular No. NSDL/POLICY/2006/0064 dated December 26, 2006. 2.Circular No. NSDL/POLICY/2007/0003 dated January 8, 2007

Digitally signed by

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 Reason : Authentication



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