Circular No.: NSDL/POLICY/2022/082 June 10, 2022

Subject: Amendments to Business Rules of NSDL regarding facility provided to Participants for acceptance of delivery instruction through online portal of Participants.

Attention of Participants are invited to SEBI letter dated January 20, 2021 regarding facility of accepting Delivery Instruction through Online Portal of Depository Participant, which has been enabled by NSDL under the head Demat Gateway and its process of seeking mandate.

In this regard, Participants are hereby informed that the below amendments have been made in the Business Rules of NSDL.

1. Amendment in Rule 4.5.1 **(Enclosed as Annexure A in track change mode)**

2. Insertion of Annexure O i.e. Terms and Conditions for electronic instructions received from the Client by the Trading Members and/or the Participants which are authenticated by the Participant and/or Trading Member and accepted by the Client on the Depository system **(Enclosed as Annexure B)**

Participants are requested to take note of the above.

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For and on behalf of
National Securities Depository Limited

Arockiaraj
Manager

Enclosed: Two

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
Annual System Audit Report (y early)	June 30	Through e-PASS	Circular No.: NSDL/POLICY/2022/068 dated May 13, 2022

Digitally signed by
Name : AROCKIARAJ
Date : 10-06-2022 15:38:41
Reason : Authentication

4.5. MODE OF OPERATING ACCOUNTS AND EFFECTING TRANSACTIONS BY BOOK ENTRY

4.5.1. The forms laid down under these Business Rules shall be adhered to by the Participants at the time of operating the accounts of its Clients and giving effect to the transactions laid down under Chapter 9 of the Bye Laws and Chapter 11, 12 and 13 of this Business Rules.

Provided however that to effect such transaction as may be specified by the Depository based on the electronic instructions received by Participant from the Client through an electronic facility provided by Depository, the Client should opt for the electronic facility and agree with the terms and conditions specified at Annexure N.

Provided further that to effect such transaction as may be specified by the Depository based on the electronic instructions received from the Client by the Trading Members and/or the Participants which are authenticated by the Participant and/or Trading Member and accepted by the Client on the Depository system, shall be bound by the terms and conditions as specified at Annexure O.

Provided further that to effect such transactions as may be specified by the Depository based on electronic instructions received from the Client, the Participant shall obtain the prior approval of the Depository. The Depository may grant such an approval to the Participant if;

i) the Participant has adequate systems and security features in place to authenticate the Client and the Client to authenticate the Participant;

ii) the Participant is able to conclusively prove the origin, destination, date and time of receipt or despatch of such electronic instructions received by it;

iii) the Participant retains such electronic instructions in the format in which it was originally received or sent or in a format which can be demonstrated to represent accurately the information which was originally received or sent;

iv) the instructions received remain accessible and usable for subsequent reference; and

v) the Participant fulfills such other conditions as may be specified by the Depository.

Provided further that the Participant may operate such accounts or effect such transactions by using any other form or manner of authorisation from the Client provided the same has been approved by the Executive Committee.

Annexure O

Terms and Conditions for electronic instructions received from the Client by the Trading Members and/or the Participants which are authenticated by the Participant and/or Trading Member and accepted by the Client on the Depository system

A. The Client availing this facility shall ensure that:-

a) The Client shall be required to be authenticated through remembered information along with OTP confirmation for each transaction processed through this facility. Client shall abide by such measures as may be required to ensure the safety and security of the Client's access to and usage of electronic facility and instructions received from Trading Member and / or Participant and / or NSDL.

b) The Client agrees to take adequate safety measures for accessing electronic facility, including but not limited to taking all the necessary steps to ensure confidentiality and secrecy of the Client's remembered information and OTP received for authentication of the Client and shall not reveal the same and / or grant access to mobile number and / or email ID as recorded in demat account of the Client, to any employee, agent or official of the Trading Member or Participant or to any other person. The Client acknowledges that failure to adhere to safety and security measures prescribed by NSDL, Participant and / or the Trading Member could lead to a loss of confidentiality and secrecy of the remembered information and OTP, thereby exposing the Client to the risk of financial losses.

c) The Client acknowledges that all instructions received from the Client by the Depository through this facility and processed after remembered information and OTP based authentication on Depository platform and as per the pre-trade authorization / mandate as submitted by the Client, shall be conclusive evidence of such instructions having been issued by the Client and shall be attributed to the Client. The Depository, Participant or Trading Member shall not be held liable for acting on the instructions so received.

d) If the Client has reason to believe that the confidentiality of the remembered information or OTP or access to mobile number or email ID as recorded in demat account of the Client, has been compromised, the Client shall intimate the Participant [or Trading Member] forthwith about such compromise or loss. The Participant [or Trading Member] shall take best efforts to forthwith disable the Client's access to electronic facility not later than one Working Day of receipt of such intimation from the Client. However, if any instructions are received prior to such disablement, the Depository and Participant shall not be liable for losses, if any, arising out of execution of such instructions.

e) The Client further acknowledges that the Client shall not have any right to any claim against either the Participant or NSDL for losses, if any, incurred due to non-execution of such instructions received late and/or executed on a best-effort basis. In the event of any dispute relating to the date and time of receipt of the instructions on electronic facility, NSDL's records shall be conclusive evidence and the Parties agree that NSDL's decision on the same shall be final and binding on both Parties.

f) The Client may opt out from this facility at any time by giving a notice in writing or through electronic facility to the Trading Member, Participant or Depository. The Trading member or, Participant shall terminate the service within fifteen (15) days of receipt of such notice.

g) The Client agrees to indemnify, keep indemnified and hold the Participant and NSDL harmless from any loss, damage, claim, suits, legal proceedings, investigations, expenses of every kind and any other liability whatsoever, including reasonable attorney's fees and fees of such experts as may be become necessary for NSDL, Trading Member and / or the Participant to engage, caused due to the availing of the services by the Client in any and all circumstances including without limitation, the following:
   i. Falsehood or misrepresentation of any nature by the Client (or any person acting on behalf of the Client);
   ii. Failure to use a trustworthy system for access the electronic facility;
   iii. Failure to take the precautions necessary to prevent the compromise, loss, disclosure, modification, or unauthorised use of the Client's remembered information, OTP or access to mobile number and / or email ID as recorded in the demat account of the Client

h) Notwithstanding anything contained herein, the Client recognises and acknowledges that the Trading member/Participant may, in accordance with instructions received by the Trading Member/Participant from NSDL, prescribe such other security measures as it deems fit, in replacement of or supplementing the validation process through the use of remembered information or OTP, including without limitation the use of biometrics and such other methods as would validate the identity of the Client for access to the electronic facility. The Client agrees that a condition precedent for the Client's access to electronic facility is that the Client shall provide such information, data, and access to its representatives and personnel, as may be designated by the Client as the users of the electronic facility in order to enable Participant to generate such biometric criteria or other criteria in accordance with the security measures prescribed by Participant, in accordance with instructions received by the Participant from NSDL.

B. Trading Member availing this facility shall ensure that:

Mandate shall be required to be submitted by the Client on the Depository platform as below:

a) The Mandate provided by Client should:
   i) Be in favor of the concerned Trading Member / Participant only.
   ii) Not provide the authority to transfer the mandate in favor of any assignees of the concerned Trading Member / Participant.
   iii) Require the concerned Trading Member / Participant to return the securities to the Client(s) that may have been received by them erroneously or those securities that it was not entitled to receive from the Client(s).

The Mandate provided by Client shall not facilitate concerned Trading Member / Participant to do the following:

   i) Transfer of securities for off-market trades;
   ii) To executes trades in the name of Client without Client's consent;
   iii) To open an email ID on behalf of the Client for receiving relevant communications;
   iv) Prohibit to issue DIS to beneficial owner;
   v) Prohibit Client from operating the account.

b) The mandate should be received from Client authorizing the concerned Participant / Trading Member to transfer specific securities for meeting on-market settlement obligation only.
c) Such mandate should necessarily pertain to a single settlement number / settlement date.
d) Client shall be required to authorize each mandate valid for a single settlement number/settlement date, by way of OTP and PIN /password, both generated at Depositories end.
e) Securities transferred on basis of mandate provided by Client should be credited only to Client's trading member pool account.
f) Mandate provided for multiple securities shall not lapse if a transaction is effected for one of the securities out of the multiple securities.
g) Only users who are authorized by Trading Member are redirected to the NSDL demat gateway.
h) Ensure to implement adequate cyber security measures to prevent any cyber attack and to comply with all the requirements prescribed by SEBI from time to time for Cyber Security and Cyber Resilience.
i) In case of any grievances of Client arising out of use of this facility, Trading Member shall be responsible to resolve such grievances in their capacity as a Trading Member/Clearing Member within a period of 15 (fifteen) days.
j) Trading Member shall ensure to provide separate digitally signed instructions for transfer/pledge of securities to Depository and will ensure to provide only those instructions pertaining to those transactions which have been authorised by the Client through the NSDL Demat Gateway.
k) Trading Member agrees to pay the applicable fees and taxes for availing this service as notified by NSDL from time to time.
l) Trading Member shall abide by such procedures, processes and system upgradation requirements as may be necessary to avail / continue availing this facility.
m) Trading Member shall indemnify and keep indemnified and hold NSDL and its Participant harmless from any loss, damage, claim, suits, legal proceedings, investigations, expenses of every kind and any other liability whatsoever, including reasonable attorney's fees and fees of such experts as may be become necessary for NSDL, and / or the Participant to engage, caused due to use of the facility by the Client in any and all circumstances.
n) Trading Member shall be required to store and maintain the various logs generated by their systems and various sub-components including the IP address of the Client as an audit trail of the Client accessing their systems and the responses received from NSDL facility and undertake to make them available to NSDL/any statutory body or Police or court as and when required by the NSDL/any statutory body or Police or Court.
o) Trading Member has enabled its Client to revoke / cancel the mandate provided by them. The Participant or Trading Member shall take best efforts to forthwith disable the Client's access to electronic facility not later than one Working Day of receipt of such intimation from the Client. However, if any instructions are received prior to such disablement, the Participant or Trading Member shall not be liable for losses, if any, arising out of execution of such instructions.

C. Participant shall take note and ensure the following:-

a) The Participant may withdraw the access of the Client to electronic facility at any time provided a notice of at least thirty (30) days is given to the Client. The Participant may suspend or terminate the service without prior notice if the Client has breached any of these terms and conditions or rights and obligation of demat account, or if the Participant learns of the death, bankruptcy, lunacy or loss of legal capacity of the Client.
b) This facility unless opt out by Client earlier shall be deemed to be opt out immediately on closure of demat account.

D. General Terms & Conditions:

a) Any dispute or difference between the Parties, other than disputes between client and Trading Member to be settled through arbitration mechanism of the concerned Stock Exchange(s) and falling beyond the scope of the Depository, shall be resolved solely by means of reference to binding arbitration under the arbitration mechanism as provided in the Bye-Laws and Business Rules.
b) The above terms and conditions are in addition to and do not undermine in any manner whatsoever the terms and conditions forming a part of the rights and obligation of Participant and Client.