Circular No.: NSDL/POLICY/2022/090 June 29, 2022

Subject: Naming/Tagging of demat accounts maintained by Stock Brokers.

Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2022/0087 dated June 23, 2022 w.r.t SEBI Circular No. SEBI/HO/MIRSD/MIRSD_DPIEA/P/CIR/2022/83 dated June 20, 2022 regarding "Naming / Tagging of demat accounts maintained by Stock Brokers".

As mentioned in above SEBI circular, Stock Brokers are required to maintain demat accounts only under the following 5 categories:

Sr. No.	Demat Account Category	Purpose of Demat Account	Permitted type-subtype in NSDL system	
			Type	Sub-type
1.	Proprietary Account	Hold Own Securities	Resident/ Body Corporate	Stock Broker - Proprietary
2.	Pool account	Settlement Purpose	CM	-
3.	Client Unpaid Securities Account	Hold Unpaid Securities of Clients	CM	-
4.	Client Securities Margin Pledge Account	For Margin obligations to be given by way of Pledge/ Re-pledge	Stock Broker (Corporate/ Individual) /PCM	TM – Client Securities Margin Pledge Account CM – Client Securities Margin Pledge Account TM/CM – Client Securities Margin Pledge Account
5.	Client Securities under Margin Funding Account	Hold funded securities in respect of margin funding	Stock Broker (Corporate)	TM - Client Securities under Margin Funding Account

Further, in terms of point 5.1 of the above mentioned SEBI circular, all demat accounts of Stock Brokers which are untagged need to be appropriately tagged by **June 30, 2022**. Stock Brokers maintaining demat accounts other than the above mentioned 5 categories, would be considered as 'untagged' accounts except demat accounts which are used exclusively for banking activities by Stock Brokers which are also Banks. However, Stock Broker which is also Bank, are required to tag those demat accounts that are used for their stock broking activities.

The procedure for Naming / Tagging of untagged demat accounts maintained by Stock Brokers to hold their own securities (Proprietary Account) is as under:

1. A facility is available in DPM system whereby Participant can convert/modify Sub-type of [only through screen based] existing demat accounts of Stock Brokers opened under Type viz., Body Corporate through modification module of Local DPM system as under:

Existing (From)		**New (To)**	
Type	**Sub-type**	**Type**	**Sub-type**
Body Corporate	Broker	Body Corporate	**Stock Broker - Proprietary**
	Domestic		
	Non-NBFC		
	Group Company		
	Others		
	Limited Liability Partnership		

Participants are requested to obtain request from Stock Broker in the enclosed format [*Ref. Annexure 1*] in physical or electronic form (*through account holder's email ID registered in DPM system*).

2. For accounts of Stock Brokers opened under other than type/sub-type mentioned above at point no. 1, Participant may send the request to NSDL on email SurveillanceCell@nsdl.co.in with subject name "Tagging of demat accounts maintained by Stock Brokers" for necessary modification by providing the required details in below format in excel:

Sr. No.	***Account Number***		***Existing Type & Sub-type***		***New Type & Sub-type***	
	DP ID	*Client ID*	*Type*	*Sub-type*	*Type*	*Sub-type*

3. Effective from July 1, 2022, credit of securities shall be restricted in demat accounts left untagged. Such restriction on credit of securities shall be effected in the untagged demat accounts by NSDL.

4. During the period i.e. from July 1, 2022 to July 31, 2022, Demat accounts where credit of securities have been restricted, their Participant may send the request to NSDL on email Survelliancecell@nsdl.co.in with subject name "Removal of restrictions in stock broker demat account" based on the request from their stock broker clients.

5. Effective from August 1, 2022, additionally debit of securities shall not be allowed in any demat account of Stock Broker left untagged. Such restriction on debit of securities shall be effected in the untagged demat accounts by NSDL. If any tagging is required to be done in 'untagged' accounts from August 1, 2022, following procedure need to be followed:

   a. Stock Broker shall obtain permission from concerned Stock Exchange to allow tagging of untagged demat accounts.
   b. A request should be made by Stock Broker to its Participants along with copy of exchange permission.
   c. Upon receipt of request from their Stock Broker client, Participant may send the request to NSDL as per procedure mentioned at point no. 4 above for removal of restrictions in untagged accounts.
   d. Based on the request received from Participant, NSDL will facilitate modification of sub-type and subsequently remove restrictions on such demat accounts.

Participants are requested to inform their Stock Broker clients suitably and ensure compliance.

For and on behalf of
National Securities Depository Limited

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

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Annexure 1

<u>Application for Tagging of Demat Accounts maintained by Stock Brokers</u>

Date D D M M Y Y Y Y

To,

____
(write name of Depository Participant here)

Dear Sir /Madam,

As advised by SEBI vide its Circular No. SEBI/HO/MIRSD/ MIRSD_DPIEA/P/CIR/2022/83 dated June 20, 2022, we wish to inform you that we are holding beneficial owner accounts with you and request you to tag them as follows:

1. Name of the stock broker : ____

2. PAN of Stock Broker - ______________.

3. Details of beneficial owner accounts held with the Depository Participant:

Sr. No.	*Account Number*		***Existing Type & Sub-type***		***New Type & Sub-type***	
	DP ID	*Client ID*	*Type*	*Sub type*	*Type*	*Sub type*
1						
2						
3						
4						
5						

4. We further agree and understand that the above details are correct and once the accounts are tagged, the same cannot be modified under any circumstances.

For (Name of Stock Broker)

Name, Designation and Signature of Authorised Signatory