Circular No.: NSDL/POLICY/2025/0141   October 13, 2025

Subject: Validation of reason codes while execution of off-market transactions.

Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2022/0084 dated July 18, 2022 and NSDL/POLICY/2024/0090 dated June 25, 2024, regarding Validation of reason codes while execution of off-market transactions.

In this context, the below mentioned changes will be incorporated in the validation for off-market transfer reason code '**30- Transfer of constituent shares for creation of ETF units**' and same is enclosed as **Annexure A** (Highlighted in Yellow).

Reason Code No	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
30	Transfer of constituent shares for creation of ETF units	Transfer with this reason code would be permitted, if either source or target account is opened under the Type: "Mutual Fund"	-

Participants are once again requested to take note of the validations elaborated in Annexure - A and ensure due diligence to avoid non-execution of off-market transactions.

Participants are advised to disseminate the contents of this circular to their concerned clients to enable them to take utmost care to avoid non-execution of off-market instructions due to implementation of reason code validations. Participants are also advised to take steps to educate their clients about selecting an appropriate reason code while executing off-market transfer. Any deviation in selecting the reason code should be brought to the notice of clients to avoid failure of off-market transfers.

The aforesaid changes have been implemented in NSDL Depository system at EOD of **October 10, 2025**. Participants are requested to take note of the above and initiate suitable back-office changes.

**For and on behalf of
National Securities Depository Limited**

**Rakesh Mehta
Vice President**

Enclosure: One

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month	Through e-PASS	Para 22 of 'Grievance Redressal' chapter and Para 27 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants
Networth Certificate and Audited Financial Statements. (yearly)	October 31st	Through e-PASS	Para 20.7 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants
Compliance report w.r.t Same Mobile number and/ or email address captured for multiple accounts. (Monthly)	Before 27th of following month	Through Email.	Para 23 of 'Miscellaneous' chapter of NSDL Master Circular for Participants.
Cyber Security & Cyber Resilience framework of Depository Participants (Quarterly)	By 15th of the following month.	Through e-PASS	Para 2.67 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants
Risk based Supervision of Participants (Half yearly)	April 30th and Oct 31st	Through e-PASS	Para 8 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants .
Reporting of status of the alerts generated by Participants (Quarterly)	Within 15 days from end of the quarter	Through e-PASS	Para 11.6 of NSDL Master Circular for Participants on 'Internal Controls/Reporting to NSDL/SEBI' chapter.
Internal/ Concurrent Audit Report (half yearly)	May 15 and November 15	Through e-PASS	Para 20.4 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants and Circular No.: NSDL/POLICY/2024/0147

Annexure A

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
1	4	**Transfer to own account**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc. provided PAN and pattern of holding i.e. account holders is same in source and target demat account. E.g. if PAN in source account is 'A', 'B' & 'C', than First, Second & Third Holder PAN in target account should also be 'A', 'B' & 'C'. Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	In case target account is in other Depository (i.e. DP of CDSL), DP shall take Client Master List (CML) of target account for validation.
2	96	**Implementation of Govt./Regulatory Direction/Orders**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc. Exception on the above include validation for Transfer from Stock Broker Client Collateral account and Stock Broker Collateral account to be permitted only to 'Stock Broker - Proprietary Account' with this reason code as per SEBI Circular on Enhanced Supervision.	Participant to process these types of transfers based on copy of Govt./Regulatory Direction/Orders only.

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
3	97	**Erroneous Transfer pertaining to Client Securities**	Transfers with this reason code would be permitted **From / To** all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc. Exception on the above include validation for Transfer from Stock Broker Client Collateral account and Stock Broker Collateral account to be permitted only to 'Stock Broker - Proprietary Account' with this reason code as per SEBI Circular on Enhanced Supervision.	For these type of transfers, request and supporting documents from Source DP / Client / Depository / Statutory Authority need to be collected and kept in record by Participant. 100% Concurrent Audit of documents relying upon which transfer carried out is to be done.
4	12	**Buy-back**	Transfers with this reason code would be permitted **From** all type of accounts like Resident, NRI,HUF, Body Corporates, etc. **To** only those accounts which are enabled to receive securities for buy-back as per the request and details received from concerned Issuer.	-
5	13	**Open offer for Acquisition**	Transfers with this reason code would be permitted **From** all type of accounts like Resident, NRI,HUF, Body Corporates, etc. **To** only those accounts which are enabled to receive securities for open offer as per the request and details received from concerned Issuer.	-

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
6	3	**Margin returned by stock broker / PCM**	Transfer with this reason code shall be permitted only **From** Stock Broker - Client Margin Trading Securities Account, Stock Broker - Client Collateral Account & PCM. **To** the concerned trading clients of the TM/CM based on the UCC data provided by Stock Exchanges. Exceptions include Pool Account (Note 1) & Stock Broker - Client Collateral Accounts, Stock Broker -Client Margin Trading Securities Account and Stock Broker - Collateral Account, where transfers with this reason code would not be permitted. *[Persuant to SEBI circular on margin pledge, system is implemented for margin pledge directly from client accounts to TM/CM. Thus, this reason code will be kept active till the time respective Stock Broker related Accounts gets closed].*	-
7	94	**Refund of securities by IEPF Authority**	Transfer with this reason code shall be permitted only **From** dedicated demat account of IEPF i.e. demat account Type - Investor Education Protection Fund (IEPF) **To** All type of accounts.	-

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
8	95	**ESOP/Transfer to employee**	Transfer with this reason code shall be permitted only **From** account Type - Trust account sub-type - Employee Stock Option / Employee Stock Purchase **To** All type of accounts	-
9	18	**Conversion of Depository Receipt (DR) to underlying securities and vice versa**	Transfer with this reason code shall be permitted only if either **From (source) /To (target)** account is opened under following account categories: DR -Depository Receipt category Overseas Depository - Underlying DR.	In case target account is in other depository (i.e. DP of CDSL), source DP shall take CML of target account for ascertaining the account category.
10	17	**Dissolution/Restructuring/Winding up of Partnership Firm/Trust**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts. Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	For these type of transfers, supporting documents needs to be provided by transferor/ account holder(s) to its Participants.

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
11	16	**Merger/ Demerger of corporate entity**	Transfer with this reason code shall be permitted **From / To** following type of accounts only: 1) Body Corporate 2) Bank 3) Foreign Portfolio Investor Corporate 4) Alternate Investment Fund 5) Mutual Fund 6) QIB Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	For these types of transfers supporting documents needs to be provided by corporate entity to its Participant.
12	14	**Redemption of Mutual Fund Units**	Transfer with this reason code shall be permitted **From** All type of accounts Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted. **To** Account type - 'Mutual Fund' only. Transfer with this reason code shall be permitted for Mutual Fund ISINs only.	-

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
13	88	**Transfer between Minor Account and Guardian Account**	Transfer with this reason code shall be permitted only when either **From (source) or To (target) account** has guardian details captured. Transfers from 'Stock Broker - Proprietary account' would not be permitted.	-
14	90	**Transfer between Partner and Firm, Director and Company**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts. Exceptions to above include: a) Both source and target account cannot be Corporate Account. b) Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	-
15	89	Transfer between specified family members	Transfer with this reason code shall be permitted only **From/To** Individual (Resident ordinary, NRI, Foreign national) and HUF accounts. Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted. Transfers from 'Stock Broker - Proprietary account' would not be permitted.	To be used for transfer of securities between specified family members: Participants should obtain the "relation" between the transferor and transferee & keep the same on record. Family members means relatives as given below: 1. Spouse, 2. Father (including step-father), 3. Mother (including step-mother), 4. Son (including step-son) 5. Son's wife, 6. Daughter, 7. Daughter's husband, 8. Brother (including step-brother), 9. Sister (including step-sister) 10. Members of same HUF.

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
16	15	**Transposition - Between joint account of same holders**	Transfer with this reason code shall be permitted From/To all type of accounts subject to following conditions: 1) Both Source and Target account should be Joint Account. 2) Number of account holders in source account should match with Number of account holders in target account 3) PANs of account holders in source account should match with PANs of account holders in target account (irrespective of sequence of account holder/PAN). Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	To be used for transfer of securities between joint account of same holders (order of holders may be different in both accounts). In case target account is in other Depository (i.e. DP of CDSL), DP shall take CML of target account for verification.
17	19	**Trust to Beneficiaries/On HUF dissolution to Karta & Coparceners**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts. Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	For these type of transfers, supporting documents/ Deeds needs to be provided by transferor/ account holder(s) to Participants.

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
18	21	**Transfer from Nominee/Surviving holder to beneficiary**	Transfers with this reason code would be permitted **From** Individual (Resident ordinary, NRI, Foreign national) accounts. **To** all types of BO accounts Exceptions (for both from / to) above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted. Transfers from 'Stock Broker - Proprietary account' would not be permitted with this reason code.	For this type of transfers, Participant to verify whether securities intended to be transferred are received in source account through transmission.
19	26	**Change of nominee shareholder appointed under section 187(1) of Companies Act**	Transfers with this reason code would be permitted **From / To** all types of BO accounts for Equity ISINs only. Exceptions (for both from / to) above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	Copy of the Board resolution of the company effecting change of nominee shareholders (evidencing change/ appointment of nominee shareholder) to be provided by account holder to Participant.

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
20	27	**Off-Market Swap**	Transfers with this reason code would be permitted **From / To** Account Types - Body Corporate, Bank, FPI, AIF, Mutual Fund, QIB only. Exceptions (for both from / to) above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	Participant to obtain Declaration from the account holder/ transferor about the swap deal and a certified copy of the swap agreement.
21	28	**Delisting - Exit offer**	Transfers with this reason code would be permitted **From** All types of BO accounts. **To** Those accounts enabled to receive securities for exit offer for temporary period under account type - "Body Corporate", "Bank" as per the request and details received from concerned Issuer. Exceptions (for both from / to) above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	For these type of transfers, supporting documents like Copy of the delisting offer/ public notice (sent by the company to the shareholder, having target demat account details of the company) needs to be provided by transferor to Participants.

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
22	92	**Gift**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc. Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	-
23	93	**Donation**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc. Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	-
24	1	**Off-Market Sale**	Transfers with this reason code would be permitted **from / to** all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc. Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	-
25	23	**Transfer of securities from/to account of PMS provider to/from the account of its various clients**	Transfer with this reason code would be permitted if either **From (source)/ To (target)** account is tagged of a PMS service provider.	-

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
26	24	**Margin to Custodian**	Transfers with this reason code would be permitted **From** accounts tagged as 'Custodial Clients' **To** accounts tagged as 'Client collateral account-Custodian' This Reason code shall be enabled only for Custodian Participants.	-
27	25	**Margin returned by Custodian**	Transfers with this reason code would be permitted **From** accounts tagged as 'Client collateral account-Custodian' **To** accounts tagged as 'Custodial Clients' This Reason code shall be enabled only for Custodian Participants.	-
28	29	**Deposit of securities with Escrow Agent/Account and its return**	Transfer with this reason code would be permitted - if either **from (source) / to (target)** account is an 'Escrow Account'/'Unclaimed Securities- Suspense Escrow account'/ 'Aggregate Escrow Demat Account'	

Sr. no.	Reason Code No.	Reason Code Description	System validation by Depository	Manual Verification by Participant (if any)
29	30	**Transfer of constituent shares for creation of ETF units**	Transfer with this reason code would be permitted, if either source or target account is opened under the Type: "Mutual Fund" Exceptions to above include Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.	-
Notes:				
1		**Pool Account will means:** **CM Pool Account** **PMS Pool Account** **Client Unpaid Securities Account (CUSA).** **CH Account (In CDSL)**		
2		**Client collateral account** **Client Margin Trading Securities account** **Stock Broker – Collateral account** **Stock Broker – Client** **Client Securities Margin Pledge Account** **Client Securities under Margin Funding Account**		
3		* Section 187 (1) is reproduced below for reference purpose: 187. Investments of company to be held in its own name "(1) All investments made or held by a company in any property, security or other asset shall be made and held by it in its own name: Provided that the company may hold any shares in its subsidiary company in the name of any nominee or nominees of the company, if it is necessary to do so, to ensure that the number of members of the subsidiary company is not reduced below the statutory limit".		