Circular No.: NSDL/POLICY/2015/0099 Date: October 30, 2015

Subject: Facility to allow transfer of "locked-in" securities in respect of Account Closure instruction under Account Closure Module.

As Participants are aware, currently while executing 'Account Closure' instruction through Account Closure module, the securities lying under free balances are transferred from the source depository account to target depository account. In case there are locked-in securities lying in the source account, such securities remain in the source depository account until lock-in release date and hence, the source depository account cannot be closed in such cases till the lock-in release date.

In this regard, to facilitate Participants to transfer "locked-in" securities from the source depository account to the target depository account where both source and target accounts are of the same person within NSDL system, the aforesaid functionality of Account Closure module is enhanced to facilitate the same.

The features of the same are given below :

1. Upon execution of Account Closure instructions, in case there are any locked-in securities in the source depository account, such securities will be moved to the target account provided :
    a. PAN flag is enabled in both source and target accounts.
    b. PAN in the source account and target account are matching across holders and are in the same pattern of holding.
    c. The ISIN is either in 'Active' or 'Suspended' status.
    d. Standing Instruction (SI) indicator to receive credits is enabled in the target depository account.
2. Upon successful validation, the status of the Account Closure instructions will be updated as 'Accepted'. In case PAN validation fails, then the transfer in respect of "locked-in" securities will be rejected and transfer of securities in respect of free balances will be executed.
3. Securities (if any) that are not in free balance as mentioned below will continue to remain in the Source Client account and the Account Closure instructions in respect of these securities will be updated as "Rejected".

    (i) Pending Demat

    (ii) Pending Remat

    (iii) Pledge balance / unconfirmed pledge

    (iv) Blocked Inter Depository Transfer

    (vi) Quantity level freeze

4. In case the source depository account is not closed due to non-transfer of securities as per any of the above reasons, Participants are requested to ensure to freeze the account i.e. “Suspended for Debit and Credit”.
5. Transfer of “locked-in” securities pertaining to Postal Saving Scheme (NSC & KVP) will not be allowed under the Account Closure instructions.
6. Further, Participants are requested to note that following new Booking Narration Codes & Descriptions have been added in the Static Data Codes of back-office file formats of Local DPM system in respect of aforesaid feature.

Sr. No.	Booking Code	Description of Booking code
1	11518	ACCOUNT_TRANSFER_LOCK_HOUSE_TO_LOCK_HOUSE
2	11519	ACCOUNT_TRANSFER_LOCK_HOUSE_TO_LOCK_NONHOUSE
3	11520	ACCOUNT_TRANSFER_LOCK_NONHOUSE_TO_LOCK_HOUSE
4	11521	ACCOUNT_TRANSFER_LOCK_NONHOUSE_TO_LOCK_NONHOUSE

Participants are requested to incorporate these booking codes in their back office system.

The aforesaid feature will be implemented from **November 2, 2015**.

For and on behalf of
National Securities Depository Limited

Samar Banwat
Senior Vice President

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month.	Through “e-Participant-Inspection Audit and Supervision System (e-PASS)	1. Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Internal/ Concurrent Audit Report (April - September)	November 15th every year	Digitally signed report by email at nsdl-bp-inspection@nsdl.co.in. Alternatively, by hard copy to Inspection Department.	Circular No.: NSDL/POLICY/2015/0087 dated October 1, 2015 and Circular No. NSDL/POLICY/2010/0017 dated February 22, 2010.

Digitally signed by
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Reason : Authentication