

Murari Securities Limited

INTERNAL CODE OF CONDUCT POLICY

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version – 1.3

1. Background

The SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 are wide enough to cover transacting in any way in any security by any person as principal, agent or intermediary. While carrying on stock broking activities or executing orders for clients, or dealing with clients, or transacting on proprietary account, certain conduct is expected of all the officers and employees of the Company. The company or the employees shall not buy, sell or deal in securities in a fraudulent manner. 'Fraud' includes any act, expression omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include:

- ✓ Knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
- ✓ Suggestion as to a fact which is not true by one who does not believe it to be true
- ✓ an active concealment of a fact by a person having knowledge or belief of the fact;
- ✓ A promise made without any intention of performing it
- ✓ A representation made in a reckless and careless manner whether it be true or false;
- ✓ Any such act or omission as any other law specifically declares to be fraudulent;
- ✓ Deceptive behavior by a person depriving another of informed consent or full participation
- ✓ A false statement made without reasonable ground for believing it to be true
- ✓ Nothing in this clause shall apply to any general comments made in good faith in public or in private, regard to
- ✓ the economic policy of the government
- ✓ the economic situation of the country
- ✓ trends in the securities markets
- ✓ any other matter of a like nature

The company or the employees shall not deal in securities in an unfair manner:

- ✓ Indulging in an act which creates false or misleading appearance of trading in the securities markets
- ✓ Dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
- ✓ Any act or omission amounting to manipulation of the price of a security.
- ✓ Entering into a transaction in securities without intention of performing or without intention of change of ownership of such security.
- ✓ Promising a certain price in respect of buying or selling of a security to a client and waiting till a discrepancy arises in the price of such security and retaining the difference in prices as profit for himself.

- ✓ Providing clients with such information relating to a security as cannot be verified by the clients before dealing in such security.
- ✓ Reporting trading transactions to clients entered into on their behalf in an inflated manner in order to increase his commission and brokerage.
- ✓ Not disclosing to client transactions entered into on his behalf including taking an option position.
- ✓ Circular transactions in respect of a security entered into between intermediaries in order to increase commission or to provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security.
- ✓ Encouraging the clients to deal in securities solely with the object of enhancing his brokerage or commission
- ✓ Predating or otherwise falsifying records such as contract notes.
- ✓ Buying or selling securities in advance of a substantial client order or whereby a futures or options position is taken about an impending transaction in the same or related futures or options contract.
- ✓ Planting false or misleading news which may induce sale or purchase of securities.
- ✓ Taking part in or entering into either directly or indirectly transactions with the intention of artificially raising or depressing the prices of securities and thereby reducing the sales or purchases of securities by any person.
- ✓ Indulging in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions.
- ✓ Indulging in falsification of books of accounts and records whether maintained manually or in computer or in any other form.
- ✓ Counseling any person to deal in securities on the basis of unpublished price sensitive information.
- ✓ Indulging in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.
- ✓ Creating false market either singly or in concert with others or indulge in any act detrimental to investors interest or which leads to interference with the fair and smooth functioning of the market.
- ✓ Disclosing or discussing with any other person or make improper use of the details of personal investments and other information of a confidential nature which he comes to know in his business relationship.
- ✓ Deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock broker.
- ✓ Make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, and retain any securities unless she has reasonable grounds to believe that the recommendation is suitable for such a client upon the basis of the facts, by such a client as to his own security holdings, financial situation and objectives of such investment. He should seek such information from clients whenever he feels it is appropriate to do so.
- ✓ Front-running and dealing on the back of (piggybacking) customer or proprietary orders.
- ✓ Employees may not pre-arrange any transaction between their Personal Accounts and an account of a client.

- ✓ Dealers/Employees should be careful not to make any reckless comments to clients on phone or otherwise while interacting with them.

Being a stock broker, the company is also a 'deemed connected person' under the SEBI (Prohibition of Insider Trading) Regulations. The company and the employees shall;

- ✓ Not to deal in securities either on own behalf or on behalf of any other person when in possession of any unpublished price sensitive information;
- ✓ Not communicate, counsel or procure directly or indirectly any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities;

2. CODE OF CONDUCT SPECIFIED BY SEBI IN THE SEBI (STOCK BROKERS AND SUB-BROKERS) REGULATIONS, 1992

GENERAL

- ✓ Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.
- ✓ Exercise of Due Skill and Care: A stock-broker, shall act with due skill, care and diligence in the conduct of all his business.
- ✓ Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.
- ✓ Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investor's interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.
- ✓ Compliance with Statutory Requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the stock exchange from time to time as may be applicable to him.

DUTY TO THE INVESTOR

- ✓ Execution of Orders: A stock-broker, in his dealings with the clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best available market price and not refuse to deal with a Small Investor merely on the ground of the volume of business involved. A stock-broker shall promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.
- ✓ Issue of Contract Note: A stock-broker shall issue without delay to his client a contract note for all transactions in the form specified by the stock exchange.

- ✓ Breach of Trust: A stock-broker shall not disclose or discuss with any other person or make improper use of the details of personal investments and other information of a confidential nature of the client which he comes to know in his business relationship.
- ✓ Business and Commission:
 - A stock-broker shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.
 - A stock-broker shall not furnish false or misleading quotations or give any other false or misleading advice or information to the clients with a view of inducing him to do business in particular securities and enabling himself to earn brokerage or commission thereby.
- ✓ Business of Defaulting Clients: A stock-broker shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock-broker.
- ✓ Fairness to Clients: A stock-broker, when dealing with a client, shall disclose whether he is acting as a principal or as an agent and shall ensure at the same time that no conflict of interest arises between him and the client. In the event of a conflict of interest, he shall inform the client accordingly and shall not seek to gain a direct or indirect personal advantage from the situation and shall not consider clients' interest inferior to his own.
- ✓ Investment Advice: A stock-broker shall not make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, retain any securities unless he has reasonable grounds for believing that the recommendation is suitable for such a client upon the basis of the facts, if disclosed by such a client as to his own security holdings, financial situation and objectives of such investment. The stock-broker should seek such information from clients, wherever he feels it is appropriate to do so.

Investment Advice in publicly accessible media –

- ✓ A stock broker or any of his employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real - time or non-real-time, unless a disclosure of his interest including the interest of his dependent family members and the employer including their long or short position in the said security has been made, while rendering such advice.
- ✓ In case, an employee of the stock broker is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.]
- ✓ Competence of Stock Broker: A stock-broker should have adequately trained staff and arrangements to render fair, prompt and competent services to his clients.

3. STOCK-BROKERS VIS-A-VIS OTHER STOCK-BROKERS

- ✓ Conduct of Dealings: A stock-broker shall co-operate with the other contracting party in comparing unmatched transactions. A stock-broker shall not knowingly and willfully deliver documents which constitute bad delivery and shall co-operate with other contracting party for prompt replacement of documents which are declared as bad delivery.
- ✓ Protection of Clients Interests: A stock-broker shall extend fullest co-operation to other stock-brokers in protecting the interests of his clients regarding their rights to dividends, bonus shares, right shares and any other right related to such securities.
- ✓ Transactions with Stock-Brokers: A stock-broker shall carry out his transactions with other stock-brokers and shall comply with his obligations in completing the settlement of transactions with them.
- ✓ Advertisement and Publicity: A stock-broker shall not advertise his business publicly unless permitted by the stock exchange.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. MURARI SECURITIES LTD

Ishwar Dass Dhyawala

Director

Murari Securities Limited

POLICY FOR MAINTENANCE AND PRESERVATION OF RECORDS

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version – 1.2

1. INTRODUCTION:

We should take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of relevant records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records have to be maintained and preserved for a period five years from the date of cessation of the transactions between the Client and us.

We should formulate and implement the client identification program containing the requirements as laid down and such other additional requirements that it considers appropriate for a period of five years from the date of cessation of the transactions between the Client and us.

We should obtain a certification from their internal auditors that we have drawn up a policy on Anti Money Laundering Measures in compliance with the relevant laws, rules and instructions. In addition, in every quarterly report, the internal auditor must check and certify whether we have complied with the Policy so drawn up. Any deficiencies should be specifically pointed out in the report.

2. BACKGROUND FOR MAINTENANCE OF RECORDS:

We have incorporated under the provisions of the Companies Act, A depository Participant and stock broker shall also comply with the relevant provisions of the Companies Act with respect to preservation of records and archiving of records. In addition to the above, as a listed entity, we shall also comply with the policies for such record maintenance and archiving under Securities and Exchange Board of India ((Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

In terms of regulations 38 and 49 of the SEBI (Depositories and Participants) Regulations, 1996 (hereinafter referred to as D&P Regulations, 1996), it is required to preserve the records and documents for a minimum period of 5 years. It is noticed that enforcement agencies like CBI, Police, and Crime Branch etc. have been collecting copies of the various records/documents during the course of their investigation. These original documents both in physical form and electronic form would be required by such enforcement agencies during trial of the case also.

In view of the above, notwithstanding anything contained in D&P Regulations, 1996, we are required to preserve the originals of the documents, both in electronic and physical form, copies of which have been taken by CBI, Police or any other enforcement agency during the course of any investigation till the trial is completed.

SEBI vide its circular SEBI/HO/MRD2/DDAP/CIR/P/2020/153 dated August 18, 2020 has informed regarding Corrigendum to Master Circular for Depositories dated October 25, 2019 on preservation of records. In terms of Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018 (herein referred to as D&P Regulations, 2018) notified on October 03, 2018, Depositories and Depository Participants are required to preserve the records and documents for a minimum period of eight years.

Accordingly, in compliance to the provision of

- ✓ Regulations 9 of Listing Regulations,
- ✓ Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015, Rule 9

- ✓ Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018 and
- ✓ All the other Regulations as per Exchange and SEBI guidelines

We will preserve the records and documents for a minimum period of 8 years. We shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

3. APPLICABILITY AND MODES OF PRESERVATION:

This Policy is applicable to all documents maintained in physical and electronic mode by us. The preservation of documents should be such as to ensure that there is no tampering, alteration, destruction or anything that endangers the content, authenticity, utility or accessibility of the documents. The documents not specifically covered under this policy shall be preserved and maintained in accordance with the provisions of the respective acts, rules, guidelines and regulations as applicable under which those documents are maintained.

4. ROLES & RESPONSIBILITIES:

The respective Functional / Departmental heads of our organizations shall be responsible for maintenance and preservation of documents in respect of the areas of operations falling under the charge of each of them, in terms of the Policy.

5. AUTHENTICITY:

Where a document is being maintained both in physical form and Electronic form, the authenticity with reference to the physical form should be considered for every purpose.

6. REVIEW OF POLICY:

Notwithstanding anything contained in this policy, we shall ensure compliance with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to us from time to time. This Policy shall be subject to review, if necessary. Any change/amendments in Applicable Laws with regard to maintenance and preservation of documents and records shall be deemed to be covered in this Policy without any review. Any change / amendments to this Policy shall be approved by the Board of Directors.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. MURARI SECURITIES LTD

Ishwar Dass Dhyawala

Director

Annexure – A:

Records as per Companies Act, 2013

Sr. No.	Record Type	Preservation Period
1.	Memorandum and Articles of Association	Permanent
2.	Certificate of Incorporation	Permanent
3.	Minutes of Board and Committee Meetings	Permanent
4.	Minutes of Shareholders' Meetings	Permanent
5.	Register and Index of Members	Permanent
6.	Resolutions passed by circulation	8 Financial Years
7.	Listing Agreement executed with the stock exchanges	Permanent
8.	Attendance Register – Board and Committee Meetings	8 Financial Years
9.	Register of investments in securities not held in the name of the Company	Permanent
10.	Register of renewed and duplicate certificates	Permanent
11.	Register of contracts in which Directors are interested	Permanent
12.	Register of Directors, Managing Director, Manager and Secretary	Permanent
13.	Register of Directors' Shareholding	Permanent
14.	Register of Inter-corporate loans and investments	Permanent
15.	Register of transfer of shares	Permanent
16.	Register of Transmission of shares	Permanent
17.	Forms filed with Registrar of Companies (ROC)	Permanent
18.	Notice and Agenda of the Board and Committee Meetings	8 Financial Years
19.	Notices pertaining to disclosure of Interest by the Directors	8 Financial Years
20.	Annual Returns	8 Financial Years
21.	Correspondence with shareholders	8 Financial Years
22.	Disclosures under SEBI – Substantial acquisition of shares and Takeovers, Regulations	8 Financial Years
23.	Disclosures under SEBI – Prohibition of Insider Trading Regulations	8 Financial Years
24.	Postal Ballot forms	8 Financial Years
25.	Scrutinizer's Reports on voting at General Meetings/ Postal Ballot	8 Financial Years
26.	Newspaper cuttings of notices of Board Meeting and Financial Results	8 Financial Years
27.	Investor meet presentations	8 Financial years

Accounts and Finance Records

Sr. No.	Record Type	Preservation Period
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1.	Annual Audited and Financial Statements	Permanent
2.	Books of Accounts, Ledgers & Vouchers	8 Financial Years
3.	Investment Records	8 Financial Years from the date of redemption
4.	Engagement letters from Auditors	8 Financial Years
Tax Records		
Sr. No.	Record Type	Preservation Period
1.	Excise Returns, Income Tax Returns, Sales Tax/ VAT Returns, Service Tax Return.	8 Financial Years
2.	Documents, Challans and other details/correspondence related to Excise, Income Tax, Sales Tax/ VAT, Service tax	8 Financial Years
Records to be maintained as per Exchange		
1	Maintain separate books of accounts and records for trades executed on each recognised stock exchange.	5 Financial Years
2	Statements of funds and securities obligations received from NSCCL.	5 Financial Years
3	Client Ledger, Margin Register, Register of Complaints.	5 Financial Years
4	Records in respect of brokerage collected separately from constituents.	5 Financial Years
5	Register of Transactions.	5 Financial Years
6	Register or Ledger Account of Securities, client wise and security wise.	5 Financial Years
Records to be maintained as per Depository		
1	All the documents related to account opening activity	8 Financial Years
2	All the written instructions with the enclosures received from the BO	8 Financial Years
3	The DRF and supporting documents	8 Financial Years
4	All DIS received from BO	8 Financial Years
5	All the documents related to closure / transmission	8 Financial Years
6	All Pledge Request Forms (PRF), Unpledge Request Forms (URF) & Invocation Request Forms (IRF)	8 Financial Years
7	All RRF / Repurchase Request Forms	8 Financial Years
8	All FRF, URF, Orders for freezing/unfreezing from Court, Tribunal, Statutory, Revenue or Regulatory Authorities and other supporting documents	8 Financial Years
9	All records pertaining to Arbitration proceedings including the Arbitration Award	8 Financial Years
10	Documents related to change in DP name and registered office address	8 Financial Years

11	Record of proof of dispatch of statements to the BO and any other supporting documents	8 Financial Years
12	All NDU forms	8 Financial Years

**Name of the DP: MURARI SECURITIES
LTD**

DP ID: IN301014

DEPOSITORY PARTICIPANT OF NSDL

DP OPERATIONAL MANUAL

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1. INTRODUCTION

This manual describes the procedure to be followed by a DP which has entered into an agreement with National Securities Depository Limited. **MURARI SECURITIES LIMITED** is providing information solely as a reference guide for DP employee. We request our employee to follow the procedures described in this manual. This material is meant to supplement the DP internal operating procedure with respect to DP services and understanding the DP operations.

CONFIDENTIAL

2. THE NATIONAL SECURITIES DEPOSITORY LIMITED- ANOVERVIEW

The National Securities Depository Limited (NSDL), promoted by Industrial Development Bank of India, Unit Trust of India and National Stock Exchange of India Limited, is a company established to provide electronic depository facilities for securities traded in the equity and debt markets.

The National Securities Depository Limited has been registered by SEBI on June 7, 1996, as India's first depository to facilitate settlement of securities in dematerialized form.

FUNCTIONS PERFORMED BY NSDL:

NSDL renders the following services:

- Enable dematerialization and Re-materialisation of eligible securities.
- Provide for disbursement of Corporate Benefits to the Beneficial Owners.
- Effect settlement of securities traded on the exchanges as well as Off-market trades through book entry transfers.
- Provide for Pledging/Hypothecation of eligible securities.
- Provide for Securities Lending and Borrowing at a later stage.

The subsequent chapters describe the procedures in detail to be followed for each of the services rendered by NSDL. We hope that this manual will meet your requirements for the entire interface with NSDL and Clients.

FUNCTIONAL ACTIVITIES OF DP:

Depository Participant renders following services: -

- Account opening/Modification/Closure
- Account Freezing / Unfreezing
- Nomination
- Demat/ Remat
- Account Transfer
- Pledge/Unpledge
- Maintenance of Investor Grievance Register.

3. ACCOUNT OPENING AND KRA

An investor intending to hold securities in the electronic form in a depository system should open beneficiary account with a Participant. In addition to this, the client has a choice of opening accounts with more than one DP.

By opening an account with the participant the client will be able to avail of the following facilities:

- Dematerialized its existing holding in securities declared eligible by NSDL received credit in its account.
- Purchase any such securities in depository segments of the market and receive credit in its account.
- Receive credit in its account through bonus, right, etc. or through a public issue.
- Sell its holding in depository segment of the market.
- Pledge or hypothecate its securities in electronic form for availing of credit facilities from a lender

SEBI Directives on Account Opening

- The Securities and Exchange Board of India (SEBI) has issued guidelines for due diligence needed for opening of depository account
- SEBI has decided that DP should conduct in person verification of BOs at the time of opening dematerialized accounts.
- DPs shall ensure that the details like name of the person doing IPV, his designation, organization name with his signatures and date to be recorded on the KYC form at the time of IPV.
- DPs shall ensure that supporting documents submitted by clients must be verified against originals and should be affixed stamp for the same.
- DP should ensure that all supporting document attached on AOF should be self – certified by client only.
- DP staff should cross check with debarred entity master before activation of account.
- Each and every client who wants to open an account from January 1, 2012 with DPs has to submit KRA form with supporting documents.
- DP has to forward KRA within 10 working days from the date of account opening.

Know your Client Registration Agency System (KRA SYSTEM)

- SEBI has simplified the account opening process for investors and made it uniform across Intermediaries in the securities markets vide aforementioned circulars. Further, to avoid duplication of KYC process with every intermediary, KRA system was developed for centralization of the KYC records in the securities markets. The system was made applicable for new clients who opened accounts with the intermediaries from January 1, 2012. As per SEBI circular dated Dec 2 & Dec 23, 2011.
- For existing clients who trade / invest / deal with the intermediary anytime during the time period specified in the table given below ~~starting from April 16, 2012, the~~ intermediaries shall forthwith upload their KYC details in the KRA system. They shall also send original KYC documents to the KRA on continuous basis and complete the process within the prescribed time limits. As per SEBI circular dated April 13, 2012 where all the intermediaries are asked to upload the existing Clients KYC details to KRA agencies in a phased manner. Existing client means clients registered prior to 01.01.2012. Existing Clients has to provide KRA form along with photo copy of Pan Card and address proof which should be self-attested.

Existing clients of intermediary who trade/invest/deal with it during the below mentioned time period.	Timeline for intermediary to upload existing client's KYC data on KRA system & send KYC documents to KRA	Timeline for KRA to update the record in their system & send acknowledgement to the existing client
April 16, 2012 - June 15, 2012	August 31, 2012	September 30, 2012
June 16, 2012 - August 31, 2012	October 31, 2012	November 30, 2012
September 1, 2012 - October 31, 2012	November 30, 2012	December 31, 2012
November 1, 2012 - December 31, 2012	January 31, 2013	February 28, 2013
January 1, 2013 - February 28, 2013	March 15, 2013	March 31, 2013

NSDL vide its Circular No - NSDL/POLICY/2021/0028 dated March 22, 2021 informed Depository Participant and provided clarification on downloading of the KYC Documents of Clients from KRA System i.e., where the Participant is opening an account online based on download of KYC details from the KRA, the KYC details as downloaded from the KRA shall

be displayed to the client at the time of account opening where the client must confirm that there is no change in the particulars as downloaded from KRA and in case of any change, the client must be provided an option to provide latest details along with supporting documentation.

Further as per Regulation 16 (a) of SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011 which inter alia states as mentioned below:

“The intermediary shall perform the initial KYC/due diligence of the client, upload the KYC information with proper authentication on the system of the KRA, furnish the scanned images of the KYC documents to the KRA, and retain the physical KYC documents.”

Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011 –

SEBI vide its circular MIRSD/Cir- 26 /2011 dated December 23,2011 had issued guidelines to implement the SEBI {KYC Registration Agency (KRA)} Regulations, 2011. SEBI KRA Regulations, 2011, has been amended on January 28,2022 vide a Gazette Notification No. SEBI/LAD-NRO/GN/2022/72 (Annexure A). With a view to implement the regulations effectively, the following additional guidelines are being issued:

- ✓ KRAs shall continue to act as repository of KYC data in the securities market and shall be responsible for storing, safeguarding and retrieving the KYC documents and submit to the Board or any other statutory authority as and when required.
- ✓ KRAs shall independently validate records of those clients (existing as well as new) whose KYC has been completed using Aadhaar as an OVD. The records of those clients who have completed KYC using non-Aadhaar OVD shall be validated only upon receiving the Aadhaar Number.
- ✓ During the process of validation, KRAs shall validate the following details:
 - Aadhaar through Unique Identification Authority of India (UIDAI) authentication/verification mechanism.
 - Mobile number and e-mail ID using OTP validation (only in cases where mobile number and e-mail ID provided by client are not seeded with Aadhaar)
 - PAN using the Income Tax Database
- ✓ The KRAs shall develop systems/mechanism, in consultation with SEBI and in co-ordination with each other, and shall follow uniform internal guidelines detailing aspects of identification of KYC attributes and procedures for

KYC validation.

- ✓ The systems of Registered Intermediaries (RIs) and the KRAs shall be integrated to facilitate seamless movement of KYC documents to and from the RIs to the KRAs.
- ✓ KRAs shall promptly inform the respective RIs of deficiency/inadequacy in client's KYC documents, if any, that is observed for validation.
- ✓ On successful completion of KYC validation, a unique client identifier called KRA identifier shall be assigned by KRA to the client and such KRA identifier may be used by the client for opening of account with any other intermediary, without repeating the KYC process.
- ✓ The KYC records of new clients (who have used Aadhaar as an OVD) shall be validated within 2 days of receipt of KYC records by KRAs.
- ✓ KRA shall intimate the KRA identifier to the client within 2 working days of receipt of KYC records by the KRAs by post or email and maintain the proof of dispatch.
- ✓ Clients whose KYC records are not found to be valid by KRA after the validation process shall be allowed to transact in securities market only after their KYC is validated.
- ✓ In case of KYC based on non-Aadhaar OVD, the KRA shall only store such records and the same would not be validated by KRAs unless Aadhaar number is provided by the client.

SEBI Directives on Online KYC Process:

NSDL vide its circular NSDL/ POLICY/2020/0057 dated May 4, 2020 informed DP about SEBI Circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated April 24, 2020 regarding Clarification on Know Your Client (KYC) Process and Use of Technology for KYC. SEBI held discussions with various market participants and based on their feedback and with a view to allow ease of doing business in the securities market, it has been decided to make use of following technological innovations which can facilitate online KYC. In order to enable the Online KYC, Client's KYC can be completed through online / App based KYC, in-person verification through video, online submission of Officially Valid Document (OVD) / other documents under e - Sign, in the following manner:

1. The client visits the website/App/digital platform of the DP and fills up the online KYC form and submits requisite documents online.

2. The name, photograph, address, mobile number, email ID, Bank details of the client shall be captured online and OVD / PAN / signed cancelled cheque shall be provided as a photo / scan of the original under e - Sign and the same shall be verified as under:
- Mobile and email is verified through One Time Password (OTP) or other verifiable mechanism. The mobile number/s of client accepted as part of KYC should preferably be the one seeded with Aadhaar. (the DP shall ensure to meet the requirements of the mobile number and email as detailed under SEBI circular no. CIR/MIRSD/15/2011 dated August 02,2011)
 - Aadhaar is verified through UIDAI's authentication / verification mechanism. Further, in terms of PML Rule 9 (16), every DP shall, where the client submits his Aadhaar number, ensure that such client to redact or blackout his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required under sub-rule (15). DP shall not store/ save the Aadhaar number of client in their system. e-KYC through Aadhaar Authentication service of UIDAI or offline verification through Aadhaar QR Code/ XML file can be undertaken, provided the XML file or Aadhaar Secure QR Code generation date is not older than 3 days from the date of carrying out KYC. In terms of SEBI circular No. CIR/MIRSD/29/2016 dated January 22, 2016 the usage of Aadhaar is optional and purely on a voluntary basis by the client.
 - PAN is verified online using the Income Tax Database.
 - Bank account details are verified by Penny Drop mechanism or any other mechanism using API of the Bank. (Explanation: based on bank details in the copy of the cancelled cheque provided by the client, the money is deposited into the bank account of the client to fetch the bank account details and name.) The name and bank details as obtained shall be verified with the information provided by client.
 - Any OVD other than Aadhaar shall be submitted through DigiLocker / under e - Sign mechanism.
3. In terms of Rule 2 (d) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (PML Rules) "Officially Valid Documents" means the following:
- the passport,
 - the driving license,
 - proof of possession of Aadhaar number,
 - the Voter's Identity Card issued by Election Commission of India,
 - job card issued by NREGA duly signed by an officer of the State Government and

- the letter issued by the National Population Register containing details of name, address, or any other document as notified by the Central Government in consultation with the Regulator.
4. Further, Rule 9(18) of PML Rules states that in case OVD furnished by the client does not contain updated address, the document as prescribed therein in the above stated Rule shall be deemed to be the OVD for the limited purpose of proof of address.
 5. PML Rules allows a client to submit other OVD instead of PAN, however, in terms of SEBI circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007 the requirement of mandatory submission of PAN by the client for transaction in the securities market shall continue to apply.
 6. Once all the information as required as per the online KYC form is filled up by the client, KYC process could be completed as under
 - The client would take a print out of the completed KYC form and after affixing their wet signature, send the scanned copy / photograph of the same to the DP under eSign,
 - Affix online the cropped signature on the filled KYC form and submit the same to the DP under eSign.
 7. The DP shall forward the KYC completion intimation letter through registered post/ speed post or courier, to the address of the client in cases where the client has given address other than as given in the OVD. In such cases of return of the intimation letter for wrong / incorrect address, addressee not available etc, no transactions shall be allowed in such account and intimation shall also sent to the Stock Exchange and Depository.
 8. The original seen and verified requirement under SEBI circular no. MIRSD/SE/Cir- 21/2011 dated October, 5 2011 for OVD would be met where the client provides the OVD in the following manner:
 - As a clear photograph or scanned copy of the original OVD, through the eSign mechanism, or;
 - As digitally signed document of the OVD, issued to the Digi Locker by the issuing authority.
 9. SEBI vide circular no. MIRSD/Cir- 26 /2011 dated December 23, 2011 had harmonized the IPV requirements for the intermediaries. In order to ease the IPV process for KYC, the said SEBI circular pertaining to IPV stands modified as under:
 - IPV/ VIPV would not be required when the KYC of the client is completed using the Aadhaar authentication / verification of UIDAI.

- IPV / VIPV shall not be required by the DP when the KYC form has been submitted online, documents have been provided through Digi Locker or any other source which could be verified online.

Features for online KYC App of the DP–

DPs may implement their own Application (App) for undertaking online KYC of client. The App shall facilitate taking photograph, scanning, acceptance of OVD through Digi locker, video capturing in live environment, usage of the App only by authorized person of the DP. The App shall also have features of random action initiation for client response to establish that the interactions not pre-recorded, time stamping, geo-location tagging to ensure physical location in India etc. is also implemented. DP shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audiovisual interaction with the client and the quality of the communication is adequate to allow identification of the client beyond doubt. DP shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations. The DP shall before be rolling out and periodically, carry out software and security audit and validation of their App. The DP may have additional safety and security features other than as prescribed above.

Feature for Video in Person Verification (VIPV) for Individuals –

To enable ease of completing IPV of a client, DP may undertake the VIPV of an individual client through their App. The following process shall be adopted in this regard:

1. DP through their authorized official, specifically trained for this purpose, may undertake live VIPV of an individual client, after obtaining his/her informed consent. The activity log along with the credentials of the person performing the VIPV shall be stored for easy retrieval.
2. The VIPV shall be in a live environment.
3. The VIPV shall be clear and still, the client in the video shall be easily recognizable and shall not be covering their face in any manner.
4. The VIPV process shall include random question and response from the client including displaying the OVD, KYC form and signature or could also be confirmed by an OTP.
5. The DP shall ensure that photograph of the client downloaded through the Aadhaar authentication / verification process matches with the client in the VIPV.
6. The VIPV shall be digitally saved in a safe, secure and tamper-proof, easily retrievable manner and shall bear date and time stamping.
7. The DP may have additional safety and security features other than as prescribed above.

NSDL vide its Circular No NSDL/POLICY/2021/0036 dated April 07, 2021 and NSDL/POLICY/2021/0068 dated July 06, 2021 informed Participants regarding 6-KYC attributes that shall be made mandatory for all the categories of clients and the same has been decided in consultation with all MIIs and SEBI. The circular states that:

1. Participants are advised to take note of the details of 6-KYC attributes that shall be made mandatory as mentioned below:

- Name
- Address
- PAN
- Valid mobile number
- Valid email-id
- Income range

2. Checks for PAN

- The requirement of mandatory submission of PAN by clients for transactions in the securities market shall continue to apply, with permitted exemptions.
- Participant shall verify the PAN online using the Income Tax Database.
- In case PAN is not seeded with AADHAAR before the date specified by the Government, it will not be considered as a valid PAN.

NSDL vide its circular NSDL/POLICY/2021/0093 dated September 07, 2021, informed Participant to “In case PAN is not seeded with AADHAAR before the date specified by the Government, it will not be considered as a valid PAN”. SEBI has issued a Press Release No. 27/2021 dated September 3, 2021 regarding Linking of PAN with Aadhaar (copy enclosed). Extract of the press release is as under:

- As per Central Board of Direct Taxes (CBDT) notification G.S.R 112(E) dated February 13, 2020, the Permanent Account Number (PAN) of a person allotted as on July 01, 2017 shall become inoperative if it is not linked with Aadhaar by September 30, 2021 or any other date specified by CBDT.
- Since, PAN is sole identification number for all transactions in the Securities Market, in view of the said CBDT notification, all SEBI registered entities including Market Infrastructure Institutions (MIIs) should ensure compliance of said notification and accept only operative PAN (i.e., linked with Aadhaar number) by the client while opening new accounts post September 30, 2021 or any other date specified by CBDT.
- Also, all the existing investors are advised to ensure linking of their PAN with Aadhaar number prior to Sept 30, 2021 or any other date specified by CBDT for continual and smooth transactions in securities market and to avoid any consequences of non-compliance of said notification on their transactions in securities market.

3. Checks for mobile number and email ID

- Participants shall ensure that separate mobile number and email address is captured for all Beneficial Owner (BO) account holders. However, after submitting a written declaration,

BO can update mobile number and email address of its family members. Family for this purpose has been defined as self, spouse, dependent parents and dependent children.

- In cases, wherein same mobile number / email ID is captured in more than 1 demat account and family flag is also not updated, Participants shall be required to send 15 days' notice to such demat account holder for submitting mobile number /email ID modification form / request letter for updating the same or family flag declaration, failure to comply with which would result in classification of such accounts as noncompliant accounts.
- Participants shall ensure that the mobile numbers/ email addresses of Depository Participants /their KMPs/ other employees etc. are not captured.
- In case Participant has the mobile number and email ID of the client in its back office, or trading account or in the bank account provided by the client and account is KYC complied in such trading account / bank account, the Participant may update the details in the demat account and intimate the client about the updation by sending the Client Master Report along with an intimation to complete the validation process.
- Following cannot be considered as valid mobile number:
 - ✓ In respect of mobile numbers for India, Mobile no. is of 10 digit but starts with any number between 1 to 5 i.e. (1,2,3,4 & 5)
 - ✓ '0000000000' / '1234567890' is captured.
 - ✓ Single number is appearing in all 10 digit such as '1111111111', '2222222222', 3333333333,4444444444,5555555555,6666666666,7777777777, ,8888888888,9999999999
- Following cannot be considered as valid email ID:
 - ✓ 'No email' is mentioned in email ID.
 - ✓ '@' is not mentioned in email ID.
 - ✓ If words - 'not provided' and 'xyz' are mentioned in email id field.
 - ✓ Invalid email domain is mentioned. E.g. number digits are mentioned prior to domain name viz. 202Ggmail.com, 1234gmail.com, 1rediffmail.com, 55yahoo.com, etc.
 - ✓ There is '.' (dot) at the end of Email ID
 - ✓ There is no '.' (dot) after '@' and before text
 - ✓ More than one '@' are there in email ID.

4. Verification of mobile number and email ID

- An additional flag will be made available in the depository system to identify the valid mobile number and valid email id.
- Depository shall take necessary steps to verify that mobile number and email ID updated in the beneficial owner account is accessible by sending an SMS and email directly to the account holder at the mobile number and the email ID captured in the account. In case an electronic confirmation is received from the said mobile number and the said email ID, such mobile number and/or the email ID will be considered as verified and 'verified' flag will be enabled against such mobile number and/or email ID

- To start with, such verification link will be sent in respect of new accounts and subsequently, such links will also be sent for all existing accounts in a staggered manner.
- Accounts where the mobile number or email id cannot be verified shall be considered as non-complaint accounts.

5. Income Range

- As per Form 9 (Account opening form for Individuals) and Form 11 (Account Opening Form for Non Individuals), income range per annum is required to be obtained from clients.
- The income range as required under Form 9 and Form 11 are as given below:

✓ **Income Range-Individuals**

- - Below Rs. 1 lac [01]
- - Rs. 1 lac to Rs. 5 lacs [02]
- - Rs. 5 lac to Rs. 10 lac [03]
- - Rs. 10 lacs to Rs. 25 lacs [04]
- - More than Rs. 25 lacs[05]

✓ **Income Range-Non-Individuals [I]**

- - Below Rs. 20 lacs [01]
- - Rs. 20 lacs to Rs. 50 lacs [02]
- - Rs. 50 lacs to Rs. 1 crore [03]
- - More than Rs. 1 crore[04]

✓ **Income Range-Non-Individuals [II]**

- - Below Rs. 1 lac [11]
- - Rs. 1 lac to Rs. 5 lacs [12]
- - Rs. 5 lac to Rs. 10 lac [13]
- - Rs. 10 lacs to Rs. 25 lacs [14]
- - Rs. 25 lacs to 1 crore [15]
- - More than 1 crore [16]

Procedure for processing request for Transmission, Transfer Cum Closure and Closure of NIL balance demat accounts, where demat accounts are suspended for 6-KYC non-compliance –

- ✓ NSDL vide its circular dated NSDL/POLICY/2022/152 informed regarding procedure for unfreezing of demat accounts to process following type of requests where client's account has been suspended for 6-KYC non-compliance and unfreeze is not possible unless all 6 KYC attributes are updated.
 - Transmission requests.
 - Transfer cum Closure requests.
 - Closure of NIL balance Accounts.

- ✓ To facilitate processing of above requests, a new check box named as 'Unfreezing done for processing Transmission/Transfer Cum-Closure/Closure of Nil Bal. a/c which is 6 KYC Non-Compliant' is introduced in 'Account Unfreeze' module of e-DPM for unfreezing of demat accounts which are suspended for 6- KYC Non-compliance.
- ✓ After obtaining all the required documents/client request for Transmission, Transfer Cum-Closure and Closure of Nil balance account, Participants can unfreeze the demat account through 'Account Unfreeze' module of e-DPM by clicking on the abovementioned check box to remove suspension of 6-KYC noncompliance
- ✓ Participants will be able to enable the above mentioned check box only for demat accounts which are suspended for 6 KYC non-compliance with Reason Code (37) 'Non-Compliant - 6 KYC Attributes'. In case, demat account is suspended for multiple reason codes (i.e. in addition to the Freeze Reason Code (37) 'Non-Compliant - 6 KYC Attributes'), then aforesaid check box will remain disabled until other freezes are lifted.
- ✓ Further, Participants are advised to ensure that after processing of transmission/transfer cum closure requests in 6 KYC non-compliant accounts, the source account is closed (or suspended if non-transferrable securities is/are held in client's account).

KYC reconfirmation of Sikkim based demat accounts –

NSDL vide its circular NSDL/POLICY/2022/114 dated August 11, 2022 with respect to newly onboarded Sikkim based demat accounts (i.e. demat account opened on or after July 1, 2022); the demat accounts needs to be audited by the Auditor. In case of any adverse observations by the Auditors, Participants shall freeze the Demat account/s (suspended for debit) of such clients under freeze reason code (08) 'KYC non-compliant' and inform the client to rectify the discrepancy. Such demat account will be activated by Participant only after KYC compliance by client and get it audited from Auditor. In case the discrepancies/error is on the part of Participant, then it will have to be rectified by the Participant at the earliest.

4. INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

Basics of Account Opening

The following are some of the important aspects relating to Account Opening.

- There is no either or survivor (EORS) concept in a Depository Account.
- The Depository Account can be opened with NIL balance.
- There is no restriction on the number of Depository accounts, a client can open with a DP and across all DPs.
- Client has the option of giving Standing Instruction to his DP to accept any credits into his Depository Account, without any Receipt Instructions from his side.

Ensure while opening a Demat Account

- Ensure AOF and DP Form should be updated with Circulars
- AOF and DP Form completely filled
- Bank Account particulars obtained
- Cancelled cheque obtained by client.
- Tally Bank Details with cancelled cheque
- Verify PAN details with IT Website
- Comply with instruction and checklist of KYC
- Obtain acknowledgement for Right and Obligation of DP with clients.
- Right & Obligation of DP Dispatched to existing client.
- Intimation of Charge structure/ Tariff, and Obtain acknowledgement on tariff sheet
- ID Proof, Address Proof, and Bank Details as per KYC Checklist
- Submitted documents (should be self-attested)
- Conduct in person verification*
- Documents forward to KRA
- Filling of Nomination Form with declaration
- Record of nomination in Nomination Register/ or in Local DPM

Checklist before acceptance of Account Opening Form

- Client's Acknowledgement for DP-Client Right & Obligation
- Application form

- Supporting documents as per checklist.
- KRA form
- In person verification
- Bank proof

Verification of Documents

Verify the communication and mailing addresses of the applicant(s).

Passport, Ration card, driving license, Voter ID card, Bank passbook, verified copies of Electricity bills (not more than two months old) Residence Telephone bills (not more than two months old) / Leave and License agreement / Agreement for sale, self-declaration by High Court & Supreme Court judges, giving the new address in respect of their own accounts, identity card /documents with address, issued by (a) Central/state Government and its Departments (b) Statutory / Regulatory Authorities. (C) Public sector undertaking, (d) Scheduled Commercial Banks, (e) Public Financial Institutions, (f) Colleges affiliated to universities, and (G) Professional Bodies such as ICAI, ICWAI, Bar council etc. To their Members.

Verify the Proof of Identity of the applicant(s).

PAN card, Driving License, Passport, Voter Id Card, MAPIN card, Identity card/document with applicant's Photo, issued by (a) Central/state Government and its Departments, (b) Statutory /Regulatory Authorities, (c) Public Sector Undertaking

(d) Scheduled Commercial Bank (e) Public Financial institutions (f) Colleges affiliated to Universities (g) Professional Bodies such as ICAI, ICWAI, Bar Council etc. to their Members, and (h) Credit Cards / issued Banks.

Bank Account Details: -

The applicant should mention details of his bank account, including account number, bank name and address and 9-digit branch code as appearing on the MICR cheques. Wherever felt necessary, the applicant may be asked to the details verified from the banker. Alternatively, copies of the latest bank statement and of cheques may be required. Verification from banker should invariably be required from applicants not introduced by an existing client.

Operation of joint account in case of individual client: -

✓ In the case of a joint account, it shall ensure that all the instructions submitted are duly signed by all the account holders. Provided however that all the account holders jointly may opt for any one of the following modes of operation:

- Jointly:

- Anyone of the holders or survivor (s).
- ✓ The Participants may execute following instructions on behalf of its Clients as per mode of operation -
 - Transfer of securities including Inter-Depository Transfer.
 - Pledge/ Hypothecation / margin pledge / margin re-pledge (Creation, Closure and Invocation and confirmation thereof, as applicable).
 - Freeze/ unfreeze account and/ or the ISIN and / or specific number of securities.

However, for all other transactions at joint account level, the instructions submitted are duly signed by all the account holders.

- ✓ Where the Client account holders have opted for operation by any one holder or survivor, the instructions above should be duly signed by any one of the holders/survivors of the joint account.
- ✓ With regard to all transactions undertaken in the Client account, signature of one of the Client account holders as per the mandate of operation given by the joint account holders shall discharge in full vis-a-vis all account holders
- ✓ Each Client account holder in the demat account is jointly and severally liable towards the Participant for all the commitments entered into by himself/ herself or by any other Client account holder or authorized representative (within the limits of the power).
- ✓ Any account holder may opt out from the facility by giving signed written request and upon receipt of such a request, the mode of operation shall change to jointly.
- ✓ In case of a joint account, all communications shall be sent to the first holder and shall be deemed to have been duly sent to all Client account holders. Participant shall give an option to all joint account holders that communication will be sent to all joint account holders in electronic mode, if desired by account holders.
- ✓ This arrangement of mode of operation shall not expire on the death of one of the Client holders, if the surviving account holder(s) chose the option to continue with the same account by deletion of name of the deceased account holder(s) as per the procedure specified in Business Rules. The surviving account holder(s) have to inform about the death of account holder(s) with required documents within one year of the date of demise. If the surviving account holder(s) fails to report the death of deceased joint holder within one year of the date of demise, a new demat account shall be opened by the surviving account holder(s) to execute transmission as per the procedure specified at Business Rules.
- ✓ In the event of the death of any of the joint holders, the liability of the Participant shall be discharged provided the Participant:

- Exercises due care and caution in establishing the identity of the survivor(s) and the fact of death of deceased joint account holder, through appropriate documentary evidence;
- Reasonably satisfies itself that there is no order from any competent court brought to its notice restraining the transmission of the deceased's securities; and
- Makes it clear to the survivor(s) that he/she would be receiving the securities of the deceased as a trustee of the legal heirs of the deceased demat account holder.

Procedure of opening Demat Account

Account Categories

INDIVIDUAL ACCOUNTS

- ✓ Ordinary Individual
- ✓ NRI (Repatriable)
- ✓ NRI (Non-Repatriable)
- ✓ HUF
- ✓ Minor Account

✓ **Ordinary Individual: -**

As per SEBI directive DP has to record mandatorily nomination for all new accounts.

Account holder has to sign the nomination page with declaration Yes or No for nomination.

- Pan Verification from IT website
- Rate structure signed by Beneficial owner
- Signing of Right & Obligation Between Depository Participant and Client

✓ **OPENING OF NRI ACCOUNTS**

NRI accounts can be classified into the following categories

- **NRI (NON- REPATRIABLE)**

Checklist before acceptance of Account Opening Form

1. Supporting documents as per checklist given by SEBI (Refer Checklist in AOF)
2. Foreign address proof
3. CKYC form
4. In person verification as per SEBI directive
5. Documents to be verified by the Indian Embassy / Consulate General Notary Public, Any Court / Magistrate / Judge / Local Banker
6. NRO Bank proof

7. Obtain a declaration from the BO that he / she has complied and will continue to comply with FEMA regulations.

- **NRI (REPATRIABLE)**

Checklist before acceptance of Account Opening Form

1. Signing of Right & obligation between DP-Client
2. Application form
3. Supporting documents as per checklist given by SEBI
4. Foreign address proof
5. CKYC form
6. In person verification as per SEBI directive
7. Documents to be verified by the Indian Embassy / Consulate General Notary Public, Any Court / Magistrate / Judge, Local Banker
8. NRE Bank proof
9. Obtain a declaration from the BO that he / she has complied and will continue to comply with FEMA regulations.

✓ **HUF**

Checklist before acceptance of Account Opening Form

1. DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. In person verification as per SEBI directive
6. The depository account of an HUF can be opened only in the name of its Karta in case of NSDL and HUF
7. HUF accounts cannot be opened with joint holders and Nomination
8. In case of POA given by HUF should be accompanied by Signature of all the Co-parceners
9. In system PAN number to be entered of HUF entity instead of Individual
10. All the signatures of the Karta to be affixed with HUF stamp.

HUF Demat Account - Amendments to Bye Laws and Business Rules

NSDL vide its Circular No. NSDL/POLICY/2016/0082 dated October 4, 2016 informed all the Participants regarding SEBI guidelines on opening of HUF demat accounts and procedure to be adopted in the event of death of Karta of a HUF (SEBI letter dated September 14, 2016). In this regard, Participants are requested to take note of the following:

- ✓ Following amendments are made to the Bye Laws and Business Rules of NSDL:
 - Bye Law 9.10.2.1, Rule 12.6.4 and Rule 18.1.1 (I) (Sr. No. 3) are amended.
 - FORM 9 – Account Opening Form (for individuals) and FORM 11 – Account Opening Form (for non-individuals) are amended, so that the application for opening an account of an HUF is to be submitted in FORM 11 instead of FORM 9.
 - New FORM 40 is added for Change of name of Karta.
 - FORM 30 – Transmission Form is amended, as in case of death of Karta, FORM 40 is to be used.
- ✓ Participants may continue to use the existing formats of Account Opening Form (FORM 9 and FORM 11) and Transmission Form (FORM 30) till the stock last. However, Participants must ensure that they are complying with the amended Bye Laws and Business Rules and obtain the specified information and documents from the applicant/claimant till the amended forms are brought into use.
- ✓ SEBI has vide its letter no. MRD/DSA1/OW/4947/2018 dated February 14, 2018 informed that “except married daughters” as mentioned in para 1.2 (a) of SEBI letter dated September 14, 2016 would not be applicable henceforth. The amended Bye Laws and Business Rules are notified after considering the same.
- ✓ With respect to opening an HUF Account, Participants may take note of the following:
 - For account opening of an HUF, KYC Application Form and Account Opening Form (for non-individuals) as laid out in FORM 11 of Business Rules of NSDL must be used.
 - As advised by SEBI, NSDL had informed to Participant vide NSDL circular dated October 4, 2016 regarding opening of HUF demat account in the name of HUF entity instead of in the name of Karta as beneficial owner.
 - Hence, the ‘HUF’ will be treated as ‘Beneficial Owner’ of the demat account in NSDL depository system. Accordingly, the nomenclature of the field has been modified from ‘HUF Name’ to ‘HUF Name I.e. Sole Holder’ in the NSDL Depository system.

- Participants will be required to capture the list of family members as mentioned at point no. (J) of part II of FORM 11 includes the name of Karta of HUF along with other details of Karta in DPM system with respect to HUF account after necessary changes in DPM system are made. Meanwhile, Participants are requested to maintain such details in their internal records.

Securities held by Hindu Undivided Family (HUF) in the Depository

In cases where the deceased is the Karta of a Hindu Undivided Family (“HUF”), the surviving member(s) of the HUF may notify to NSDL the eldest surviving member of the HUF as the Karta of the HUF in accordance with law, and subject to production of such evidence and execution of such documents as may be prescribed in the Business Rules, the name of such newly designated Karta shall be entered in the records of NSDL.

- ✓ Upon death of the Karta of a Hindu Undivided Family (HUF), the surviving member(s) of the HUF may appoint the eldest coparcener of the HUF or a coparcener who is appointed as Karta by an agreement reached amongst all the coparceners of the HUF as the new Karta of the HUF.
- ✓ For change of name of Karta in the account of HUF to the new Karta in place of the deceased Karta, the surviving members through the new Karta shall make a joint application to the Participant in the format specified in FORM 40 along with the following documents:
 - Original death certificate or copy of the death certificate of the deceased Karta attested by the new Karta subject to verification with the original or copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer;
 - Copy of PAN, Proof of Identity, Proof of Address and a photograph of new Karta of HUF along with his original ink signed specimen signature
 - A declaration of the list of surviving members of HUF in the prescribed FORM 40, not objecting the appointment of the new Karta along with name, date of birth, gender and relationship with Karta of all members of HUF;
- ✓ In case partial partition of the HUF, if desired by one or more members, the Karta shall transfer the securities to the said members who seek partition and HUF account shall continue. The accounts of such members shall be treated as their individual accounts.
- ✓ In case HUF goes into partition, the securities shall be divided amongst all the members in the manner specified by the applicant. The surviving members shall furnish to the Participant the details of the beneficial owner accounts of the individual members in order to have the securities distributed to their respective accounts.

- ✓ The surviving members shall furnish to the Participant the intimation of partial or total partition accompanied by a signed letter mentioning the names of the members and their confirmation of partial or total partition having taken place.
- ✓ The Participant shall ensure that the documents submitted by the surviving members of the HUF or the new Karta are in order and shall then effect change in name of Karta or transfer of securities to the account of surviving members in the event the HUF goes into partial or total partition.
- ✓ If a transfer of securities is affected to the surviving members due to total partition, the Participant shall close the account held in the name of the HUF.
- ✓ The Participant shall effect the request for transmission of securities within seven days of receipt of complete set of requisite documents.

✓ **MINOR ACCOUNT**

Checklist before acceptance of Account Opening Form

1. Signing and acknowledgement of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. CKYC for
5. Birth Certificate
6. In person verification as per SEBI directive
7. A minor may open a depository account only through his guardian
8. Minor accounts cannot be opened with joint holders and Nomination

✓ **ILLITERATE ACCOUNT**

Checklist before acceptance of Account Opening Form

1. Acknowledgement and Signing of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. CKYC form
5. In person verification as per SEBI directive (Page No.2)
6. At the time of opening an account with a Participant, must affix the thumb impression (left hand thumb in case of a male and right hand thumb in case of a female) on the agreement as well as on the account opening form.
7. On the instruction forms must be attested by a Magistrate or a Notary Public or a manager of the account holder's bank

8. Before capturing thumb impression of illiterate person DP should capture word “Illiterate” in signature module.

9. Welcome kit of Illiterate person should be send with mark Illiterate.

NON - INDIVIDUAL ACCOUNTS

- ✓ Corporate
- ✓ Partnership firm
- ✓ Trust

✓ CORPORATE ACCOUNT

Checklist before acceptance of Account Opening Form

1. Signing and acknowledgement of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. In person verification as per SEBI directive
6. In case of NSDL introduction from Existing client or Bank is mandatory
7. Before capturing Signature DP should capture mode of operation as per Board Resolution in signature module

✓ TRUST ACCOUNT

Checklist before acceptance of Account Opening Form

1. Signing and acknowledgement of DP-Client Right & Obligation
2. Application form
3. Supporting documents as per checklist given by SEBI
4. KRA form
5. In person verification as per SEBI directive
6. In case of NSDL introduction from Existing client or Bank is mandatory
7. Before capturing Signature DP should capture mode of operation as per Board Resolution in signature module
8. In case of Unregistered Trust Account to be opened in the name of trustees and Pan number of Trust to be entered in System

EXECUTION OF 'DEMAT DEBIT AND PLEDGE INSTRUCTION' (DDPI) FOR TRANSFER OF SECURITIES TOWARDS DELIVERIES / SETTLEMENT OBLIGATIONS AND PLEDGING / RE-PLEDGING OF SECURITIES -

NSDL vide its circular NSDL/POLICY/2022/052 dated April 07, 2022 and NSDL/POLICY/2022/141 dated October 07, 2022 informed Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities. SEBI vide circular no. CIR/MRD/DMS/13/2010 dated April 23, 2010 issued guidelines regarding execution of Power of Attorney (PoA) by the client in favour of Stock Broker / Stock Broker and Depository Participant ("POA Guidelines, 2010"). Certain clarifications were issued vide circular no. CIR/MRD/DMS/28/2010 dated August 31, 2010. Vide SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020 ("PoA Guidelines, 2020"), it was inter-alia reiterated that:

- ✓ PoA is optional and should not be insisted upon by the stock broker / stock broker depository participant for opening of the client account.
- ✓ PoA executed in favor of stock broker / stock broker depository participant by the client shall be utilized
 - For transfer of securities held in the beneficial owner account of the client towards Stock Exchange related deliveries / settlement obligations arising out of trades executed by such a client on the Stock Exchange through the same stock broker.
 - For pledging / re-pledging of securities in favour of the trading member (TM) / clearing member (CM) for the purpose of meeting margin requirements of the client in connection with the trades executed by such a client on the Stock Exchange.
 - For the limited purposes as specified in paragraph 1(iii) and 2 of the Enclosure to the POA Guidelines, 2010.
- ✓ While executing a PoA, authorization is given by client to the stock broker / stock broker and depository participant, to access the Beneficial Owner (BO) account of the client to meet settlement obligations of the trade executed by the client.
- ✓ In order to make the process more transparent and simpler, the two conditions as specified above shall be made part of a separate document viz. 'Demat Debit and Pledge Instruction' (DDPI), under which the clients shall explicitly agree to authorize the stock broker/stock broker and depository participant to access their BO account for the limited purpose of meeting pay-in obligations for settlement of trades executed by them. The DDPI shall serve the same purpose of PoA and significantly mitigate the misuse of PoA.

- ✓ The client may use the DDPI or opt to complete the settlement by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (eDIS) themselves. Hence, with the implementation of this circular, PoA shall no longer be executed for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities
- ✓ The DDPI shall be indexed as part of the Voluntary Documents in Annexure-1 of SEBI circular no. CIR/MIRSD/16/2011 dated August 22, 2011 and shall be executed only if the client provides his/her explicit consent for the same, including internet-based trading. The DDPI shall also be adequately stamped. The DDPI can be digitally signed by the clients.
- ✓ The existing PoAs shall continue to remain valid till the time client revokes the same. Thus, the stock broker/stock broker and depository participant shall not directly / indirectly compel the clients to execute the DDPI or deny services to the client if the client refuses to execute the DDPI.
- ✓ NSDL vide its circular NSDL/POLICY/2022/141 dated October 07, 2022 decided to widen the scope of DDPI to include:
 - Mutual Fund transactions being executed on Stock Exchange order entry platforms; and
 - Tendering shares in open offers through Stock Exchange platforms.

The use of DDPI shall be limited only for the purposes as mentioned below –

- ✓ Transfer of securities held in the beneficial owner accounts of the client towards Stock Exchange related deliveries / settlement obligations arising out of trades executed by clients on the Stock Exchange through the same stock broker.
- ✓ Pledging / re-pledging of securities in favour of trading member (TM) clearing member (CM) for the purpose of meeting margin requirements of the clients in connection with the trades executed by the clients on the Stock Exchange
- ✓ Mutual Fund transactions being executed on stock exchange order entry platforms and which shall be in compliance with SEBI circulars SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/634 dated October 04, 2021, SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/635 dated October 04, 2021 and SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/29 dated March 15, 2022 or any other circular which may be issued in this regard; and
- ✓ Tendering shares in open offers which shall be in compliance with SEBI circular SEBI/HO/CFD/DCR-III/CIR/P/2021/615 dated August 13, 2021 or any other circular which may be issued in this regard.

Annexure-A - Demat Debit and Pledge Instruction

S. No.	Purpose	Signature of Client
1	Transfer of securities held in my / our beneficial owner account towards Stock Exchange related to deliveries / settlement obligations arising out of trades executed by me / us on the Stock Exchange through MURARI SECURITIES LIMITED.	
2	Pledging / re-pledging of securities in favor of trading member (TM) / clearing member (CM) for the purpose of meeting margin requirements in connection with the trades executed by me / us on the Stock Exchange.	
3	Mutual Fund transactions being executed on Stock Exchange order entry platforms.	
4	Tendering shares in open offers through Stock Exchange platforms.	

Demat Debit and Pledge Instruction (DDPI) registration/ de-registration:

NSDL vide its circular NSDL/POLICY/2023/0165 dated November 20, 2023 informed regarding DDPI registration/ de-registration procedure:

- ✓ DDPI registration/ de-registration requests submitted by the Clients should be date stamped i.e. the date of receipt of the request from client should be mentioned and duly signed & stamped by the Participant on the client request.
- ✓ The aforesaid documents received from clients shall be verified and addition/ deletion/ modification of DDPI details in the Local DPM system shall be carried out, within seven days of receipt of request from client.

ACCREDITATION OF INVESTORS (AIs): -

NSDL Vide its Circular - NSDL/POLICY/2019/0030 dated May 24, 2019 informed regarding framework for the process of accreditation of investors for the purpose of Innovators Growth Platform. Accredited Investors (AIs) for the limited purpose of Innovators

Growth Platform (“IGP”), are investors whose holding in the Issuer Company, is eligible for the computation of at least 25% of the pre-issue capital in accordance with Regulation 283. (1) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”).

Eligibility:

- Any individual with total gross income of Rs 50 lakhs annually and who has minimum liquid net worth of Rs 5 crores;
- Any Body corporate with net worth of Rs 25 crores.

Procedure: For accreditation as an Accredited Investor for the purpose of Innovators Growth Platform, the investor having a demat account with a Depository shall submit the following documents with the DP:

I. In case of Individual / HUF

- Copy of PAN Card.
- Copy of Aadhaar Card or Copy of Valid Passport
- Income tax return of last 3 financial years
- Certificate from practicing chartered accountant stating total gross income (annually) and liquid net worth as on date of application
- Where the individual has been debarred or disciplinary action has been taken against investor by SEBI, RBI or any other regulatory body, then the debarment period or disciplinary action should be over. In case of a Non Resident Indian, he or she shall confirm that he or she has not been restricted from accessing securities market by the country of jurisdiction where he or she resides.
- **Declaration from investor which will state that:**
 - ✓ he/she/it, is not a wilful defaulter as defined under Regulation 2(1)(III) of SEBI (ICDR) Regulations, 2018.
 - ✓ he/she/it, is not a fugitive economic offender as defined under Regulation 2(1)(p) of SEBI (ICDR) Regulations, 2018.
 - ✓ he/she/it, is not in violation of Regulation 24 of SEBI (Delisting of Equity Shares) Regulation, 2009.
 - ✓ he/she/it, is not in violation of the restrictions imposed by SEBI under SEBI circular no. SEBI/HO/ MRD/DSA/CIR/P/2017/92 dated August 01, 2017.
 - ✓ he/she/it, is in compliance with RBI regulations, if applicable.

- ✓ that the investment in the Companies are in compliance with RBI norms, if applicable.
- ✓ that the submissions made to the DP are true and correct and if found incorrect, the DP reserves the right to reject the application and take necessary action.
- ✓ that in case of ineligibility due to change in the financial status of the Accredited Investor, he/she/it shall inform the DP of such ineligibility.

II. In case of body corporate (including LLP)

- Certificate of Incorporation.
- If the body corporate is registered with any regulatory body such as RBI, IRDA, etc., then certificate of such valid registration from such regulatory body
- Copy of PAN card of body corporate.
- Copies of Financial Statements of last 3 financial years.
- Copies of Income tax return of last 3 financial years.
- Certificate from statutory auditor of the body corporate stating net worth as on date of application. Working of Net worth shall be given as Annexure to the certificate.
- Certified copy of Board Resolution to make application for Accredited Investor as per IGP norms.
- **Declaration from Managing Director/Designated Partner/authorized person that:**
 - ✓ the body corporate or its promoters/partners or directors are not wilful defaulter as defined under Regulation 2(1) (III) of SEBI (ICDR) Regulations, 2018.
 - ✓ the promoters/partners or directors of the body corporate are not a fugitive economic offender as defined under Regulation 2(1)(p) of SEBI (ICDR) Regulations, 2018.
 - ✓ the body corporate or its promoters/partners or whole-time directors should not be in violation of the provisions of Regulation 24 of the SEBI Delisting Regulations, 2009.
 - ✓ the body corporate or its promoters/partners, its directors should not be in violation of the restrictions imposed by SEBI under SEBI circular no. SEBI/HO/MRD/DSA/CIR/P/2017/92 dated August 01, 2017.
 - ✓ the body corporate is in compliance with RBI Regulations, if applicable.
 - ✓ that the investment made in the Companies are within the limit prescribed by the RBI and if investments exceed the prescribed limit, then approval of RBI for the same has been obtained, in case the same is applicable.

- ✓ that the submissions made to the DP are true and correct and if found incorrect, the DP reserves the right to reject the application and take necessary action.
- ✓ that in case of ineligibility due to change in the financial status of the Accredited Investor, it shall inform the DP of such ineligibility.

Further NSDL vide Circular NSDL/POLICY/2020/0026 dated March 12, 2020, intimated DP about the new feature that has been incorporated on e-Pass portal to facilitate DP to submit applications for accreditation of investors for the purpose of Innovators Growth Platform (IGP) through online portal i.e. e-PASS.

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5.NOMINATION

The Depository Account provides the facility for Nomination to the clients. Though the Company's Act does not provide for Nomination of shares, an Ordinance has been passed by the Parliament to amend the Act suitably to provide for the facility of nomination of shares. Depository provides the facility for nomination of shares anticipating the changes to the Company's Act 1956.

Individuals holding beneficiary accounts on their own behalf can give nomination, either singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. Nomination is also permitted for accounts with joint holders. But, in case of death of any of the joint holder, the securities will be transmitted to the surviving holder(s). In the event of death of all the joint holders, the securities will be transmitted to the nominee. The Client(s) may make a nomination of his/their account upto three persons by filing with the relevant Participant the form laid out in FORM 10 of these Business Rules.

In case of NRI Accounts the NRI can nominate directly at the time of opening the account or at a later date. But, the power of attorney holder cannot nominate on behalf of NRI. An NRI can also be a nominee subject to the exchange control regulations in force from time to time.

The procedure for nomination is simple. The nomination form duly filled-in should be submitted to the DP either at the time of opening of the account or at a later date by filling nomination form. The account holder, nominee and witness must sign the form. The name, address and photograph of the nominee must be submitted. The nomination given can be changed anytime by the account holder by filling up the nomination form once again and submitting it to the DP. In case of joint holders, all joint holders must sign on the requisition form.

In case of the death of the sole holder or all the joint holders, the nominee(s) must submit a duly filled-in transmission form along with notarized copy of death certificate and an affidavit in the prescribed format. After verifying these documents, the DP will transmit the securities to the account of the nominee.

NOTE

- 1. As per SEBI directive DP has to record mandatorily nomination for all new accounts. Account holder has to sign the nomination page with declaration Yes or No for nomination**
- 2. Request for nomination should be made in nomination form as prescribed in DP Business Rules and Bye Law's**
- 3. Keep record of Nomination in Nomination Register or in DPM**

NOMINATION REGISTER

The DP shall at all times, irrespective of subsequent variations and cancellation, maintain an updated "Register of nomination" which shall contain the following information: -

- Serial number
- Date of Registration
- Nomination Registration number
- Certificate of Cancellation of nomination
- Account number of the Client(s)
- Name(s) of the Clients(s)
- Address of the Clients(s)
- Name of nominee
- Address of nominee
- Schedule date of attaining majority (if the Nominee is a minor)
- All details of variation/cancellation of nomination with respective date
- Remarks and observation of the DP, if any
- In case the nominee is a minor, the DP shall ensure that a fresh photograph and the signatures of the nominee are obtained once in every five years.

The DP shall ensure that such register is maintained properly and is verified periodically. All the nominations received should be bound and preserved for record purposes. These records shall form part of the records of the DP.

NSDL vide its Circular No NSDL/POLICY/2021/0078 dated July 26, 2021, NSDL/POLICY/2023/0001 dated January 16, 2023 and NSDL/POLICY/2023/0046 dated March 28, 2023 informed regarding providing the choice to investors for providing nomination or opting out nomination. Further, all existing eligible demat account holders shall provide choice of nomination on or before September 30, 2023, failing which the demat account shall be frozen for debits.



6. CLIENT MODIFICATION

A client may change any of the following particulars in the depository system provided the depository has the provision to effect such change. However, it may be noted that:

- All the changes have to be indicated to the DP in writing.
- Supporting documents are to be self-attested by client.
- Client has to sign the application. In case of joint holding all of them are required to sign.
- A POA holder is not allowed to make such application

Changes in demographic details:

- **Father's/Husband's Name:** A change from father's name to husband's name may be necessary on account of marriage. The client has to provide sufficient identity proof and requisite documents to effect the change.
- **Occupation details:** Client can make changes in his occupation by written request without any supporting documents
- **Bank details** Client may change his bank details in depository system for corporate action and other benefits. For change in bank detail client has to provide original cancelled cheque and bank proof along with the modification form.
- **PAN Number:** Client can make change in PAN in depository system by providing new PAN No with supporting Pan Card copy and surrender letter confirmation of old pan to Income Tax department.
- **E-mail addresses/telephone number/mobile number:** Clients may make these changes any time depending on their need by submitting a duly filled modification form. DP has instructed to confirm the details by sending a mail (in case of Email Id) or through a confirmation call (in case of contact numbers).
- **Change of Address:** Client can change their correspondence and permanent address by a written request. Client has to submit Identity proof for all the holders and new address proof.
- **Change of Signature:** Client can make changes in signature as per their signatures registered in DP. A written request by client with bank attestation required to make changes in DP. Client has to provide reason for changing signature in application form

Changes in facilities/services opted:

- **Power of attorney:** If a client wishes to give Power of Attorney (POA) to any person, client should submit the POA agreement along with a photograph, PAN proof, address proof of the newly appointed POA holder. A POA holder, cannot open, close and nominate the account.

- **Standing instruction facility:** Client may activate or deactivate standing instruction by writing to DP. On deactivation of standing instruction client will not receive any shares in demat account.
- **Mode of operation/authorized signatories:** A Corporate BO may change its mode of operation or authorized signatory/ies. In such a case a board resolution mentioning the changes. Apart from board resolution fresh specimen signatures of all the signatories, Identity, photograph and address proof of newly appointed authorized signatories required
- **Nominee details:** In case of addition or change in nominee details, client has to submit duly filled nomination form to effect the changes

Note:

DP has instructed that after change of client details. DP should send intimation to client's registered address with DP. In case of change in address DP should send intimation to client's old and new address.

Change of Name:

For effecting change in name in the depository account of an individual BO, a request letter duly signed by the holder whose name is changing along with self-attested copies of the following document(s) are required:

<u>Serial No.</u>	<u>Reason for Name change</u>	<u>Documents required</u>
1.	On account of marriage	Marriage Certificate or Copy of Passport showing husband's name or Publication of name change in official gazette.
2.	On account of reasons other than marriage	Publication of name change in official gazette.
3.	Change in father's name	Publication of name change in official gazette.

For the Following Type and Sub – type:

Type	Subtype
Resident	Ordinary
	Margin Account
	Ordinary - DR
NRI	NRI - Repatriable
	NRI – NonRepatriable
	DR
Foreign National	DR

	FN
QFI	Individual

After the name change is carried out, the Participant should send a communication via letter / email / Client Master Report / Client Modification Letter generated from the DPM System or its back office or any other mode which the Participant may deem fit to the Clients informing about changes carried out in their name.

Procedure for change of name in the BO account for reasons other than marriage:

NSDL vide its Circular - NSDL/POLICY/2019/0002 dated January 8, 2019 informed DP for change of name in a demat account for reasons other than marriage, the publication of name change in official gazette is necessary. Some of the investors who reside in the State of Karnataka and Punjab, the name change is published by the State Government in the Official Gazette only for Government employees and not for private persons in case of change in name of an individual. In view of the same, SEBI has vide Circular No. CIR/MRD/DP/158/2018 dated December 27, 2018 issued guidelines to facilitate name change for reasons other than marriage for individuals in the State of Karnataka and Punjab.

DP should follow the procedure in case of change of name of an individual in the State of Karnataka and Punjab for reasons other than marriage:

1. Documents to be collected:

- Request letter for change of name;
- Sworn affidavit executed before the Notary Public/ Magistrate of First Class/ Executive Magistrate mentioning the reason for change of name and his complete address;
- Paper publication in one local newspaper and one national newspaper; and
- KYC in changed name.

2. Participants shall collect the self-attested copies of above documents and maintain the same in their records after verifying with the original documents and must write the remarks “verified with the originals” on the copies of the document(s).

3. While capturing the name change in the demat account in the DPM system, Participants may select the reason for change in name as “Other than marriage”.

Procedure for minor correction of name of an individual in a demat account:

NSDL Vide its Circular No - NSDL/POLICY/2018/0067 dated November 22, 2018 informed to adopt the following procedure in case of minor correction of name of an individual in a demat account:

1. An ink-signed written request must be submitted by the client (In case of joint account, request must be signed by the Client in whose name, minor correction is required) to the DP along with one of the following documents as proof of identity, which carries the correct name.
 - PAN card
 - AADHAAR card
 - Passport
 - Driving License
 - Voter's identity card issued by the Election Commission of India
 - Job card issued by NREGA
2. Minor correction in name is one that is obvious, easily explainable, and raises no doubt that the name pertains to the same individual. Minor correction in name would include the following types of cases:
 - Correction of spelling mistakes, if any.
 - Expansion of the name by incorporating the fully expanded name and/or inclusion of the middle name
 - Abbreviation of name.
3. A confirmation is obtained from the client that it is not a change in name of the individual for any reason including due to marriage, divorce, court order, etc. In case, an individual changes the spelling of its name for any reason including for numerology, etc., it will be considered as a change in name, and not a correction in name.
4. DP must exercise due diligence while processing such requests and satisfy itself that the desired name indeed belongs to same person and there is no change in name.
5. DP may correct the name of the account holder suitably in DPM by selecting the reason 'Participant Error'
6. To ensure bifurcation between the reasons 'Participant Error' and minor correction requests, DP should maintain internal records, either in the back-office or separately, about the minor correction cases effected.

➤ **Corporate Accounts**

The facility for change of name in corporate accounts is available for Client type's viz., Body Corporate, Bank, Financial Institution (FI), Foreign Institutional Investors (FII), Mutual Fund (MF) and Trust.

The documents required at the time of change of name of Corporate are given below:

1. In case the entity is registered under the Companies Act, 1956, the following documents should be obtained from the Client:
 - Letter requesting for change of name signed by the authorized signatories.

- Certified true copy of fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies.
- Certified true copy of Board Resolution where the change in name was approved
- List of authorized signatories along with the specimen signature duly verified by MD/Co. Secretary.

2. In case of other corporate entities, the following documents should be obtained from the Client:

- Letter requesting for change of name signed by the authorized signatories.
- Certified true copy of Board Resolution for change of name.
- Certificate of registration issued by SEBI / relevant Statutory Authorities, as applicable.

Note:

- While carrying out the modifications, the name of any existing account holder of an account can neither be deleted nor can any new name be added.
- DPs can only make changes to the name(s) of existing account holder(s) of the account. Not allowed in CDSL. However, CDSL DPs are required to forward the request along with documents to CDSL for effecting the change with the Depository.

Procedure for Change of residential status of individual clients.

NSDL vide Circular Nos. NSDL/POLICY/2020/0059 dated May 4, 2020, NSDL/POLICY/2015/0081 dated September 7, 2015 and NSDL/POLICY/2016/0035 dated March 30, 2016 informed DP about procedure and facility to modify the client type and client sub-type of the depository accounts from “Resident-ordinary” to “NRI non-repatriable”.

In continuation to the aforesaid, existing facility has been enhanced to permit modification in the client type and sub-type of the depository accounts of NRI as under:

- Non-resident – repatriable to Resident
- Non-resident – non-repatriable to Resident
- Non-resident – repatriable to Non-resident – non-repatriable

The detailed type and sub – type in the DPM system are given below:

Existing		Modification allowed in DPM System	
Client Type	Sub-Type	New Client Type	New Sub-Type
NRI	REPATRIABLE	RESIDENT	ORDINARY
NRI	NON-REPATRIABLE	RESIDENT	ORDINARY
NRI	REPATRIABLE	NRI	NON-

Following procedure may be followed for changing type and sub-type of the NRI account:

- Obtain a written request from the Client in the prescribed format for change in the aforesaid type & sub-type.
- In case of change in bank details, obtain a proof of new bank details.
- In case of change/updation in local (Indian) address, obtain a copy of proof of current residential address.

Upon receipt of the aforesaid documents, DP can change type and sub-type of demat account and also update KYC details in DPM and update KRA/CKYCR records.

Mapping of Unique Client Code (UCC) with demat accounts of the clients.

NSDL vide Circular NSDL/POLICY/2020/0070 dated May 15, 2020 informed DP about SEBI Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2019/136 dated November 15, 2019 regarding Mapping of Unique Client Code (UCC) with demat account of the clients. In this regard, NSDL has mapped the UCC details provided by Stock Exchanges viz. NSE, BSE and MSEI to NSDL with demat accounts based on PAN captured in the demat accounts. If there are multiple UCCs in respect of single PAN, then all such UCCs are mapped in the demat account(s) on the basis of PAN. In case of a joint holding demat account(s), UCCs are mapped each holder-wise on the basis of PAN in demat account(s).

- **Following facilities are made available to comply the same:**

1. DP can download UCC details mapped in demat accounts maintained with them from the link viz., DOWNLOAD UCC LINKED DATA made available on NSDL i-Assist portal.
2. The clients will have an option to delink the UCC which is linked to their demat account. In addition, for cases where UCC details are not provided by the stock exchanges, the clients will have an option to link the UCC to their demat account, if the client so desires.
3. On the basis of the client request to delink or to link the UCC in demat accounts maintained with them, a facility has been provided to DP to upload the data on link viz., UPLOAD UCC DELINKING/LINKING DATA on NSDL i-Assist portal. For delinking/ linking of UCC in demat accounts, DP is required to obtain request from client in the prescribed format as provided by NSDL.
4. In addition to above, NSDL will also send SMS and Email to clients regarding UCC mapped in their demat accounts. In the SMS and email, an option will be provided to client to link /

delink UCC in their demat accounts directly through NSDL portal using OTP based authentication.

5. In case of linking of UCC in demat accounts, such linking request(s) will get processed after receipt of confirmation from the respective stock exchange(s). The delinking of UCC in demat accounts will get processed at the EOD of the request received date at NSDL.

Mobile Number Revocation List (MNRL) published by Telecom Regulatory Authority of India's (TRAI):

NSDL vide its circular NSDL/POLICY/2023/0015 dated February 02, 2023 informed regarding the list of disconnected mobile numbers, i.e. MNRL made available by TRAI on its website to enable the interested parties to clean up their databases thereby not sending further communication to persons other than their clients. The URL to access the MNRL is <https://mnrl.trai.gov.in/>. This list is updated on a monthly basis.

- NSDL shall make available the DP ID wise details of mobile numbers appearing in MNRL which match with the mobile number in the existing demat accounts held by us. This shall be provided by 15th of every month on NSDL intranet site 'I-Assist' under the tab "Mobile Number Revocation List (MNRL)" /MNRL_<Month>_<Year>.
- We will check the above-mentioned report and take up the matter with all such respective clients. Wherever necessary, update the mobile number in demat account after obtaining request from client(s) so that the correct mobile numbers are maintained in demat accounts.
- Further, in case of non-receipt of response from the clients, Participants may consider removing SMS alert flag for such mobile number in DPM system.
- Furthermore, the demat accounts for which response is not received from concerned clients will become 6 KYC non-complaint (due to invalid mobile). Hence, we need to give 30 days' notice to concerned clients for providing valid mobile number stating that in case valid mobile number is not updated, then such account will be suspended for debit. All such accounts need to be suspended (suspended for debit) under freeze reason code 37 – (Non-Compliant - 6 KYC Attributes) in e-DPM until the valid mobile number is updated in clients account.
- We need to send intimation to clients after removal of SMS flag and suspension of demat accounts via letter/ email or any other mode which may deem fit.

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7. DEMATERIALISATION

The primary function of the depository is the conversion of physical securities into electronic form. In other words, dematerialization is the process of conversion of physical shares into virtual (Electronic) form.

The investor can dematerialize only those certificates that are already registered in his name and belong to the list of securities admitted for dematerialization at Depository. Shares that are held in street name (market deliveries) cannot be dematerialized. The investor has an option to dematerialize part of his holdings for the same security. The certificates have to be accompanied by a demat request form (DRF) which can be obtained from his DP and there is no need for a transfer deed. Odd lot share certificates can also be dematerialized. Contrary to the belief, dematerialization is not compulsory. According to the Depositories Act, 1996, an investor has the option to hold shares either in physical or in dematerialized form.

The process of dematerialization is very simple. The customer after opening an account with the Depository Participant submits his physical shares for dematerialization in the prescribed Dematerialization Request Forms (DRF).

STEPS INVOLVED IN THE PROCESS OF DEMATERIALISATION

1. Client submits the Demat Request Forms to the Depository Participant along with the share certificates.
2. DP shall ensure that the DRF submitted by its Client is completely filled and duly signed, including verification of the signature of the client with its records.
3. NSDL vide its Circular No - NSDL/POLICY/2018/0074 dated December 31, 2018 informed DP that in case the signature of the client recorded with the Issuer or its Registrar & Transfer Agent varies with the signature of the client as recorded with the DP, the client should submit to the DP a Signature Variation Form as per Form 42 along with the Dematerialization Request Form
4. On submission of DRF by client. DP will check list of high demat pendency companies name from Depository web site.
5. DP will inform the client to deface the share certificates with two punch holes on the name of company with surrender for dematerialization stamp with DP ID and Client Id stamp of Share Certificate.
6. DP lodges the request of the client in the Depository system and generates the Demat Request Number (DRN).
7. The DRN is electronically transmitted to the registrar through depository system and the details of the DRN are available with the registrar.

8. DP has to send demat shares with DRF form to registrar and transfer agents with 7 days from the date of DRF received at Head Office or at Branch.

9. NSDL Vide its Circular No - NSDL/POLICY/2018/0045 informed the DP to enclose following along with the Dematerialization Request Forms:

- A duly certified Client Master Report printed either from the DPM system or from DP's back-office system; OR
- A covering letter generated from the DPM system or from DP's back-office system which incorporates the additional details of the client such as address and contact details of the client, status of the account, type and subtype of the account, PAN of all the holders and the bank account details captured in the demat account details while forwarding the demat requests.

10. The registrar upon receipt of shares from the DP tallies the physical shares received along with the electronic request lodged by the DP with Depository. The signature of the client as per the records of the registrar is also checked and if the signature and the details of the share certificates are found to be in order, the registrar dematerializes the shares and confirms credit to Depository.

11. The client's account with the DP is updated with the quantity of shares submitted for demat.

Transposition in Demat

The process of effecting changes in the order of joint names appearing on a security certificate is called Transposition. Joint holders can request a company to transpose names by way of letter and it does not require affixing stamp duty. If the joint holders do not want to open separate accounts, they can have the sequence of names on the certificates to tally with the sequence of names in which depository account is opened. As per NSDL DP operating instructions, such request is to be submitted along with physical certificates at the time of dematerialization.

Transposition cum Dematerialization

The depositories have amended their Bye-Laws and procedure to enable investors to transpose names of the joint holders along with the process of dematerialization through their DPs. Prior to this amendment, investors having shares in joint names (Mr. A & Mr. B), but in different sequence (Mr. B & Mr. A) were either required to open multiple accounts for each sequence (Mr. A & Mr. B and Mr. B & Mr. A) or to effect the transposition directly with the Issuer/R&T Agent and then dematerialize their securities through their DPs. In case of transposition-cum-dematerialization, the Client can get securities dematerialized in the same account if the names appearing on the certificates match with the names in which the account

has been opened but are in a different order. The same may be done by submitting the security certificates along with the Transposition Form and DRF.

Transmission in Demat

If the securities are held in physical form, the documents have to be sent to the company for effecting transmission. If the deceased shareholder had holdings in several companies, to effect transmission of securities, the relevant documents must be sent to each of the companies, along with the securities. Survivors have to follow-up with each of the companies in order to get the transmission effected before the book closure, if they wish to avail of the benefits accruing through such shares. In the depository system, such problems are mitigated as the securities are held as account balances in the electronic form.

Transmission and Dematerialization of Securities

In case of death of one or more of the joint holders, the surviving joint holder(s) can get the name(s) of the deceased removed from the security certificate(s) and get them dematerialized by submitting the security certificates along with the Transmission Form and the DRF to the Participant. Original or copy of the death certificate of the deceased holder(s), duly notarized or attested by a Gazetted Officer.

Procedure to be followed if Physical Securities are lost in Transit

In cases where the Issuer/RTA has received information, setup by the DP, about dematerialization electronically from CDSL but physical certificates have not been received, the procedure to be followed is as under: -

The DP shall provide the Issuer/RTA proof of dispatch and also confirm that the certificates are not returned undelivered at their end.

If the certificates have not been returned undelivered and are not traceable at the Issuer/RTA's office, then it will be assumed that the certificates have been lost in transit. In such a case, the DP shall execute an Indemnity Bond in favor of the Issuer/RTA. If the Issuer/RTA has already rejected the original demat request, then a fresh demat request is to be set up by the DP and the Indemnity Bond duly executed shall be submitted to the Issuer/RTA, along with a new DRN. The Issuer/RTA shall accept the demat request and carry out dematerialization on the basis of the Indemnity Bond given by the DP.

In cases where the Issuer/RTA has rejected the demat request (for such a reason where the rejection can be rectified by the BO/DP), and dispatched the same to the DP, and such certificates are lost in transit, then an Indemnity Bond is to be executed and submitted to the

Issuer/RTA along with a new DRN. In such cases, the DP is required to obtain prior consent from the Issuer/RTA for execution of Indemnity.

However, in cases where the Issuer/RTA has rejected the demat request (for such a reason where the rejection cannot be rectified by the BO/DP), the Issuer/RTA will retain the documents. Such rejections may be on account of Fake / Forged / Duplicates already issued / Court Injunctions, etc. In such cases, the DP should obtain rejection letters from the Issuer/RTA & hand over the same to the BO in order to enable the BO to take up the matter with the Issuer/RTA concerned.

Facility for cancellation of pending demat requests

In cases where the clients have pending demat requests, Participants are not in a position to process the requests received from their clients for closure of accounts as certain Issuer companies are not confirming the requests for dematerialization for a long time a facility for cancellation of pending demat request is introduced. The procedure in this regard is given below:

Client must submit a letter in prescribed format requesting to cancel the pending demat request in respect of those demat requests which are pending for more than 60 Days. Participant must submit a letter to the depository requesting it to facilitate cancellation of pending demat requests in prescribed format. After the pending dematerialization request(s) is/are rejected/canceled, the Participant can close the account of such Clients.

8. REMATERIALISATION, REDEMPTION & REPURCHASE

A beneficial owner holding securities with a depository has a right to get his electronic holding converted into physical holding at any time. The beneficial owner desiring to receive physical security certificates in lieu of the electronic holding should make a request to the issuer of its registrar and transfer agent through his participant in the prescribed dematerialization request form (RRF).

Procedure of Rematerialisation: -

1. The participant should provide rematerialization request forms (RRF) to clients. The forms should be pre-numbered and proper record issued to each client should be maintained.
2. The client should complete RRF in all respects, and submit it to the participant. The participant should check RRF for validity, completeness and correctness. In particular, the following point should be checked:
 - There is sufficient free balance available in the client's account to honor the dematerialization request.

- The name of client on RRF is exactly the same as in the client account.
- In case of joint holding the order of names appearing in RRF is the same as in the client's account.
- Details like security type, face value, issuer's name and lock-in status are filled-in correctly.
- Separate RRF are submitted for free and locked- in securities; Securities locked-in for different reasons; Each ISIN; Securities of different paid-up value; and each client account.
- The client has indicated his option to receive physical certificates either in jumbo lot for the entire quantity requested or in market lot.

RRF is signed by:

- The sole holder in case of single holding;
- All joint holders in case of joint holding;
- Authorized signatories in the case of corporate accounts;
- Constituted attorney in the case of NRI accounts
- The signatures of the client as appearing in RRF match with the signatures in the record of the participants. In case the signatures do not match, the participant should satisfy itself about the identity of the client. If considered appropriate, may insist on attestation of RRF from bankers of the client.
- If RRF is not found in order, the participant should return the RRF to the client for rectification.
- If RRF is found in order the participant should accept RRF and issue an acknowledgement to the client.
- The participant should enter the Rematerialisation request in DPM. DPM will generate a request number (RRN), which should be mentioned on RRF.

REDEMPTION (OR) REPURCHASE

1. In case the Issuer gives an option to the Client for repurchase or redemption of securities held in dematerialized form, the Client by exercising this option shall submit to the Participant the Redemption or Repurchase Request Form (RF) in the format given in Annexure HA.
2. The DP shall ensure that the client submits a separate Redemption Request/Repurchase Request (RF) for each security and for each account maintained by the client with the DP.
3. The DP shall ensure that the RF submitted by his client is filled in all respects and duly signed.

4. The DP shall verify the signatures on each RF with the signatures on the records held with it.
5. The DP shall ensure that the Client has sufficient free holdings in his account before executing the instructions and sending the RF to the Issuer or its Registrar and Transfer Agent.
6. The DP shall execute the instructions for Repurchase or Redemption of securities in the DPM (DP).
7. The DP shall authorize the RF and enclose the client details printed from the DPM (DP) and forward it to the Issuer or its Registrar and Transfer Agent.

The Issuer or its Registrar and Transfer Agent shall verify the form and if the request is in order, confirms the request for Redemption or Repurchase in the DPM (SHR) and pay the proceeds directly to the Client.

Upload the date(s) in respect of demat/ remat requests:

NSDL vide its circular NSDL/POLICY/2023/0162 dated November 17, 2023 informed regarding new enhancements for uploading the below mentioned date(s) in respect of demat and remat requests of clients processed.

- ✓ Date on which Demat/ Remat request documents were dispatched to RTA/ Issuer.
- ✓ Date on which rejection letter was received from RTA/Issuer for rejected DRN/ RRN.
- ✓ Date on which documents received from RTA/ Issuer for rejected DRN/ RRN were sent back to concerned client.

The additional field for capturing the above-mentioned details will be made available in the Upload/ Download module under 'Demat/ Remat Document Dates Upload' option in the e-DPM system.

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9. CONVERSION OF MUTUAL FUND UNITS REPRESENTED BY STATEMENT OF ACCOUNT INTO DEMATERIALIZED FORM

Every Client desirous of converting mutual fund units represented by Statement of Account into dematerialized form through a DP shall submit to the Participant the Conversion Request Form along with the Statement of Account evidencing the holding of mutual fund units. The specimen of Conversion Request Form is given in FORM 2.

Procedure:

1. The Client submitting the Conversion Request Form shall declare to the DP that the units sought to be held in dematerialized form are in the name of the client itself and are not already dematerialized and no certificates are issued against these units.
2. The DP shall first ensure that the mutual fund units submitted by its Client for conversion belong to the list of securities admitted by the Depository as eligible to be held in dematerialized form.
3. The DP shall ensure that the Conversion Request Form submitted by its Client is completely filled and duly signed.
4. The DP shall verify the name and the pattern of holding of the Client's account with the name and the pattern of holdings as mentioned on the Statement of Account and Conversion Request Form.
5. The DP shall intimate the Conversion Request to the Depository within five days from the date of accepting the same from its Client by initiating the request in the DPM system
6. Upon receipt of electronic conversion request from the Depository, the Issuer or its Registrar and Transfer Agent shall after due verification including the verification of signature of Clients from the DPM (SHR) system with their records, confirm the conversion request to the Depository for credit of the units into the account of the Client within two days from the date of receipt of request.
7. In case any objection memo has been received for such units from the Issuer or its Registrar and Transfer Agent, the Participant shall facilitate the correction of such objections on a timely basis.

Further **NSDL vide Circular No NSDL/POLICY/2020/0011 dated January 23, 2020** informed the DP that there is no requirement to forward physical Conversion Request Form along with the Statement of Account to the Asset Management Company or its Registrar and Transfer Agent after initiating the request in the DPM system. DP will continue processing the conversion request form as per the current procedure including verifying the signature of the client on conversion request form with the signature on the DPM system, except sending the physical conversion request form to the AMC/R&T Agent.

Furthermore **NSDL vide Circular No NSDL/POLICY/2021/0091 dated August 27, 2021** informed that the DPM System has been enhanced to enable Participants to initiate request for conversion of Mutual Fund units represented by SoA based on different conversion type's viz., ISIN, Mutual Fund Folios and NSDL CAS (Consolidated Account Statement) into dematerialized form through DPM System. Participants will be able to initiate conversion request through file upload mechanism on eDPM system under the menu viz., Demat/Remat→Mutual Funds Conversion – CAS / Folio / ISIN Level – Bulk upload.

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10. RECONVERSION OF MUTUAL FUND UNITS INTO STATEMENT OF ACCOUNT FORM

Every Client desirous of reconverting units held in dematerialized form to units in SOA, shall submit to the DP Reconversion Request Form. The specimen of the same is given in Form 3.

Procedure:

1. The Client shall submit separate Reconversion Request Form (i.e. Form 3) for each Issuer separately.
2. The Client shall submit a separate Reconversion Request Form for locked in and free units under the same ISIN.
3. The DP shall ensure that the Reconversion Request Form (i.e. Form 3) submitted by its Client is completely filled and duly signed.
4. The DP shall ensure that the Client has sufficient free or locked-in units in its account maintained in electronic form and also verify the signatures on each Reconversion Request Form (i.e. Form 3) with the signatures held with it and authorize each Reconversion Request Form (i.e. Form 3) before forwarding it to the Issuer or its Registrar and Transfer Agent.
5. The DP shall intimate the Reconversion Request to the Depository. After writing the Reconversion Request Number on the Reconversion Request Form (i.e. Form 3) and retaining a copy of the form, forward the Reconversion Request Form (i.e. Form 3) to the Issuer or its Registrar and Transfer Agent.
6. The Reconversion Request Form shall be forwarded by the DP to the Issuer or its Registrar and Transfer Agent within seven days of accepting the same from its Client
7. The units issued at the time of reconversion of units into SOA form shall be in the name(s) of the person(s) who held the account in respect of such units. At the time of reconversion of units, the units in SOA form shall be issued to the persons as per the pattern of holdings in the account of the DP from which such units are reconverted.
8. The Issuer or its Registrar and Transfer Agent shall after due verification confirm the reconversion request to the Depository for debit of units from the account of the Client within five days from receipt of request.
9. In case any objection memo has been received for such units from the Issuer or its Registrar and Transfer Agent, the Participant shall facilitate the correction of such objections on a timely basis.

11. GOVERNMENT SECURITIES

DEMATERIALIZATION OF GOVERNMENT SECURITIES

1. Every Client desirous of getting the physical securities converted into dematerialized form shall submit the securities to the DP along with the Dematerialization Request Form (DRF-GS) and the form of transfer prescribed by RBI. * (The specimen of the DRF-GS and the form of transfer prescribed by RBI are given in Annexure U and UA respectively.) *
2. Credit of securities into the Depository shall be made on account of dematerialization of physical securities or on account of transfer from Subsidiary General Ledger (SGL) accounts maintained by other eligible entities or on fresh issue of securities in dematerialized form.
3. No dematerialization request as provided in Rule above shall be entertained by the DP other than from a registered holder of securities.
4. A Client may convert his physical holding of securities into dematerialized form by making an application to the DP in the Dematerialization Request Form for G-Secs (DRF-GS) along with relevant security certificate and Form of transfer prescribed by RBI as contained in the Business Rules.
5. A Client may transfer his holdings in dematerialized form held in an SGL account with other eligible entity by making an application to the DP in the Dematerialization Request Form for G-Secs (DRF-GS) as prescribed under the Business Rules along with SGL transfer documents as prescribed under Rules of RBI duly executed by the other eligible entity from whose SGL account the transfer is sought.
6. Every Client desirous of transferring his holdings in dematerialized form held in an SGL account with other eligible entity shall submit to the DP SGL transfer documents as prescribed under Rules of RBI duly executed by the other eligible entity along with the Dematerialization Request Form for G-Secs (DRF-GS).
7. The Participant shall ensure that the DRF-GS submitted by its Client is duly filled and signed.
8. The DP shall forward the DRF-GS to the Depository only after ascertaining that the face value of certificates annexed with the DRF-GS tallies with the face value of certificates mentioned on the DRF-GS. The DP shall also verify the details of the certificates submitted for dematerialization with the details filled up in the corresponding DRF-GS.
9. The DP shall ensure that the certificates submitted for dematerialization are endorsed on the reverse, in the space provided, with the words "Tendered for Cancellation and

Credito SGL A/c. no. Sdsjd0835 of National Securities Depository Limited, Mumbai" in the manner laid down in Annexure UB.

10. The DP shall ensure that the client has filled the following on the DRF-GS:
11. Enter the option exercised as "Submitting Physical G-Sec to NSDL"
12. Account No.
13. Account Holder Name
14. Name of the Security
15. Face Value of Securities to be Dematerialized (In words and Figures)
16. Certificate Number-The responsibility to ensure safety and security of the certificates submitted for dematerialization will be on the DP till the certificates are forwarded to the Depository.
17. The DP shall not deface or mutilate the certificates either by punching holes or by any other means.
18. The DP shall ensure that a separate DRF-GS is filled in by the Client for securities having distinct ISINs.
19. The DP shall ensure that the Client submits a separate DRF-GS for each of the accounts maintained with the DP.
20. The securities requested for dematerialization shall be credited to the accounts maintained with a DP only when the pattern of holding in the account of the Client matches with the pattern of holding as per the security certificates. *(The explanation of such pattern of holding is given in Annexure F) *. Provided however that, in case of transfer of holdings from an SGL account with other eligible entity, credit may be allowed when the securities are in the name of the other eligible entity.
21. In the case of securities which have been submitted for dematerialization for which any objection memo has been received from the Depository, the DP shall facilitate the correction of such objections on a timely basis.
22. The DP shall forward the DRF-GS and the documents so received, along with the security certificates, wherever applicable, to the Depository after electronically registering such a request in the DPM. The DP shall forward such DRF-GS to the Depository not later than seven days
23. In case of issue of securities in electronic form, the account of the Client maintained with the DPs shall be credited with such securities issued only when the pattern of holdings of such account matches with the pattern of holding given in the allotment statement. *(The pattern of such holding has been explained in Annexure F.) *
24. The Depository shall cause the necessary credit entries to be made in the account of the Client concerned, after obtaining prior approval from RBI for conversion of physical

securities into SGL balances or for transfer of balances from SGL account maintained by other eligible entities, as the case may be.

25. Where any dematerialization request is rejected by RBI, the Depository shall electronically intimate the DP regarding such rejection within a period of seven days.
26. On receipt of rejection of the dematerialization request, the Depository shall return the DRF along with the relevant security certificates and documents submitted by the Client unless the reasons for such rejections are: -
 - The security certificates lodged by the Client are reported to be stolen;
 - The security certificates are reported to be forged or fake;
 - An order from a court or a competent statutory authority restraining the Depository from doing so
 - Any other reason which in the opinion of RBI, that it would not be proper to return the security certificates.

Withdrawal of government securities from the depository

1. Every Client desirous of withdrawing the securities either by getting physical certificates or by transferring to an SGL account with other eligible entity shall submit to the DP the Rematerialisation Request Form (RRF-GS). *(The specimen of RRF-GS is given in Annexure UC.) *
2. The DP shall ensure that the Client submits a separate RRF-GS for each security and for each account maintained by the Client with the DP.
3. The DP shall ensure that the RRF-GS submitted by its Client is duly filled and signed.
4. The DP shall ensure that the Client has sufficient holdings free of encumbrances or lien in its account before sending the RRF-GS to the Depository.
5. The DP shall verify the signatures on each Rematerialisation request with the signatures on the records held with it and authorize each RRF-GS before forwarding it to the Depository
6. On receipt of the RRF-GS, the DP shall check whether sufficient free relevant security balance is available in the account of the Client. If there is sufficient balance, the DP shall accept the said RRF-GS and block the balance of the Client to the extent of the requested quantity and electronically intimate the request to the Depository.
7. The DP shall enclose the Client details printed from the DPM and forward the same along with the RRF-GS to the Depository.
8. The DP shall forward the RRF-GS to the Depository within seven days of accepting such request from the Client. The Depository shall forward the Rematerialisation request to RBI in the form prescribed by RBI.

9. In case the request was for physical certificates, the Depository shall receive, from RBI, the physical certificates in its name and execute a form of transfer as prescribed by RBI in favour of the Client. The Depository shall confirm the acceptance of RRF-GS electronically and forward the physical certificates along with the form of transfer to the Client directly.
10. In case the request was for physical certificates, the Depository shall receive from RBI the physical certificates in its name and execute a form of transfer as prescribed by RBI in favour of the Client.
11. In case the request was for transfer to an SGL account with other eligible entity, the Depository shall confirm the acceptance of RRF-GS electronically to the Participant, after obtaining approval from RBI.
12. In case the request was for transfer to an SGL account with other eligible entity, the Depository shall confirm the acceptance of RRF electronically to the Participant, after obtaining approval from RBI.
13. On receipt of such confirmation from RBI as mentioned in Clause above, the Depository shall remove the balances from the respective Participant's account and the Participant shall remove the balances from the respective Client's account.

Transaction in government securities

1. The Participant shall effect a debit or credit to the accounts of its Clients only on receipt of proper authorisation from the Clients in the forms. *(laid out in Annexure L and M.)
*
2. Alternatively, a Client may give standing instructions to its DP to credit its account.
3. In case of purchase of Government Securities by a Client from a seller, holding securities in an SGL account with other eligible entity, the Client shall submit, to the DP, *(purchase instruction in the format given in Annexure UE) *. The Client shall also make necessary funds available to the Depository for the purchase of these securities.
4. In case of sale of Government Securities by a Client to a buyer who maintains an SGL account with other eligible entity, the Client shall submit to the DP, *(Sale Instruction in the format given in Annexure UD.) * The Depository shall make necessary funds available to the Client against sale of these securities.

Corporate Benefits with respect to Government Securities

1. The Depository shall inform all the DP about the shut period (book closure) for Government Securities as and when scheduled by RBI.
2. All DPs must ensure that:
 - a. Changes such as bank details, address, etc. In the beneficial owner accounts are updated well in advance of the interest payment and/or redemption payment due date;
 - b. They remain connected till the EOD of the interest payment due date and/or redemption payment due date.
3. The Depository shall distribute the interest to the Clients who have balances in Government Securities, for which interest payment is due, at the EOD of the interest payment due date, after the same has been made available to the Depository by RBI.
4. The Depository shall pay the redemption amount to the Clients who have balances in Government Securities, due for redemption, at the EOD of the redemption due date, after the redemption amount have been made available to the Depository by RBI.
5. The Depository shall pay the amount mentioned, to the clients directly or to the bank account of the Client as per the details given in the Account opening form.

Inter Depository Transfers of Government Securities

NSDL vide Circular NSDL/POICY/2020/0017 dated February 03 ,2020 intimated DP regarding RBI Circular No. RBI/2018-19/78 IDMD.CDD. No.1241/11.02.001/2018-19 dated November 16, 2018 issuing guidelines on Value Free Transfer (VFT) of Government Securities. It mentioned that Inter Depository Transfers (between Constituent Subsidiary General Ledger Accounts of depositories) shall be eligible for VFT if such transfers are arising out of trades in exchanges between demat account holders of different depositories.

In view of the aforesaid, DP shall obtain a one-time self-declaration from the demat account holders that the transactions involved is a bonafide transfer instruction before executing IDT instructions in Government Securities in their demat accounts. Participant shall verify the declaration before execution of every IDT instruction by retrieving such confirmation from its records.

NSDL vide its Circular No. NSDL/POLICY/2019/0034 dated June 14, 2019 has informed regarding the facility for DP to capture one-time self-declaration from demat account holders in NSDL DPM. Further IDT of Government Securities would be allowed only in the demat

accounts that have one-time self-declaration flag enabled. NSDL DPM will now be enhanced to allow market transfers for Government Securities between the Depositories through the “Inter Depository Transfer” module.

RECORDS TO BE MAINTAINED BY DEPOSITORY WITH RESPECT TO

GOVERNMENT SECURITIES:

The Depository shall maintain the following records with respect to the Government Securities for a period of five years: -

1. DRF-GS filled by the Client;
2. Certificate details of securities received for dematerialization;
3. Objection memo and certificate details of the rejected securities against the DRN;
4. RRF-GS submitted by the Client;
5. Proof of delivery of Government Securities which have been sent to the Client after Rematerialisation;
6. A register showing details of grievances received from Clients and their present status.

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12. ACCOUNT TRANSFERS

- The electronic transfer of shares from one account to another are referred to as Account Transfers. Such transfers can be effected between various clients within the same Depository or between various depositories.
 - Delivery Instructions or Account Transfer instructions are given by the clients to the DP to effect the transfer from one account to another. The transfer of shares could be from one Beneficiary account to another, from Pool account to a Beneficiary account, from Pool Account to Clearing Corporation, inter settlement instruction, Inter Depository instruction etc.
 - The transactions done by the brokers in the exchange must result in the delivery or receipt of shares. The sales effected by the brokers on behalf of their client must result in delivery to the Clearing Corporation and likewise the purchases made by the broker on behalf of their client must result in delivery of shares to the clients. The intermediaries involved in this process are the Clearing Members, DPs and the Clearing Corporation.
 - Every selling client has an obligation to delivery shares to the broker who in turn has an obligation to deliver the shares to the Exchange/Clearing Corporation. The exchange/Clearing Corporation then delivers the shares to the buying broker
 - Hence the main role of the DP is to effect the transfer of shares in the accounts of the various intermediaries.
- The Delivery Instructions given by Clients can be broadly categorized into
- **Market Trades**
 - **Off-Market Trades**

1. **Market Trades:**

The transfer of securities from the Beneficiary Account to a Clearing Member Pool Account is a Market Trade. The client having sold the shares through the Clearing Member (CM) has to transfer the shares to the CM for delivery of shares to the Clearing Corporation

The following are the details to be filled up by the client for execution of Market Trade.

- **CM BP ID:** Clearing Member - Business Partner ID is allotted by NSDL to the broker. A broker can open only one CM account with a DP. He cannot open multiple CM accounts. The CM_BP ID is a unique identification given to the DP across the Depository. A CM has different CM-BP IDs for different exchanges.
- **Settlement Number:** In the stock exchange, trading is done in a particular settlement. All trades for that particular settlement must be settled on the Pay-in date (Annexure A). On the Pay-in date, the CM has an obligation to transfer the shares sold

during the settlement to the Clearing Corporation. The transfer to the Clearing Corporation should be for the particular settlement only. The shares cannot be transferred into the CM Pool Account for a past settlement; they can be only for the current settlement. The client has to ensure that the instructions for transfer are given to the DP well before the NSDL deadline for the settlement.

The settlement numbers vary across the various stock exchanges. As the clients trade with brokers of various exchanges, the settlement numbers are different for different clients and different brokers. Hence the DPs have to be extremely cautious in accepting the instructions and executing the same well in time before the deadline.

- **Market Type:** There are different market type under which trading is done in exchanges. The most common market type is "Normal or Rolling" market type. Under this market type the settlement is usually for a period of T+2 working days. The list of scrips under the rolling segment is decided by Securities and Exchange Board of India (SEBI).
- **Execution Date:** In the depository environment, there is a provision for future dated execution dates. Execution date is the date on which the client's account is actually debited and the shares transferred to the counter party. The client can give an instruction on 10/XX/XXXX and mention the execution date as 15/XX/XXXX. The account of the customer will be actually debited on 15/XX/XXXX in this case. The execution date should not be later than the Pay-In date for that particular settlement.

NSDL vide its circular NSDL/POLICY/2021/0013 dated February 17, 2021 and NSDL/POLICY/2021/0116 dated November 18, 2021 informed Participant regarding "Addition of Market Type Codes as follows:

<u>CC ID</u>	<u>Market Type Code</u>	<u>Market Type Description</u>
IN001002	47	Tri – party ready leg
IN001002	48	Tri – party forward leg
IN001002	49	T+1 – Normal
IN001002	50	T+1 – Trade for trade
IN001002	51	T+! – ITP for SME
IN001150	41	T+1 – Rolling
IN001141	23	T+1 – Normal
IN001141	24	T+1 – Trade for trade

1. Off-Market Trades:

The transfer of shares from one Beneficiary Account to another constitutes an Off-Market Trade. The transfers are effected between two accounts of clients without the involvement of the broker. The Off-Market trades can be the transfers from one client account to another

or from the client's account to the sub-broker's account or from the Beneficiary account of the Clearing Member to the client's accounts.

As per SEBI directive client has to give reason /consideration for doing off market transfers on DIS slip.

- Those instruction DIS slip single record has value Rs. 5 Lac and above has to be re verify by Two Level Verification procedures.
- Those DIS slip coming under Dormant Category should be compulsorily confirm to client on his registered Tel/ Mobile No.
- All off Market trades should be released after making call confirmation to client on his registered Tel/ Mobile No.
- DIS should be serial numbered.
- Same DIS slip shall not be used for off market & on markets Trade

The following are the details to be filled and done by clients for execution of Off-Market Trades.

1. **DP ID:** In case of Off-Market trades, the shares are transferred from one beneficiary account to another, within the same DP or Inter DP. The customer needs to mention the DP ID of the counter-party to whose account the shares are to be transferred.
2. **Client ID:** The client needs to furnish the client ID of the counter-party to whom the shares have to be transferred. The combination of DP ID and client ID is of utmost importance as any mistake may transfer to a completely different account since the Client Ids are unique within a DP but not across all DP's.
3. **Execution Date:** The client needs to mention the date on which he wishes to transfer the shares to the counter-party.
4. **Capturing payment details in case of off-market transfers made for the reason 'off-market sale':** NSDL Vide its Circular No. NSDL/POLICY/2018/0035 dated 09/07/2018 informed all Participants that pursuant to a Surveillance meeting with SEBI, it has been decided as follows:
 - ✓ For all off-market transfers made for the reason 'off market sale', in addition to mandatorily capturing consideration, Participants must also mandate clients to provide evidence of the consideration details.
 - ✓ The consideration details to be captured will include:
 - Mode of payment which can be Cash, Cheque or Electronic payment
 - Date of payment
 - In case mode of payment is Cheque or Electronic payment, Transferee's name, bank account number and bank name.

- ✓ Transaction reference number for electronic payments or cheque number for cheque payments.
- ✓ In case of an off-market transfer, the reason 'others' can be selected only if it does not fall in any other specified reasons, and thus if the reason given by the client is 'sale', it must not be captured in 'others' category.

5. **OTP for off-market transfer:** NSDL vide Circular NSDL/POLICY/2020/0138 dated October 20, 2020 and NSDL/POLICY/2020/0163 dated December 26, 2020, informed DP that transfer of securities in respect of off market trades shall be effected on receipt of a duly filled in securities transfer instruction form from the Clients for delivery as well as a securities transfer instruction form from the Clients for receipt and after obtaining client's consent through One Time Password (OTP). The specimen of these forms have been laid out in Form 12 and Form 14 respectively as specified in Rule 12.2.1. above. Alternatively, a Client may give standing instructions to its Participant to credit its account. Provided that in case the client has a joint account, any one holder may provide such a client consent through OTP.

Exception in case of following reason codes:

- NSDL vide Circular NSDL/POLICY/2020/0147 dated November 05, 2020 informed DP that requirement of obtaining consent through OTP has been waived for off market transfer reason code "Implementation of Government / Regulatory Direction / Orders"

Addition of Beneficiary Demat account(s) for executing OffMarket Transfer:

NSDL vide its circular NSDL/POLICY/2023/0185 dated December 28, 2023 informed regarding addition of Target Beneficiary demat account(s):

Addition of Target Beneficiary demat account(s)

- ✓ Procedure for adding Target Beneficiary Demat Account(s) through File upload facility provided at eDPM:
 - Client shall initiate the request for addition of target beneficiary demat account(s) by submitting physical form.
 - To add target Beneficiary demat account as per client request, file upload facility viz., Addition/Deletion Beneficiary Upload is provided under Upload/Download option on eDPM System.
 - Validations done at the time of addition of beneficiary target demat account are as follows:
 - Intra- Depository:
 - In case of addition of target Beneficiary demat account maintained in NSDL depository system, details of transferee client viz., PAN, DP ID & Client ID will be validated with the details available in demat account of respective target Beneficiary demat account.

- After successful validation, a link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of transferor client for authentication.
- On clicking the said link, transferor client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for transferor client's confirmation will be displayed to transferor client. On OTP confirmation, request for addition of target Beneficiary demat account will be processed and target Beneficiary demat account shall be added to the list of beneficiaries.

➤ Inter-Depository:

- In case of addition of target Beneficiary demat account in respect of inter depository offmarket transfer, details of the transferee client viz., PAN, DP ID & Client ID will not be validated with the details available in demat account of respective Beneficiary target demat account in target depository at the time of addition of target Beneficiary demat account in NSDL depository system. The aforesaid validation will be done by target depository at the time of processing the inter depository off-market transfer instruction received from source depository.
- A link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of transferor client for authentication.
- On clicking the said link, transferor client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for transferor client's confirmation will be displayed to transferor client. On OTP confirmation, request for addition of target Beneficiary demat account will be processed and target Beneficiary demat account shall be added to the list of beneficiaries.

- In case OTP confirmation is not completed till EOD of the request initiation date, pending requests for adding target Beneficiary demat account will be rejected in EOD. DP can re-initiate such rejected requests for OTP confirmation.

✓ Procedure for Deleting Target Beneficiary Demat Account (Intra and Inter Depository) by Participant through File upload provided at eDPM:

- Client shall initiate the request for deletion of already added target Beneficiary demat account by submitting physical form
- The file upload facility is provided under Upload/Download option on eDPM system to delete already added target Beneficiary demat account as per client request.
- The details of target Beneficiary demat account viz., PAN, DP ID & Client ID provided in the file uploaded for deletion will be validated with the details available in list of target Beneficiary demat account already added in client's demat account

- After successful validation a link shall be generated and sent by NSDL on Mobile number and email ID as registered in demat account of client for authentication.
- On clicking the said link, client will be redirected to a web page where after authentication, the details of target Beneficiary demat account which are pending for client's confirmation will be displayed to client. On OTP confirmation, request for deletion of target Beneficiary demat account will be processed and target Beneficiary demat account shall be deleted from the list of beneficiaries.
- In case OTP confirmation is not completed till EOD of the request initiation date, pending Requests for deleting target beneficiary demat account will be rejected. We can reinitiate such rejected requests for OTP confirmation.

Procedure for off-Market transfers:

✓ Procedure for off-Market transfer instruction processing Screen based/manual mode of instruction execution or through File upload provided at eDPM:

- Existing process followed for execution of screen based off-market instruction or uploading off-market transaction file through file upload provided in eDPM shall be continued.
- In case of intra-depository off-market transfer instruction, NSDL depository system shall validate the target Beneficiary demat account details with the list of beneficiary's details which are already added in client's demat account. After successful validation NSDL depository system will process the off-market instruction as per existing mechanism.
- In case of inter-depository off-market transfer, depository system shall validate the details of target Beneficiary demat account details with the list of beneficiary's details. After successful validation source depository will forward the details of the transferee client viz., PAN, DP ID & Client ID to target depository for Validation.
- Target depository shall validate the details of target beneficiary demat account viz., PAN, DP ID & Client ID and process the instruction. Existing Mechanism will be followed post successful validation.

Other points to be noted:

- ✓ In case of PAN exempt category, Participants are advised to capture the value as "EXEMPTCATG" or "SIKKIMCATG" as applicable under the PAN field while adding beneficiary target demat account.
- ✓ Addition of beneficiary target demat details will be mandatory and applicable for all types of OFFMARKET TRANSFER REASON CODE available in NSDL system from January 1, 2024.

CHANGE IN OFF-MARKET REASON CODES:

NSDL vide its circulars informed DP regarding standardized reason codes for off-market transfers which should be implemented for all off market trades with effect from August 3, 2019 and September 14, 2019:

- NSDL/POLICY/2019/0041 dated July 15, 2019.
- NSDL/POLICY/2019/0047 dated July 31, 2019.
- NSDL/POLICY/2019/0048 dated August 2, 2019.
- NSDL/POLICY/2019/0049 dated August 2, 2019.
- NSDL/POLICY/2019/0050 dated August 6, 2019.
- NSDL/POLICY/2019/0053 dated August 14, 2019.
- NSDL/POLICY/2019/0057 dated August 28, 2019.
- NSDL/POLICY/2019/0062 dated September 24, 2019.
- NSDL/POLICY/2019/0066 dated October 1, 2019.
- NSDL/POLICY/2019/0067 dated October 1, 2019.
- NSDL/POLICY/2019/0077 dated November 15, 2019.
- NSDL/POLICY/2019/0087 dated December 13, 2019.
- NSDL/POLICY/2021/0003 dated January 25, 2021
- NSDL/POLICY/2021/0023 dated March 03, 2021
- NSDL/POLICY/2021/0122 dated December 15, 2021

1. Following changes will be made in off-market transfer's reason codes listed below with effect from August 3, 2019:

<u>Existing Reason Code</u>	<u>Existing Reason Code Name</u>	<u>New Reason Code</u>	<u>New Reason Code Name</u>	<u>Change</u>
2	Margin to stock broker	2	Margin to stock broker / PCM	Renamed
3	Margin returned by stock broker	3	Margin returned by stock broker / PCM	Renamed
5	Open Offer / Buy-back	12	Buy-back	Open Offer & Buyback code separated
		13	Open offer for Acquisition	
-	-	91	Payout - On payment for unpaid securities	New Reason Code
8	Gift / Donation	92	Gift	Gift & Donation code separated
		93	Donation	
11	Transmission	11	Transmission	Reason code available in respect of transfer of securities from BO account held in NSDL system to BO account held in other depository. Reason code is now enabled for transfer of securities between BO accounts held in NSDL system
-	-	94	Refund of securities by IEPF Authority	New Reason Code
			ESOP/Transfer to	New Reason

2. Following additional off-market transfer reason codes shall be added to the list of reason codes with effect from August 3, 2019:

<u>New Reason Code</u>	<u>New Reason Code Name</u>	<u>Remarks</u>
14	Redemption of Mutual Fund Units	To be used for transfer of Mutual Fund Units from client BO account to AMC's BO account on account of redemption
15	Transposition – Between joint account of same holders	To be used for transfer of securities between joint account of same holders (order of holders different in both accounts)
16	Merger/ Demerger of corporate entity	For these types of transfers supporting documents needs to be provided by corporate entities to its Participants
17	Dissolution/Restructuring/Winding up of Partnership Firm/Trust	For these types of transfers, supporting documents needs to be provided by transferor/ account holder(s) to its Participants
18	Conversion of Depository Receipt (DR) to underlying securities and vice versa	To be used for transfer of underlying securities for issuance/cancellation of Depository Receipts
19	Trust to Beneficiaries/On HUF dissolution to Karta & Coparceners	For these types of transfers, supporting documents/ Deeds needs to be provided by transferor/ account holder(s) to Participants

3. Following additional off-market transfer reason codes shall be added to the list of reason codes with effect from August 17, 2019:

<u>New Reason</u>	<u>New Reason Code</u>	<u>Remarks</u>

<u>Code</u>	<u>Name</u>	
88	Transfer between Minor Account and Guardian Account	To be used for transfer of securities between Minor Account and Guardian Account
89	Transfer between specified family members	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 stepmother), 4. Son (including step-son) 5. Son’s wife, 6. Daughter, 7. Daughter’s husband, 8. Brother (including stepbrother), 9. Sister (including step-sister) 10. Members of same HUF. Requisite system changes to enable capturing the “relation” shall be notified subsequently.
90	Transfer between Partner and Firm, or Director and Company	To be used for transfer of securities between Partner and Partnership Firm in which he/she is a partner or transfer of securities between Director and the Company in which he/she is a director.

NSDL vide its circular NSDL/POLICY/2019/0066 dated October 1, 2019 informed DP about the incorporation of new reason code i.e. ‘89 – Transfer between specified family members’ and use the following relation codes while transferring securities between following specified family members:

<u>Relation Code</u>	<u>Relation Description</u>
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

4. Following changes will be made in off-market transfer's reason codes as listed below with effect from November 16, 2019:

<u>Reason Code</u>	<u>Reason Code Name</u>	<u>Change</u>
6	Transfers to PMS account	Discontinued
7	Transfers from PMS account	Discontinued
9	Account Closure	Discontinued
10	On-market Sale (Transfer towards Pay-in)	Discontinued
11	Transmission	Discontinued

5. Following additional off-market transfer reason codes shall be added to the list of reason codes with effect from January 29, 2021

<u>New Reason Code</u>	<u>New Reason Code Name</u>	<u>Remarks</u>
21	Transfer from Nominee/Surviving holder to beneficiary	To be used for transfer of securities from nominee/Surviving holder to actual beneficiary of assets. Participant needs to verify whether the source account has received the securities through transmission and only those securities are getting transferred.
23	Transfer of securities from/to account of PMS provider to/from the account of its various clients.	To be used for transfer of securities other than secondary market trades to be distributed by the PMS provider to its various clients and vice-versa such as subscription of mutual fund units, redemption of mutual fund units, primary market acquisition, rights shares, unlisted securities distribution, etc. Participant shall ensure to keep the copy of the SEBI registration certificate as PMS

		provider on record.
24	Margin to Custodian	As per point no. 13 of the SEBI Circular no SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 on Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System states that "Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades shall continue to operate as per the extant guidelines". To be used by Custodial Participants.
25	Margin returned by Custodian	As per point no. 13 of the SEBI Circular no SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 on Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System states that "Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades shall continue to operate as per the extant guidelines". To be used by Custodial Participants.
26	Change of nominee shareholder appointed under section 187(1) of Companies Act	To be used for transfer of shares inter-se between nominee shareholders or between the holding company and nominee shareholder. For these type of transfers, supporting documents like copy of the Board resolution of the company effecting change of nominee shareholders (evidencing change/ appointment of nominee shareholder) needs to be provided by transferor/transferee to Participant.
27	Off-Market Swap	To be used for off market sale of securities where consideration is in form of securities. Supporting documents like details of securities swapped to be obtained. Consideration field would be mandatory for this reason code. As consideration field would be mandatory, stamp duty as per prescribed rates shall be applicable.
28	Delisting - Exit offer	To be used for allowing tendering of shares by investors to special demat account opened by

		delisting company where stock exchange platform for tendering shares is not adopted. 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.
29	Deposit of securities with Escrow Agent and its return	To be used for deposit of securities or its return thereof to an escrow account for a temporary period for any Offer for Sale, Off-market Sale or acquisition triggering SAST, etc.

6. Further, following reason codes will be discontinued w.e.f January 29, 2021

<u>Existing Reason Code</u>	<u>Existing Reason Names to be discontinued</u>
2	Margin to stock broker / PCM
20	Certificate of Deposit Redemption
22	Commercial Paper Issuance
91	Payout - On payments for unpaid securities
98	Meeting Legitimate Dues of Stock Broker

7. Following additional off-market transfer reason codes shall be added to the list of reason codes –

<u>New Reason Code</u>	<u>New Reason Code Description</u>
31	Transfer From/To for Tri-party Repo Collateral

8. Following additional off-market transfer reason codes shall be added to the list of reason codes with effect from June 24, 2023.

<u>Account Category</u>	<u>Client Type</u>	<u>Client Type Code</u>	<u>New Client Sub-Type Description</u>	<u>New Client Sub-Type Code</u>
Individuals	Stock Broker	19	TM - Client Nodal MFOS Account	7
Individuals	Stock Broker	19	CM - Client Nodal MFOS Account	8
Individuals	Stock Broker	19	TM/CM - Client Nodal MFOS Account	9
Corporates	Stock Broker	20	TM/CM - Client Nodal MFOS Account	8
Corporates	Stock Broker	20	CM - Client Nodal MFOS Account	9
Corporates	Stock Broker	20	TM/CM - Client Nodal MFOS Account	10

9. Validation of reason codes while execution of off market transactions:

<u>Sr. no.</u>	<u>Reason Code No.</u>	<u>Reason Code Description</u>	<u>System validation by Depository</u>	<u>Manual Verification by Participant (if any)</u>
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', then 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.
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	For these types of transfers, request and supporting documents from Source DP / Client / Depository / Statutory Authority need to be collected and kept in record by

			Collateral account to be permitted only to 'Stock Broker - Proprietary Account' with this reason code as per SEBI Circular on Enhanced Supervision.	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.	-
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	-

			<p>Exchanges.</p> <p>Exceptions include Pool Account (Note 1) & Stock Broker</p> <p>- 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.</p> <p>[Pursuant to SEBI circular on margin pledge, system is implemented for margin pledge directly from client accounts to TM/CM.</p> <p>Thus, this reason code will be kept active till the time respective Stock Broker related Accounts gets closed].</p>	
7	94	Refund of securities by IEPF Authority	<p>Transfer with this reason code shall be permitted only</p> <p>From - dedicated demat account of IEPF i.e. demat account Type - Investor Education Protection Fund (IEPF)</p> <p>To - All type of accounts.</p>	-
8	95	ESOP/Transfer to employee	<p>Transfer with this reason code shall be permitted only</p> <p>From - account Type - Trust account sub-type - Employee Stock Option / Employee Stock Purchase</p> <p>To - All type of accounts</p>	-

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/Win ding 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 types of transfers, supporting documents needs to be provided by transferor/ account holder(s) to its Participants.
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	<p>Transfer with this reason code shall be permitted</p> <p>From</p> <p>All type of accounts</p> <p>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</p> <p>Account type - 'Mutual Fund' only.</p> <p>Transfer with this reason code shall be permitted for Mutual Fund ISINs only.</p>	-
13	88	Transfer between Minor Account and Guardian Account	<p>Transfer with this reason code shall be permitted only when either From (source) or To (target) account has guardian details captured.</p>	-
14	90	Transfer between Partner and Firm, Director and Company	<p>Transfers with this reason code would be permitted</p> <p>From / to all type of Beneficial Owner accounts.</p> <p>Exceptions to above include:</p> <p>a) Both source and target account cannot be Corporate Account.</p> <p>b) Pool Accounts & Stock Broker accounts stated at Note 1 & 2 below, where transfers with this reason code would not be permitted.</p>	-

15	89	Transfer between specified family members	<p>Transfer with this reason code shall be permitted only</p> <p>From/To Individual (Resident ordinary, NRI, Foreign national) and HUF accounts.</p> <p>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.</p>	<p>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:</p> <ol style="list-style-type: none"> 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.
16	15	Transposition - Between joint account of same holders	<p>Transfer with this reason code shall be permitted</p> <p>From/To all type of accounts subject to following conditions:</p> <ol style="list-style-type: none"> 1) Both Source and Target account should be Joint Account. 2). Number of account holders in source account should match with Number of 	<p>To be used for transfer of securities between joint account of same holders (order of holders may be different in both accounts).</p> <p>In case target account is in other Depository (i.e. DP of CDSL), DP shall take CML of target</p>

			<p>account holders in target account</p> <p>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).</p> <p>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.</p>	<p>account verification.</p>
17	19	Trust to Beneficiaries/ On HUF dissolution to Karta & Coparceners	<p>Transfers with this reason code would be permitted</p> <p>From / to all type of Beneficial Owner accounts.</p> <p>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.</p>	<p>For these types of transfers, supporting documents/ Deeds needs to be provided by transferor/ account holder(s) to Participants.</p>
18	21	Transfer from Nominee/Surviving holder to beneficiary	<p>Transfers with this reason code would be permitted</p> <p>From - Individual (Resident ordinary, NRI, Foreign national) accounts.</p> <p>To - all types of BO accounts</p> <p>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.</p>	<p>For this type of transfers, Participant to verify whether securities intended to be transferred is received in source account through transmission.</p>

19	26	Change of nominee shareholder appointed under section 187(1) of Companies Act	<p>Transfers with this reason code would be permitted</p> <p>From / To all types of BO accounts for Equity ISINs only.</p> <p>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.</p>	<p>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.</p>
20	27	Off-Market Swap	<p>Transfers with this reason code would be permitted</p> <p>From / To Account Types - Body Corporate, Bank, FPI, AIF, Mutual Fund, QIB only.</p> <p>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.</p>	<p>Participant to obtain Declaration from the account holder/ transferor about the swap deal and a certified copy of the swap agreement.</p>
21	28	Delisting Exit offer	<p>Transfers with this reason code would be permitted</p> <p>From All types of BO accounts.</p> <p>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.</p>	<p>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.</p>

			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.
22	92	Gift	<p>Transfers with this reason code would be permitted from / to all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc.</p> <p>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.</p>
23	93	Donation	<p>Transfers with this reason code would be permitted from / to all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc.</p> <p>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.</p>
24	1	Off-Market Sale	<p>Transfers with this reason code would be permitted from / to all type of Beneficial Owner accounts like Resident, NRI,HUF, Body Corporates, etc.</p> <p>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.</p>

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.	-
26	24	Margin to Custodian	<p>Transfers with this reason code would be permitted</p> <p>From accounts tagged as 'Custodial Clients'</p> <p>To accounts tagged as 'Client collateral account-Custodian'</p> <p>This Reason code shall be enabled only for Custodian Participants.</p>	-
27	25	Margin returned by Custodian	<p>Transfers with this reason code would be permitted</p> <p>From accounts tagged as 'Client collateral account-Custodian'</p> <p>To accounts tagged as 'Custodial Clients'</p> <p>This Reason code shall be enabled only for Custodian Participants.</p>	-
28	29	Deposit of securities with Escrow	Transfer with this reason code would be permitted on	-

		Agent and its return	If either from (source) / to (target) account is an 'Escrow Account'.	
29	30	Transfer of constituent shares for creation of ETF units	Transfer with this reason code shall be permitted From All type of accounts To Account Type – 'Mutual Fund only'	-
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 Proprietary 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”.		

Procedure / Guidelines for collection of stamp duty:

NSDL vide circular NSDL/POLICY/2019/0086 dated December 12, 2019; NSDL/POLICY/2019/0089 dated December 18, 2019 and NSDL/POLICY/2020/0002 dated January 6, 2020 on Government of India notification regarding the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 informed the DPs regarding capturing consideration amount in case of Pledge Invocation and collection of stamp duty for off - market transfers.

- **Guidelines for Collection of Stamp Duty:**

1. As per rule 5(1) of the aforementioned rules, stamp duty leviable under clause (b) of sub-section (1) of Section 9A of the Act is to be collected before execution of all off-market transfers on the consideration amount specified by the transferor. Further, in case of transfer of securities pursuant to invocation of pledge, duty shall be collected from the pledgee on the consideration.
2. Stamp duty will be remitted to NSDL for off-market transfers (including inter-depository transfers) involving consideration and pledge invocation before executing the transaction in the NSDL system.
3. The stamp duty will be collected on the 'Consideration Amount' captured in NSDL system based on the consideration amount mentioned on Delivery Instruction Slips (DIS) and Pledge invocation slips.
4. Rate of Stamp Duty is specified in schedule I of the Indian Stamp Act, 1899. Rates have been specified for following three categories viz. Debentures, Securities other than debentures & Government Securities. The rate of stamp duty specified for Government Securities is 0%.
5. Presently, it is mandatory to capture the consideration amount for reason codes 'sale' and 'Commercial Paper Issuance', which will continue in future also. From July 1, 2020 onwards, for all off market transfers for reasons other than 'sale' and 'Commercial Paper Issuance', in the Delivery Instruction Slips, clients must either provide a declaration that transaction is 'without consideration' or consideration amount should be specified.
7. Stamp duty is applicable for all off market transfers with execution date of July 1, 2020 or later.
8. Effective July 1, 2020, all off-market transfers with reason codes 'sale' and 'Commercial Paper Issuance' shall be executed only after remitting stamp duty in NSDL Account.
9. In case stamp duty amount maintained with NSDL is not sufficient, uploaded transaction will be rejected with appropriate error message.

10. Filling of DIS by client –

- ✓ If consideration is involved in the off-market transfer, in the 'Consideration' field of the Delivery Instruction Slip, the client can specify 'As per Annexure' and it will be necessary to fill up the Annexure to DIS as prescribed vide Circular No. NSDL/POLICY/2018/0054 dated October 1, 2018.

- ✓ For consideration for the reason 'sale', the payment details will be required to be filled-up and for reasons other than 'sale', in the space for payment details, not applicable may be mentioned.
- ✓ If the consideration is paid in part or in installments, full consideration amount should be mentioned in the Annexure to DIS & stamp-duty shall be remitted on the entire consideration.
- ✓ If consideration is not involved in the off market transfer, then client(s) can specify "without consideration" in the "Consideration" field of Delivery Instruction Slip (DIS).
- ✓ In case of reason code 'sale' and 'Commercial Paper Issuance', it will be necessary to provide the consideration details.

11. Payment of Stamp Duty –The procedure for payment of stamp duty has been enclosed by NSDL for both DPs and clients respectively. In case of off market transactions, through SPEEDe / SPICE platform, option would be provided to users for making payment of stamp duty upfront.

Simplification of Online process of on-boarding password-based users on SPEED-e facility:

NSDL vide Circular No. NSDL/ POLICY/2020/0044 dated April 7, 2020 regarding online process of on-boarding Password based Users on SPEED-e facility.

PROCEDURE:

1. Online process of on-boarding password based users on SPEED-e facility is further simplified for individual clients to register for SPEED-e facility based on OTP authentication:
 - Client will visit NSDL e-Services website <https://eservices.nsd.com>
 - Client will complete online Registration Request. The same can be accessed from 'New user registration' tab under 'SPEED-e' option where Client has to click on REGISTER link which is highlighted in purple color under 'A) Clients:-> Password Users'.
 - Client has to add CM BP ID(s) of its broker(s) under Pre-Notified Account.
 - One Time Password (OTP) will be generated and sent to Client on mobile number and email ID registered in his/her demat account provided mobile number and email ID

are registered in demat account. In case of NRI and FN clients, OTP will be sent to registered email ID only.

- Upon successful validation of OTP, registration request will be sent to DP for authorization and request for addition of pre-notified account(s) will be sent to Clearing Member(s) for authorization, if Clearing Member(s) is registered for the SPEED-e facility.
 - DPs should login to SPEED-e facility at regular interval to check the details of registration done by its clients for password based access of SPEED-e facility. DPs may authorize SPEED-e registration request generated by its clients for password based access based on electronic request received from SPEED-e.
 - DP should inform Client at his/her registered email ID mentioned in demat account post activation of SPEED-e registration.
 - Clearing Member whose CM BP ID is added by Client has to authorize the request for addition of pre-notified account through SPEED-e facility.
 - Client will be able to access SPEED-e facility after successful authorization by its DP and will be able to submit delivery instructions upon successful authorization of addition of pre-notified account by its Clearing Member.
2. In case joint demat accounts, Client has to submit physical SPEED-e registration request along with applicable documents as per existing SPEED-e registration process.

SETTLEMENT SCHEDULE

The Depository shall inform the DPs and the Clearing Corporation the date and time before which the DP can execute the instructions to move securities from the Client's account to the Pool account of the Clearing Member and can execute delivery-out instructions to move securities from the Pool account of the Clearing Member to the Delivery account of the Clearing Member.

PAY-IN OF SECURITIES

1. The Clearing Member may give receipt instructions to its DP for crediting its Pool account in the form laid down in Annexure M. alternatively; a Clearing Member may give standing instructions to its DP to credit its Pool account.
2. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
3. The DP shall execute the delivery-out instruction to move securities from the Pool account of the Clearing Member to the Delivery account of the Clearing Member.

4. The instructions to move securities from the Client's account to the Pool account of the Clearing Member and the delivery-out instructions to move securities from the Pool account of the Clearing Member to the Delivery account of the Clearing Member shall have effect only before the NSDL Deadline for the relevant settlement.
5. The delivery-out instructions given by the Clearing Member shall constitute an authorisation to the Depository to debit the Delivery account of the Clearing Member by crediting the NSCCL transit account for the relevant settlement.
6. The Depository shall, after the pay-in time, move the securities from the Delivery accounts of the Clearing Members to the NSCCL transit account for the relevant settlement.
7. The Depository shall provide the information to the NSCCL about the credits to their transit account by giving CC-CM-Id, ISIN and quantity for the relevant settlement
8. The NSCCL shall compare the CC-CM Id and the ISIN with its records and will give
9. instructions to the Depository to move the securities from the NSCCL's transit account to the NSCCL settlement account.
10. The Depository shall on receipt of such instructions, move the securities from the NSCCL transit account to the NSCCL settlement account for the relevant settlement.

PAYOUT OF SECURITIES

1. After verification of payment received for the relevant settlement, the NSCCL shall give instructions to the Depository on the pay-out time to debit its NSCCL settlement account and credit the CM accounts giving the CC-CM Id, ISIN and the quantity for the relevant settlement.
2. The NSCCL shall not give instructions for crediting the CC account and CM accounts with securities either less than or in excess of the securities lying in the CC settlement account for the relevant settlement.
3. The Depository shall, on receipt of the instructions from the NSCCL, debit the NSCCL settlement account and credit the Receipt-in accounts of the Clearing Members and immediately thereafter move securities from the Receipt-in accounts to the Pool accounts of the Clearing Members.
4. The Clearing Member may give instructions to its DP to debit its Pool account and credit the Client's accounts in the form laid down in Annexure T.
5. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
6. The DP shall execute the instructions of the Clearing Member to debit its Pool account and credit the Client's accounts.

INTER-SETTLEMENT INSTRUCTIONS

1. The Clearing Member may for the purpose of moving securities within its Pool Account submit an inter-settlement instruction form to the Participant as laid down in Annexure SS.
2. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
3. The DP shall execute the instructions of the Clearing Member to move securities within its Poolaccount.

CM POOL TO CM POOL INSTRUCTIONS

1. The Clearing Member may give instructions to its DP to debit its Pool account and credit the Pool account of another Clearing Member in the form laid down in Annexure ST.
2. The Clearing Member may give receipt instructions to his DP for crediting its Pool account from Pool account of another Clearing Member in the form laid down in Annexure SU. Alternatively, a Clearing Member may give standing instructions to its Participant to credit its Pool account.
3. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.
4. The DP shall execute the instructions of the Clearing Member to debit/credit the Pool account of the Clearing Member

13. ACCEPTANCE OF DELIVERY INSTRUCTION THROUGH DEMAT GATEWAY [E-DIS]

NSDL vide its circular NSDL/POLICY/2021/0004 dated January 28, 2021 informed regarding facility of accepting Delivery Instruction through Online Portal.

- **e-DIS facility:** The facility of e-DIS has to be true to its label and should:
 - ✓ Necessarily capture all details that are otherwise being captured in physical DIS, including settlement number and actual quantity to be transferred in case of on-market transfers.
 - ✓ be an instruction toward actual transfer of securities to meet obligation for a single settlement number / date.
- **Mandate/Pre-trade authorisation:** The following shall be required to be ensured:
 - ✓ The mandate should be received from client authorising the concerned intermediary to transfer specific securities for meeting on-market settlement obligation only.
 - ✓ Such mandate should necessarily pertain to a single settlement number / settlement date.
 - ✓ Client shall be required to authorise each mandate valid for a single settlement number/settlement date, by way of OTP and PIN /password, both generated at Depositories end.
 - ✓ Prior to executing actual transfer of securities based on details provided by intermediary, Depositories need to match and confirm the same with mandate provided by client as well as client-wise net delivery obligation arising from the trade executed on exchange, as provided by Clearing Corporation to Depositories for each settlement date.
 - ✓ Securities transferred on basis of mandate provided by client should be credited only to client's trading member pool account.
 - ✓ Intermediary providing this facility have enabled its client to revoke / cancel the mandate provided by them.

Depository Participant providing this facility shall ensure that mandate provided by client adheres to following requirements:

- The mandate provided by client should:
 - ✓ be in favour of the concerned SEBI registered intermediary only;

- ✓ not provide the authority to transfer the mandate in favor of any assignees of the concerned Intermediary;
- ✓ require the Intermediary to return the securities to 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 Intermediaries to do the following:
 - ✓ Transfer of securities for off-market trades;
 - ✓ To execute trades in the name of client without client's consent;
 - ✓ To open an email ID on behalf of the client for receiving relevant commutations;
 - ✓ Prohibit to issue DIS to beneficial owner;
 - ✓ Prohibit client from operating the account.

CONFIDENTIAL

14. TRANSFER OF SECURITIES

A client having an account with a DP has the facility to receive credit for purchase of securities in electronic form. Similarly, a client can sell its securities held in electronic form. In case a client sells its dematerialized securities, it must give a debit authorisation to the participant in the form of a delivery instruction form, in the market trades, the client will be required to transfer its securities to the Pool account of the clearing member. In case a client purchases dematerialized securities, it must give a credit authorisation to the participant in a receipt instruction form. In the market trades the client will be receiving securities from the Pool account of the clearing member to its account.

The clients are required to mention the counterparty account details in the delivery/receipt instruction form. The source and target accounts may be with the same DP (intra DP) or may be with two different DP (inter DP).

Transfer of securities in a depository system can be done both for market trades as well as off-market trades.

Intra-DP

Transfers executed between accounts held with the same Participant are intra-DP transfer for executing an intra-DP transfer, the Participant, after checking the validity of debit and credit instructions, needs to enter a single instruction in the DPM system.

Inter-DP

Transfers executed between accounts held with two different Participants are Inter-DP transfers. For executing an inter-DP transfer, each of the Participant will enter the respective debit and credit instructions in their respective DPM systems after checking the completeness and validity of the instructions. An inter-DP transfer takes place only after the debit and credit requests are matched by DM

15. TRANSMISSION OF SHARES

DP shall effect the transmission of security balances of any Client due to death, lunacy, bankruptcy, and insolvency or by any other lawful means other than transfer. The person on whom the shares devolve has to prove his entitlement by submitting appropriate documents and seek transmission. If the securities are held in the depository system, documents have to be submitted to the DP. The process of transmission through a depository is simple as well as quicker because the successor to the title interacts only with one entity i.e., his DP.

Transmission of Securities held singly in the Depository with nomination

Upon the death of the sole holder the nominee shall request the Participant in writing with following documents.

1. Transmission form signed by Nominee.
2. Original death certificate or a copy of the same (duly notarized/attested) issued by the competent authority.
3. Client Master Report if Nominee have DP account with any another DP.
4. On completion of transmission DP shall close the account of the deceased BO.
5. Transmission will be done to the surviving member/members only.
6. On transmission case DP will not charge to client as it is free as per SEBI guide lines. DP has to take credit from the depository.

Transmission of Securities held jointly in the Depository

In case of death of one of the Clients in a joint account, the surviving Client(s) shall request the Participant to transmit the balances lying in the Client account to the account of the surviving Client(s). The surviving Client(s) shall make following documents.

1. Transmission form signed by surviving holder.
2. Original or a copy of the death certificate duly notarized / attested by a gazette officer.
3. The surviving joint holder(s) will have to open a new account with the DP in their name(s).
4. Client Master Report of surviving holders.
5. On completion of transmission DP shall close the account of the deceased BO.
6. Transmission will be done to the surviving member/members only.
7. On transmission case DP will not charge to client as it is free as per SEBI guide lines. DP has to take credit from the depository.

NSDL vide its Circular - NSDL/POLICY/2019/0005 dated January 18, 2019 informed DP that in case of death of one of the holders in joint demat account, in addition to the existing

option of opening new account, the surviving account holders continue the existing account by deleting the name of deceased account holder(s) from the account, the surviving account holders shall make an application to the DP in the form specified at FORM 41 for deletion of deceased account holder(s) alongwith a copy of death certificate duly attested by a Notary Public or by a Gazetted Officer. The DP shall verify the documents submitted and the signature of surviving Client(s). The Participant after being fully satisfied on all aspects, shall then effect the deletion of name.

Transmission of Securities held singly in the Depository without nomination

The legal heir(s) or legal representative(s) of the deceased account holder have to make a request, in the prescribed form to the DP for transmitting the balances lying in the account of the deceased to their account. The following documents have to be submitted with the request for transmission.

- Transmission Form
- Copy of the death certificate duly notarized
- Letter of Indemnity duly supported by a guarantee of an independent Surety acceptable to the Participant, made on appropriate non judicial stamp paper.
- An Affidavit made on appropriate non judicial stamp paper.
- No Objection Certificate(s) from all the legal heir(s) who do not object to such transmission.
- On completion of transmission DP shall close the account of the deceased BO.
- On transmission case DP will not charge to client as it is free as per SEBI guide lines. DP has to take credit from the depository.

NOTE - Refer Circular No. NSDL/POLICY/2013/0138 Dated November 29, 2013

Simplification of procedure and standardization of formats of documents for transmission of securities -

NSDL vide its circular NSDL/POLICY/2022/073 dated May 23, 2022 informed enhancing the monetary limits for simplified documentation for transmission of securities, allowed 'Legal Heirship Certificate or equivalent certificate' as one of the acceptable documents for transmission and provided clarification regarding acceptability of Will as one of the valid documents for transmission of securities. The revised documentation requirements in case of transmission of securities are specified below:

- ✓ Where the securities are held in a single name with a nomination, nominee shall be informed about the procedure to be followed for the claim on the receipt of the intimation of death of the security holder.

- ✓ Where the securities are held in single name with a nomination, the following documents shall be submitted:
 - duly signed transmission request form by the nominee;
 - original death certificate or copy of death certificate attested by the nominee subject to verification with the original or copy of death certificate duly attested by a notary public or by a gazette officer;
 - self-attested copy of the Permanent Account Number card of the nominee, issued by the Income Tax Department.
- ✓ where the securities are held in single name without nomination, the following documents shall be submitted:
 - duly signed transmission request form by the legal heir(s)/claimant(s);
 - original death certificate or copy of death certificate attested by the legal heir(s)/claimant(s) subject to verification with the original or copy of death certificate duly attested by a notary public or by a gazette officer;
 - self-attested copy of the Permanent Account Number card of the legal heir(s)/claimant(s), issued by the Income Tax Department;
 - a notarized affidavit from all legal heir(s) made on non-judicial stamp paper of appropriate value, to the effect of identification and claim of legal ownership to the securities. However, in case the legal heir(s)/claimant(s) are named in the Succession Certificate or Probate of Will or Will or Letter of Administration or Legal Heirship Certificate (or its equivalent certificate), an Affidavit from such legal heir(s)/claimant(s), duly Notarized shall be sufficient.
 - a copy of other requisite documents for transmission of securities as may be applicable attested by the legal heir(s)/claimant(s) subject to verification with the original or duly attested by a notary public or by a gazette officer.
- ✓ In cases where a copy of Will is submitted as may be applicable in terms of Indian Succession Act,1925 (39 of 1925) the same shall be accompanied with a notarized indemnity bond from the claimant (appropriate beneficiary of the Will) to whom the securities are transmitted.
- ✓ In cases where a copy of Legal Heirship Certificate or its equivalent certificate issued by a competent Government Authority is submitted, the same shall be accompanied with:
 - a notarized indemnity bond from the legal heir(s) /claimant(s) to whom the securities are transmitted.
 - No Objection from all non-claimants (remaining legal heirs), stating that they have relinquished their rights to the claim for transmission of securities, duly attested by a notary public or by a gazette officer.

✓ For value of securities up to rupees five lakhs per listed entity in case of securities held in physical mode, and up to rupees fifteen lakhs per beneficial owner in case of securities held in dematerialized mode, as on date of application by the claimant, and where the documents mentioned above are not available, the legal heir(s) /claimant(s) may submit the following documents

- a notarized indemnity bond made on non-judicial stamp paper of appropriate value, indemnifying the Share Transfer Agent/ listed entity:
- no objection certificate from all legal heir(s) stating that they do not object to such transmission or copy of family settlement deed executed by all the legal heirs, duly attested by a notary public or by a gazette officer; and

The listed entity may, at its discretion, enhance the value of securities from the threshold limit of rupees five lakhs, in case of securities held in physical mode.

Centralized mechanism for reporting the demise of an investor through KRAs:

NSDL vide its circular NSDL/POLICY/2023/0140 dated October 04, 2023 informed regarding a centralized mechanism for reporting and verification in case of the demise of an investor and thereby smoothen the process of transmission in securities market.

Upon receipt of intimation about the demise of an investor from a joint account holder(s) or nominee(s) or legal representative or family member (hereinafter, collectively referred to as ‘notifier(s)’, it is required to obtain the death certificate along with the PAN from the notifier and carry out the following steps;

- ✓ Verify the death certificate (to be completed by the next working day of its receipt)
- Online viz. the website of the issuing Government authority, or
 - Offline: OSV (‘Original Seen and Verified’) process by intermediary

We shall treat the OSV of the death certificate accompanied with the PAN of deceased investor, received electronically along with the credentials of the notifier (including his / her PAN) and the validation report from an Investor Service Centre (ISC) of the Stock Exchange or Depository, to be on par with its own OSV.

- ✓ Record and retain self-certified copy of proof of identity, relationship with deceased and contact details of the notifier.

After receiving information about the demise of the investor from the notifier or after upon receipt of inquiry for transmission or any letter addressed to the investor being returned undelivered with the remark ‘deceased’ or discovery by the intermediary through re-KYC or Customer Due Diligence done as per its AML / Risk Management practice or does not have access to or is not in a position to obtain the death certificate, then it shall carry out the following steps:

- ✓ Intimate the investor, notifier(s), or the nominee(s) that the KYC status of the investor has been flagged off as “On Hold” and require them to furnish the death certificate of the concerned investor.
- ✓ Upon receipt of the death certificate, the intermediary shall follow the steps as mentioned above.

After verification of the death certificate, the concerned intermediary shall (on the same day of verification):

- ✓ Submit a ‘KYC modification request’ to the KRA that “information on death of investor received; death certificate verified” and also upload the relevant documents
- ✓ Block all debit transactions in the account / folios of the deceased investor.

It is noted that for joint accounts, the specified mode of operation should be adhered to, and if the account is operated on Either OR Survivor, or Anyone or Survivor, etc. (i.e. modes other than joint mode), the account operation in such mode shall continue.

In case the death certificate is not received, we shall (by the next working day of the intimation)

- ✓ Submit a ‘KYC modification request’ in the KRA system, “information on death of investor received; confirmation awaited”.

The KRA, upon receipt of ‘KYC modification’ request shall carry out the following steps;

- ✓ Independent validation and verification by the next working day of receipt of modification request:
 - perform independent validation and verification using details available in its system and source validation / verification wherever feasible
 - contact other linked intermediaries also to check if they have any update in this regard and status of account maintained by them
- ✓ Upon validation of the death certificate, the KRA, shall update the KYC record as “Blocked Permanently” in the system and intimate this updation to all linked intermediaries.
- ✓ For KYC modification requests received, the KRA shall flag off the KYC of the investor as “On Hold”, and update this status to all linked intermediaries.
- ✓ If KRA finds some errors / issues with the modification request as aforesaid, it shall share details of its observations and accordingly update the KYC status to “Modification Rejected and Clear i.e. Validated” or “Blocked Permanently”, as the case may be, by the next working day.

Intimation on Transmission of assets of the deceased investor

- ✓ Upon receipt of notification from KRA as “Blocked Permanently”:
 - Immediately block all debit transactions in the account of the deceased investor and
 - Intimate the notifier / nominee, within 5 days about the procedure for transmission, provide the transmission request form and the list of documents required for the transmission. In case of joint account/s, the intermediary shall intimate the surviving joint account holder(s).

Transaction request in accounts flagged off as “On Hold”

- ✓ If there is any transaction request received in the account held by it, which is flagged off as “On Hold”, it shall allow the transaction only after conducting additional due diligence as may be appropriate, including through video call with the investor or In-Person Verification (IPV) which serves to establish that the investor is alive.
- ✓ In case where the information about demise of the investor is proven to be incorrect when we are able to establish contact with the concerned investor, we shall submit a ‘KYC modification request’ in the KRA system as, “intimation of death of investor is false” and also upload a report of its additional due diligence to the KRA. This shall be done on the same day in order to avoid any inconvenience to the investor.
- ✓ The KRA shall in turn, revert the status of the KYC to ‘Clear or Validated’ and issue this update to all linked intermediaries, all on the same day.

Operational guidelines for Transmission of Securities in Joint Demat Accounts i.e. deletion of name.

NSDL vide its circular NSDL/POLICY/2023/0149 dated October 28, 2023 and NSDL/POLICY/2022/053 dated April 08, 2022 informed regarding Operational guidelines w.r.t Mode of Operation in joint demat accounts i.e.,

- ✓ In case of death of the holder(s) in joint demat account, the surviving holder (s) may opt to continue the existing demat account by deleting the name of deceased account holder(s) from the demat account, by submitting a specific request along with the original death certificate or copy of death certificate attested by the joint account holder(s) subject to verification with the original or copy of the death certificate duly attested by a notary public or by a gazetted officer or death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority.
- ✓ In case, If the surviving holder(s) fails to submit above mentioned request within one year of the date of demise, a new demat account shall be opened by the surviving account holder(s) to execute transmission as per the existing procedure.

✓ If case the first holder is deceased in the demat account:

- The deletion of name of first holder in demat account shall make second holder as first holder and third holder if any as second holder in the demat account.
- All the available details of second holder i.e. Name, Father's / Spouse's Name, PAN, Mobile Number, email ID, Date of Birth, Family Flag, SMS Flag, PAN Flag etc., will be replaced in the place of first holder. We need to review the details and update if any changes in the details.
- It is required to update the Local address and correspondence address, Bank account details, signatory details, POA/DDPI details, etc. in the first holder details.
- Ideas / SPEED-e Login details of first holders will be deleted/de-activated, the next first holder shall receive the email from NSDL for registration of Ideas / SPEED-e facility.

✓ If case the second holder is deceased in the demat account:

- In case joint demat account is having two holders and the second holder is deceased, the available details of second holder will be deleted.
- In case joint demat account is having three holders, the deletion of name of second holder shall make third holder as second holder.
- All the available details of third holder i.e. Name, Father's / Spouse's Name, PAN, Mobile Number, email ID, Date of Birth, Family Flag, SMS Flag, PAN Flag etc., will be replaced in the place of second holder. We need to review the details and update if any changes in the details.
- There will be no change in first holder details.

✓ If case the third holder is deceased in the demat account:

- There will be no change in the first and second holder details.
- The available details of third holder will be deleted.

✓ The above facility shall be applicable for individual client demat accounts (without pledged securities / on hold securities).

✓ In case the demat account has pending requests i.e. demat / remat / conversion / re-conversion/ re-purchase/tender-offer etc., we shall process the requests for deletion of name. However, monitoring of all such pending requests if any, shall be done by the surviving client(s).

✓ We shall verify the documents submitted and the signature of surviving Client(s), after being fully satisfied on all aspects, shall then effect the deletion of name.

We need to send intimation to clients after deletion of name in demat accounts via letter/ email or any other mode which may deem fit.

16. FREEZING OF AN ACCOUNT

1. A Client may freeze its account in the manner provided under the Bye Laws by making an application to the DP in the form specified in Annexure 33. The Client may defreeze its account frozen in the manner specified in the Bye Laws by making an application in the form specified in Annexure 33.
2. The Participant shall ensure that the form is complete and the signature of the Client is valid.
3. The Participant shall freeze the account of a Client maintained with him on written instructions received by the Participant in that regard from the Client concerned in the form specified under the Business Rules.
4. The DP shall freeze the account of a Client on written instructions received by him in this regard from the Depository pursuant to the orders of the Central or State Government, Securities and Exchange Board of India or any order passed by the court, tribunal, or any statutory authority in this regard.
5. Provided further that the frozen account shall be released on instructions from the Client in the case of Bye Law above and the orders of the relevant authority in the case of Bye Law above.
6. On the orders passed by the Disciplinary Action Committee on disciplinary grounds to that effect set out in Chapter 11 of the Bye Laws relating to Disciplinary Action.
7. If the Participant becomes insolvent, bankrupt or in case of a body corporate, being wound up.
8. Provided further that the frozen account may be released on instructions of the relevant authority in the case of Bye Law above.

CLIENT INITIATED DEFREEZING OF AN ACCOUNT

A client whose account is frozen may request its Participant to defreeze its account by reactivating it. The Participant has the facility in the DPM to defreeze an account. The account is reactivated and transactions are allowed on the account thereafter.

Procedure

- The client will submit a request to the Participant in the form vide Business Rules Annexure 33 for defreezing its account.
- On receipt of the request form, the Participant will verify that the form is duly filled in and issue to the client, an acknowledgment slip, signed and stamped.

- The Participant will verify the signature of the client as on the form with the specimen available in its records. In case of signature difference, the Participant will ensure the identity of the client.
- If the request form is in order, the Participant will change the status of the client's account to "ACTIVE", on the date mentioned by the client on the form. The Participant will enter the reason for change in status as "request from the client".
- The Participant will intimate the change in status to the client.

SUSPENSION OF A CLIENT ACCOUNT

A Participant has the facility in the DPM to suspend a client account in case it receives a directive/order to the effect from NSDL, Income-tax or judicial authorities. The frozen holdings cannot be moved out of the account by the client. The Participant will intimate the client of suspension of its account

Procedure for suspending an account

- On receipt of a directive/order for suspending a client account, the Participant will change the account status in the DPM from "ACTIVE" to "SUSPENDED FOR DEBIT" or "SUSPENDED FOR ALL". It will record the reason for the status change as "directive/order of the concerned authority" e.g., "order of the High Court of Mumbai".
- The Participant will intimate the client about the suspension of its account. In case of clearing member client, the Participant will intimate the clearing corporation also of the suspension.

Procedure for revoking suspension of account

- The status will be changed to "ACTIVE" on receipt of a directive to revoke such suspension from NSDL or authorities mentioned above. The Participant records the reason for the status change as a directive from the concerned authority
- The Participant will intimate the client about the revoking of the suspension.

NSDL has informed regarding incorporation of new freeze reason code as follows:

<u>Circular Reference</u>	<u>Freeze Reason Code</u>	<u>Freeze Reason Description</u>
NSDL/POLICY/2021/0097 dated September 22, 2021	36	Non – payment of ALF
NSDL/POLICY/2021/0131 dated December 28, 2021	37	Non-compliant – 6 KYC attributes
NSDL/POLICY/2022/044	39	Account holder related - PAN

dated March 28, 2022		inoperative
NSDL/POLICY/2022/144 dated October 13, 2022	40	SEBI SCN / Order Not Delivered/Acknowledged
NSDL/POLICY/2023/0130 dated September 25, 2023	41	Nomination non-compliant account

Suspension of demat accounts of existing clients whose KYC records are not found to be valid by KRAs after the validation process.

NSDL vide its Circular NSDL/POLICY/2023/0055 dated April 30, 2023 informed regarding suspension of demat accounts of the existing clients whose KYC records are not found to be valid by KRA after the validation process, as per intimation received from KRA. In this regard, “Clients whose KYC records are not found to be valid by KRA after the validation process shall be allowed to transact in securities market only after their KYC is validated”. Hence, the existing clients whose KYC records are not found to be valid by KRAs after the validation process are required to be suspended for debit and credit with the freeze reason code as “08 - Account Holder related – KYC non-compliant” with remarks as “KYC record not found valid by KRA”.

Procedure for suspension of demat accounts is as under:

- List of demat accounts of clients whose KYC records are not found to be valid by KRA is being made available to Participants on NSDL I-Assist portal with file name as ‘KYC Non-Complied Accounts-KRA List’ for their review and taking up with concerned clients regularly.
- We need to send intimation to aforesaid concerned clients after suspension of demat accounts via letter/email/SMS or any other mode as deemed fit.

Procedure for removal of suspension of demat accounts:

- If any demat account holder approaches for removal of suspension, then it is required to verify the status of KYC record for given PAN on KRA system (for sole / all the eligible joint holders) and ensure that same is shown as validated by KRA.
- After verification, we may remove suspension of demat account. Such removal of suspension of demat accounts may be undertaken by us Suo-moto after necessary verification.

17. CLOSURE OF ACCOUNT

A Client desiring to close an account shall make an application in the form specified in FORM 34. The Participant shall ensure that the form is complete and the signature of the Client is valid.

The Client may close its account if no balances are standing to its credit in the account. In case any balances exist, then the account may be closed in the following manner -:

- By Rematerialisation of all its existing balances in its account; and / or;
- By transferring its security balances to its other account held either with the same DP or with a different DP.

The DP shall ensure that all pending transactions as well as suspended accounts have been adjusted before closing such account. After ensuring that there are no balances in the Client account, the DP shall execute the request for closure of the Client's account.

As per SEBI circular No MRD/DoP/Dep/CIR-22/05 dated November 9, 2005.

With effect from January 09, 2006 (Monday), no charges shall be levied by a depository on DP and consequently, by a DP on a Beneficiary Owner (BO) when a BO transfers all the securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO Account/s at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership”.

NSDL vide its circular NSDL/POLICY/2023/0163 dated November 17, 2023 informed regarding enhancement in Local DPM to capture the date of dispatch of notice sent to clients in respect of Participant initiated account closure. With reference to point no.17 of Annexure K of NSDL Business Rule w.r.t. 'Rights and Obligations of the Beneficial Owner and Depository Participant General Clause' wherein it has been stated that 'the Participant shall have the right to close the demat account of the Beneficial Owner, for any reasons whatsoever, provided the Participant has given a notice in writing of not less than thirty days to the Beneficial Owner.' In this regard, it has been informed that Local DPM has been enhanced to mandatorily capture the date of dispatch of closure notice sent to Beneficial owner where the reason selected by Participant for account closure is 'Closure initiated by Participant'.

Guidelines for online closure of demat accounts.

NSDL vide its Circular No NSDL/POLICY/2021/0075 dated July 19, 2021 has informed Depository Participants regarding facility for online closure of demat accounts.

Depository Participants which are offering online account opening shall ensure compliance to introduce the facility for online closure of demat accounts in accordance with the guidelines as mentioned below:

- Client shall be entitled to close the demat account through online mode without mandatorily giving any reasons to the depository participant (DP). Clients shall not be restricted from requesting, through online mode or offline mode, for the closure of demat account maintained with the DP, subject to the compliance requirements as stipulated by SEBI / Depository from time to time.
- Online closure of demat accounts shall be made available for the clients who have opened their accounts offline or online, by the DPs that provide various Depository related services in online mode. Those DPs which do not provide any services online and do not open accounts online may not be required to offer online closure of demat accounts.
- Account closure for account with balance shall be done only through web portal / app of DP through secured access by way of client specific user ID and password (in case of internet clients) and the request send through emails, SMS, other messaging apps, etc. shall not be entertained by the DP. As the KYC process requires e-sign post which demat accounts can be opened by the DP, for online closure of accounts with balance also, client shall be required to e-sign the form (using Aadhaar based online electronic signature service) to be verified by the DP in accordance with guidelines as stipulated by SEBI / Depositories from time to time.
- In case of clients having demat accounts with nil balances can be closed by the DPs on the basis of emails received from the registered email ID of the demat account holder.
- Once the application for closure of demat account is received, the DP shall intimate to the client on registered email id and / or mobile number (on both if available) about the receipt of closure request. A confirmation regarding the request made shall be sought from the client by way of OTP sent on the email id and / or mobile number updated in its source account (to be closed account).

- The request for demat account closure shall include target account details (in case of request for closure of demat account having security balances is made) where the client intends to shift the securities.
- Client would have to upload the scan / photograph of his / her signature along with Client Master Report (CMR) of the target account digitally signed by official of the target DP (CMR applicable in case of account having security balances). Filled account Closure form along with uploaded ink -signature of the client and CMR as uploaded, would be displayed in one single file to the client, subsequent to which, client shall then be required to e -sign the form (using Aadhaar based online electronic signature service) along with the documents and submit the same for further processing. The requirement of obtaining a CMR will be exempted if the DP is able to verify the target demat account details (i.e. sole holder's name and PAN should match perfectly) directly from the Depository electronically.
- If the DP authorises the request received, the account will get closed in the Depository system. If the DP rejects the client requests received, the DP shall inform the reason for such rejection to the client.
- In case the target account of the client specified in the account closure form is not its own account i.e. not the same PAN both in source and target accounts, as per the extant requirements, it will be necessary for the client to submit an off-market transfer instruction delivery instruction slip for execution of such transfers along with the requirement of entering OTP as provided by the Depository.
- After the closure of demat account by the DP, the same shall be intimated to the client through electronic mode enclosing the CMR & Transaction cum Holding Statement of the closed account.
- DP shall maintain and store system logs of the closure instructions and e-signed electronic requests (uneditable) received in electronic form in a secured manner and the same shall be subject to 100% internal audit.
- Notwithstanding any such closure of demat account, all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to the closure of demat account shall continue to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.
- The above process shall be applicable in case of individual client accounts with single holder (without pledge / freeze / pending demat requests balances) and the closure requests accepted through above mechanism shall be considered as a valid client request and DPs / Depository shall not be held liable for acting on such requests.

- Depositories shall put in place a complaint redressal mechanism for dealing with complaints related to online closure of demat accounts.

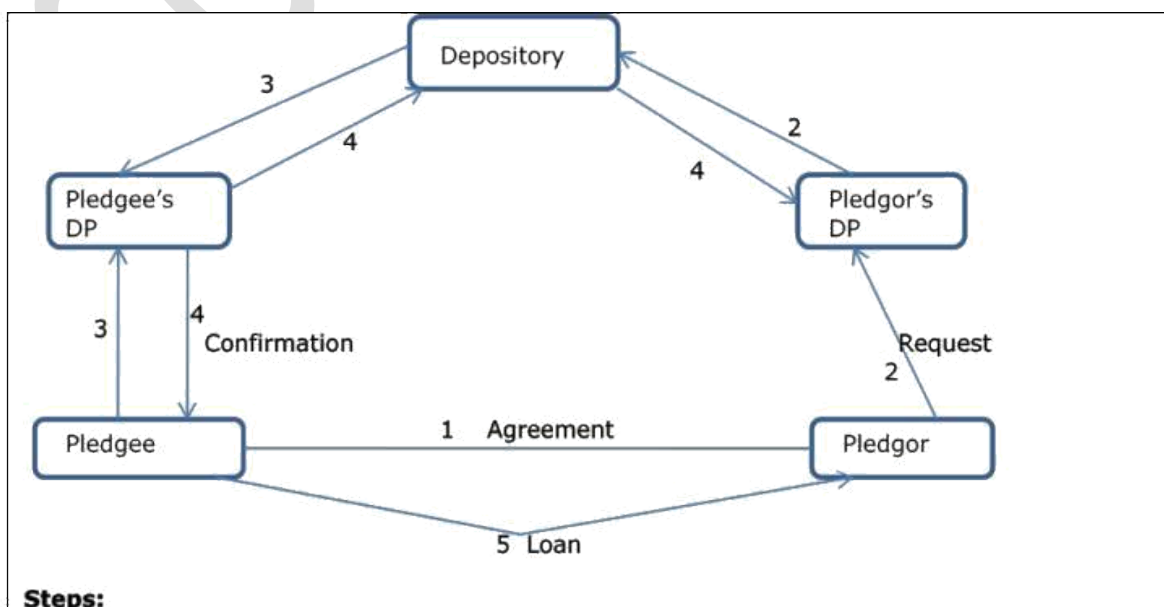
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18. PLEDGE AND HYPOTHECATION

The creation of pledge and hypothecation against securities which are held in demat mode is permitted under section 12 of the Depositories Act, 1996. Securities (free balances / lock-in balance) held in a depository account can be pledged or hypothecated against a loan, credit, or such other facility availed by the beneficial owner of such securities. For this purpose, both the parties to the agreement, i.e., the pledgor and the pledgee must have a beneficial account with the same depository as inter-depository pledge is presently not permitted. However, both parties need not have their depository account with the same DP. The nature of control on the securities offered as collateral determines whether the transaction is a pledge or hypothecation. If the lender (pledgee) has unilateral right (without reference to borrower) to appropriate the securities to his account and if the borrower (pledgor) defaults or otherwise, the transaction is called a pledge. If the lender needs concurrence of the borrower (pledgor) for appropriating securities to his account, the transaction is called hypothecation.

PROCEDURE FOR PLEDGE/HYPOTHECATION

The pledgor initiates the creation of pledge/hypothecation through its DP and the pledgee instructs its DP to confirm the creation of the pledge. The pledge/hypothecation so created can either be closed on repayment of loan or invoked if there is a default. After the pledgor has repaid the loan to the pledgee, the pledgor initiates the closure of pledge/ hypothecation through its DP and the pledgee instructs its DP to confirm the closure of the pledge/hypothecation. If the pledgor defaults in discharging his obligation under the agreement, the pledgee may invoke the pledge/ hypothecation. This has to be done after taking the necessary steps under the terms of the agreement with the pledgor and as stated in the Bye-Laws of the depository and rules and regulations framed by SEBI.



PLEDGE

PROCESS FLOW WITH REGARD TO PLEDGE

- If a Client intends to create a pledge on a security owned by him, he shall make an application in this regard in the form specified in the Business Rules to the Depository through the DP, who has his account in respect of such securities,
- The pledgor and the pledgee must have an account in the Depository to create a pledge. However, the pledgor and the pledgee may hold an account with two different DPs.
- The DP of the pledgor shall request creation of pledge on receipt of the pledge creation form as laid out in FORM 28 from the pledgor.
- The DP of the pledgee shall request confirmation of creation of pledge on receipt of the pledge creation confirmation form as laid out in FORM 28 from the pledgee.
- On receipt of the request and confirmation for creation of pledge from the pledgor and pledgee respectively through their DPs, the Depository may create the pledge,
- The DP of the pledgor shall request closure of pledge on receipt of the pledge closure form as laid out in FORM 28 from the pledgor.
- The DP of the pledgee shall request confirmation of closure of pledge on receipt of the pledge closure confirmation form as laid out in FORM 28 from the pledgee.
- On receipt of the request and confirmation for closure of pledge from the pledgor and pledgee respectively through their DPs, the Depository may close the pledge.
- The DP of the pledgee shall request invocation of pledge on receipt of the pledge invocation form as laid out in FORM 28 from the pledgee,
- NSDL vide its Circular - NSDL/POLICY/2019/0089 dated December 18, 2019 informed that in the case of transfer of securities pursuant to invocation of pledge, duty shall be collected from the pledgee on the market value of the securities. DP should obtain the consideration in case of “pledge invocation” from the pledgee.
- On receipt of the request for invocation of pledge from the pledgee through its Participant, the Depository may amend its records,
- The aforementioned forms submitted by the pledgor and pledgee shall be checked by the DP to ensure the completeness of the form and validity of the signature of the pledgor or pledgee, DP ID and Client Id, ISIN and Company Name and Quantity before the requests on these forms are executed.
- The Depository, after receiving confirmation from the DP of the pledgee through an application made by the pledgee to the DP in the form specified in Business Rules in this regard, shall within fifteen days of the receipt of the application create and record the pledge and send an intimation of the same to the DPs of pledgor and pledgee,

- On receipt of the intimation under Bye Law above, the DPs of both the pledgor and the pledgee shall inform the pledgor and the pledgee respectively of the entry of creation of the pledge.
- If the Depository does not create the pledge, it shall within fifteen days of the receipt of application under Bye Law send along with the reasons, intimation to the DPs of the pledgor and the pledgee
- The pledgor or pledgee may request cancellation of the entry of pledge made under Bye Law by making an application in the form specified in this regard in the Business Rules to the Depository through its DP.
- The DP shall make a note in its records, of the cancellation of the entry of pledge and forward the request to the Depository,
- The Depository, after receiving prior confirmation from the DP of the pledgee through an application made by the pledgee to the DP in the form specified in Business Rules in this regard, shall cancel the entry of pledge made under Bye Law and send an intimation of the same to the DPs of pledgor and pledgee.
- The pledgee may invoke the pledge made under Bye Law, subject to the provisions of the pledge document, by making an application in the form specified in this regard in the Business Rules, to the Depository through its DP.
- The DP shall make a note in its records, of the request of invocation of the entry of pledge and forward the request to the Depository,
- The Depository, on receipt of a request under Bye Law, shall invoke the pledge and amend its record accordingly to register the pledgee as a beneficial owner of the securities and shall thereafter, send intimation of the same to the DP of the pledgor and the pledgee,

HYPOTHECATION

- If the Client intends to create hypothecation on the securities owned by him, he may do so in accordance with the provisions of Bye Laws.
- The DP of the hypothecator shall request creation of hypothecation on receipt of the hypothecation creation form as laid out in FORM 28 from the hypothecator.
- The DP of the hypothecate shall request confirmation of creation of hypothecation on receipt of the hypothecation creation confirmation form as laid out in FORM 28 from the hypothecate.

- On receipt of the request and confirmation for creation of hypothecation from the hypothecator and hypothecate respectively through their DP, the Depository may create the hypothecation.
- The DP of the hypothecator shall request closure of hypothecation on receipt of the hypothecation closure form as laid out in FORM 28 from the hypothecator.
- The DP of the hypothecate shall request confirmation of closure of hypothecation on receipt of the hypothecation closure confirmation form as laid out in FORM 28 from the hypothecate.
- On receipt of the request and confirmation for closure of hypothecation from the hypothecator and hypothecate respectively through their DP, the Depository may close the hypothecation.
- The DP of the hypothecate shall request invocation of hypothecation on receipt of the hypothecation invocation form as laid out in FORM 28 from the hypothecate.
- The DP of the hypothecator shall request confirmation of invocation of hypothecation on receipt of the hypothecation invocation confirmation form as laid out in FORM 28 from the hypothecator.
- On receipt of the request and confirmation for invocation of hypothecation from the hypothecate and hypothecator respectively through their DPs, the Depository may amend its records.
- The aforementioned forms submitted by the hypothecator/hypothecate shall be checked by the DP to ensure the completeness of the form and validity of the signature of the hypothecator/hypothecate before the requests on these forms are executed.
- No transfer of security in respect of which a notice or entry of pledge or hypothecation is in force shall be effect by a DP without the prior concurrence of the pledge or the hypothecate as the case may be.

Capturing reasons for encumbrances and ultimate lender –

NSDL vide its circular NSDL/POLICY/2022/089 dated June 28, 2022 informed to follow below mentioned operating guidelines for capturing reasons for all type of encumbrances and details of ultimate lender(s) where shares are pledged in favour of the Trustee by the Promoters:

- ✓ At the time of execution of pledge/Hypothecation/NDU by a Promoter, it is advised to capture the reason code for the encumbrance as provided by the client and in case the encumbrance is in favor of a Trustee acting on behalf of ultimate lender(s), details of such ultimate lender(s) shall be provided by the client. In case encumbrance is created by the

client for the purpose of issuance of debentures, name of the debenture Issuer shall be provided by the client.

- ✓ For recording the details as mentioned above, following fields have been introduced in NSDL system:
 - Reason code for Encumbrance
 - Name of Ultimate Lender / Debenture Issuer
- ✓ It is requested to take note that name of ultimate lender / debenture issuer (in case encumbrance is in favor of a Trustee) and reason code for encumbrance, shall be obtained in the format enclosed as Annexure B along with Form 28 (Pledge/Hypothecation Form) and Form 39 (Hold on Securities for non-Disposal Undertaking/ Agreement) as the case may be.
- ✓ Following are the reasons for encumbrance along with their static data codes (NSDL vide Circular No. NSDL/POLICY/2022/079 dated June 02, 2022 has already notified the reason codes for encumbrance):

<u>Code</u>	<u>Description</u>
01	Collateral for issuance of Debentures by Company/Group Companies
02	Collateral for loans taken by the Company/Group Companies
03	Collateral for loans taken by the Third Party
04	Margin Pledge / MTF for trading on the Stock Exchange
05	Personal use by promoters and PACs

- ✓ In case of, Margin Pledge or Margin Trading Funding (MTF) executed by Promoters for trading on Stock Exchanges, the reason code “04-Margin Pledge / MTF for trading on the Stock Exchange” shall be captured by default in the system.
- ✓ It is requested to take note that there is no change in existing process of Pledge / Hypothecation / NDU for clients other than Promoters.

19. MARGIN PLEDGE REPLEDGE

NSDL vide its following circulars informed DPs regarding Margin obligations to be given by way of Pledge / Repledge in the Depository system:

Circular No	Date	Subject
NSDL/POLICY/2020/0023	February 26,2020	SEBI circular on Margin obligations to be given by way of Pledge/Re-pledge in the Depository System
NSDL/POLICY/2020/0073	May 27, 2020	SEBI circular on Implementation of Circular on 'Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System'-Extension.
NSDL/POLICY/2020/0075	May 30, 2020	SEBI circular on Implementation of provision regarding Power of Attorney in circular dated February 25, 2020 –Extension.
NSDL/POLICY/2020/0076	May 31, 2020	New Client Type and sub type for opening of accounts by stock broker/PCM for margin obligations.
NSDL/POLICY/2020/0077	June 01, 2020	Operational Guidelines on margin obligations to be given by way of Pledge / Re-Pledge in the Depository System
NSDL/POLICY/2020/0094	July 14, 2020	Changes in file format in respect of Margin Pledge / Re-Pledge
NSDL/POLICY/2020/0096	July 23, 2020	Changes in respect of static codes in DPM system pertaining to Margin Pledge / Repledge
NSDL/POLICY/2020/0103	July 31, 2020	SEBI circular on implementation of Margin obligations to be given by way of Pledge Repledge in the Depository System
NSDL/POLICY/2020/0104	July 31, 2020	Registration process for Investors, Trading Members and Clearing Members on NSDL eservices (i.e. SPEED-e & IDeAS) in respect of Margin Pledge/ Re-Pledge.
NSDL/POLICY/2020/0107	July 31, 2020	Implementation of Margin Pledge / Re-pledge module in the depository system.
NSDL/POLICY/2020/0110	August 15, 2020	Implementation of Margin obligations to be given by way of Pledge / Re-pledge in the NSDL System.
NSDL/POLICY/2020/0112	August 17, 2020	Amendments to Business Rules of NSDL -Partial Re-pledge/Release/Invocation
NSDL/POLICY/2020/0113	August 17, 2020	Implementation of Partial Margin Re-pledge / Release / Invocation functionality.
NSDL/POLICY/2020/0114	August 21, 2020	Amendments to Business Rules of NSDL –Fees for

INTRODUCTION:

1. If a client intends to create a margin pledge on securities owned by him for margin or settlement obligations of the client or such other purpose as specified by SEBI in favour of a Trading Member which may be re-pledged to the Clearing Member or by the client in favour of a Clearing Member and further re-pledged to the Clearing Corporation, he shall make an application for creation of margin pledge in the form and manner specified in the Business Rules to the Depository through the DP, who has his account in respect of such securities.
2. The Trading Member or the Clearing Member through an account designated for this purpose with a DP, may re-pledge the securities of the Client to the Clearing Member and Clearing Corporation respectively, in the form and manner specified in the Business Rules.
3. If the securities are pledged or re-pledged with a Trading Member or Clearing Member or Clearing Corporation, any release or invocation of margin pledge will be effected, in the form and manner specified in the Business Rules.
4. The rights to release or invoke a margin pledge shall be either with the Clearing Corporation, Clearing Member or Trading Member in a hierarchical order at a particular point in time, i.e.,
 - If securities are re – pledged to Clearing Corporation, the rights to release or invoke the margin pledge will be with the Clearing Corporation to the exclusion of other parties.
 - If securities are re – pledged to the Clearing Member or if the Clearing Corporation has exercised its rights to release the pledge, the rights to release or invoke the margin pledge will be with the Clearing Member to the exclusion of other parties.
 - If securities are pledged to the Trading Member or if the Clearing Member has exercised its rights to release the pledge, the rights to release or invoke the margin pledge will be with the Trading Member to the exclusion of other parties.
5. The pledger and pledgee must have an account in the Depository to create a margin pledge. However, the pledger and pledgee may hold an account with different Participants.

6. Upon of creation of margin pledge on securities, no transfer, hold, pledge, hypothecation, lending, rematerialisation, or alienation of securities in any manner shall be permitted, unless the margin pledge on securities is released or invoked.

PROCEDURE:

1. For the purpose of this Rule for margin pledge, the Client, Trading Member or the Clearing Member shall be the pledger acting in such capacity and the Trading Member, Clearing Member or the Clearing Corporation shall be the pledgee acting in such capacity.
2. The DP of the pledger shall request initiation of margin pledge or re-pledge on receipt of the margin pledge form as laid out in Form 43 from the pledger.
 - Provided that in case margin pledge is initiated by the Client for a specified segment, the re-pledge by the Trading Member or the Clearing Member for such securities shall be done for the same segment.
 - Provided further that in case the margin pledge is initiated by the Client for all segments, the re-pledge by the Trading Member or the Clearing Member for such securities shall be done for any segment.
3. The DP of the pledgee shall request confirmation of initiation of margin pledge or re-pledge on receipt of the margin pledge form as laid out in Form 43 from the pledgee. Alternatively, pledgee may give standing instructions to its DP to confirm the margin pledge.
4. On receipt of the request and confirmation for initiation of margin pledge or re-pledge from the pledger and pledgee respectively through their DPs and acceptance of margin pledge by the client by way of One Time Password confirmation on registered mobile number or registered email ID of the client or other verifiable mechanism, the Depository may create the margin pledge.
 - Provided that in case the client has a joint account, any one holder may accept the margin pledge on behalf of the client.
5. The DP of the client shall request release of margin pledge on receipt of margin pledge form as laid out in Form 43 from the client. On receipt of request from the DP for release of margin pledge, the Depository may intimate the DP of the pledgee about the request for release.
6. The DP of the pledgee shall release the margin pledge on receipt of margin pledge form as laid out in Form 43 from the pledgee. On receipt of request from the DP of pledgee for release of margin pledge, the Depository may release the pledge vis-à-vis the concerned pledgee.

7. The DP of the pledgee shall request invocation of margin pledge or re-pledge on receipt of the margin pledge form for invocation as laid out in Form 43 from the pledgee.
8. The Depository, on receipt of a request, shall invoke the pledge or re-pledge and amend its record accordingly to register the pledgee as a beneficial owner of the securities and shall thereafter, send intimation of the same to the DPs of the pledger and the pledgee.
9. The aforementioned forms submitted by the pledger and pledgee shall be checked by the DP to ensure the completeness of the form and validity of the signature of the pledger or pledgee before the requests on these forms are executed.
10. The Trading Member or the Clearing Member may re-pledge the securities either for the full quantity for which the margin pledge was initiated or for partial quantity and the margin pledge may be released or invoked either for full quantity or for partial quantity.

CHARGES FOR MARGIN PLEDGE REPLEDGE:

- ✓ A fee at the rate of Rs. 5.00 for each margin pledge initiation and each margin pledge release between the account of the client and the account of the Trading Member or Clearing Member shall be charged to the DP of the Client and DP of Trading Member or Clearing Member respectively.
- ✓ A fee at the rate of Rs. 1.00 for each re-pledge and each margin pledge release between the account of the Trading Member and the account of the Clearing Member shall be charged to the DP of the Trading Member and Clearing Member respectively.
- ✓ A fee at the rate of Rs. 1.00 for each re-pledge from the account of the Clearing Member to the account of the Clearing Corporation shall be charged to the DP of the Clearing Member.
- ✓ A fee at the rate of Rs. 5.00 for each margin pledge invocation by Trading Member and Clearing Member shall be charged to the DP of the Trading Member and Clearing Member respectively.

ANNUAL MAINTENANCE FEE FOR CLIENT SECURITIES MARGIN PLEDGE ACCOUNT:

- ✓ A fee at the rate of Rs. 500 per Client Securities Margin Pledge Account shall be charged to the DP in a financial year.
 - Provided that if a fee is charged as a corporate account, no separate fee under this shall be charged.

20. CORPORATE BENEFITS

Corporate actions are events, which affect the rights, obligations and/or interests of the beneficial owners of the securities held in a depository. The most common examples are payment of interest, dividend, bonus shares, rights, splits, merger, redemption, payment of call money, liquidation etc. For securities held in a demat mode, the depository facilitates the execution of corporate actions. The depository Bye-Laws define corporate benefits to mean and include any action taken by the issuer relating to prescribing dates for book closures, record dates, dates for redemption or maturity of security, dates of conversion of debentures, warrants, call-money dates and such other action from time to time.

Corporate actions can be categorized into two types:

- 1) Cash corporate
- 2) Non-cash corporate actions

CORPORATE ACTIONS: CASH

Cash corporate actions involve distribution of monetary benefits, e.g., dividend and interest etc. In case of cash corporate actions, depository merely provides information to the Issuer about the persons entitled to receive corporate benefits.

CORPORATE ACTIONS: NON CASH

Non-cash corporate actions involve distribution of benefits other than cash such as bonus issues, offer of shares on right basis, conversion of securities, etc. In case of non-cash corporate actions, depository may facilitate the distribution of corporate benefits. Presently the depositories in India facilitate the distribution of non-cash corporate benefits.

PROCEDURE

Whenever a corporate action is announced, the Issuer / its R&T Agent, informs the depository about the proposed corporate action. The information of the corporate actions is made available to the DPs through the depository system. On receiving such information, DPs take the following steps to ensure that: the changes in tax status, bank details, change of address etc. in the beneficial owners' accounts are updated well in advance of the book closure/record date; all positions in the transit accounts, e.g., settlement accounts and

intermediary accounts, are cleared and the balances lying therein are transferred to the relevant beneficiary accounts well in advance of the book closure/record date as per the instructions received from account holders.

On the relevant cut-off date announced for the corporate action, the depository provides the details of the holdings of the beneficial owners to the Issuer / its R&T Agent. The details provided by the depository include the particulars of tax-status, if any of the beneficial owner and his bank account details. Securities balances lying in the accounts of the Clearing Members / Clearing Corporations / Intermediaries will be eligible to receive corporate benefits. In such cases, the Issuer or its RTAs will distribute the corporate benefits to the Clearing Members / Clearing Corporations / Intermediaries for onward distribution to the beneficial owners. The corporate benefits availed by Clearing Members / Clearing Corporations and intermediaries shall be held in trust on behalf of the beneficial owners.

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21. SERVICES - PUBLIC OFFERINGS

The primary market provides the channel for raising funds from investors through sale of new securities; the issuers of securities issue (create and sell) new securities in the primary market to raise funds for investment and/or to discharge some obligation. The issue of securities in the primary market can be made by a new company, a new company promoted by an existing company, an existing public listed company, or an existing public unlisted company. They do so either through public issues (initial public offer or follow on public offer) or private placement. According to the Companies Act, 1956 (section 68B) every listed public company, making an initial offer of any security of Rs. 10 crore and above has to issue it only in dematerialized form in accordance with Depositories Act, 1996. To encourage issue of securities in demat form,

SEBI has issued the following guidelines for public issues in electronic mode:

Issuer shall be required to enter into agreement with all the depositories. Issuer shall give an option to subscriber/investor to receive the physical certificates or hold the securities in electronic mode with the depository. In order to eliminate the risks to investors on account of fake/forged certificates, bad deliveries, delays in transfer, etc., trading in securities of company making an IPO shall be in demat form only.

22. MIS AND RECORDS

The DP shall furnish a transaction statement including statement of accounts, if any, to every Client, who has opened an account with it, giving the details of the security-wise balances in the accounts of the Clients. Such a statement shall be furnished to the Clients at fortnightly intervals unless the Client and DP have agreed for provision of such statements at shorter intervals. However, if there is no transaction in the account, then the DP shall provide such statement to the Client at least once a quarter.

The Depository may directly send to Clients chosen at random, the details of security-wise holdings in the accounts of those Clients, to facilitate cross checking with the transaction statement including statement of accounts, if any, furnished by the DP.

RECORDS TO BE MAINTAINED BY THE PARTICIPANTS

Every DP of the Depository shall maintain the following records relating to its business for a period of five years. As per PMLA policy DP has to preserve records for 05 years. As per regulatory authority demands, DP has to provide each and every record for verification.

1. Delivery/Receipt Instructions given by its Clients.
2. Forms submitted by the Clients to the DP for:
 - Opening of accounts with the DP;
 - Closing of accounts with the DP;
 - Freezing of accounts with the DP;
 - Defreezing of accounts with the DP.
3. Copies of correspondence from the Clients on the basis of which Clients details were updated in the DPM;
4. Record of all actions taken on the exception reports, generated by the system;
5. A register showing details of grievances received from the Clients and their present status.

The following details shall be specified in this regard: -

- Name of the Client
- Reference number of the Client
- Date
- Particulars of complaints
- Action taken by the DP

6. If the matter is referred to arbitration, then the particulars including the present status thereof.
7. Instructions received from the Clearing Member to transfer balances from the Pool account to the Delivery account of the Clearing Member in order to enable it to meet its obligations to the Clearing Corporation;
8. Instructions from the clearing member authorizing the transfer of securities from the pool account of the clearing member to the accounts of its clients
9. The forms received in respect of pledge of securities;
10. The forms received in respect of transmission of securities
11. The forms received in respect of securities lending.
12. Record of serial numbers of the instruction forms for debit or pledge of securities in a Client account, issued to its Clients.

The following records pertaining to dematerialization and Rematerialisation of securities shall be kept by the DPs until the process of dematerialization or Rematerialisation is completed: -

- (1) Dematerialization request form (DRF and DRF-GS) filled by the Client;
- (2) Certificate details of securities sent for dematerialization
- (3) Proof of deliveries of DRF and securities to the Issuer or its Registrar and Transfer Agent and proof of delivery of DRF-GS and Government Securities to the Depository.
- (4) Objection memo and certificate details of the rejected securities against the DRN
- (5) Rematerialisation Request Form (RRF and RRF-GS) submitted by the Client
- (6) Proof of delivery of RRF to the Issuer or its Registrar & Transfer Agent and proof of delivery of RRF-GS to the Depository.

The DP shall intimate to the Depository, the place where the above records are kept and available for audit/inspection.

Records & Maintenance

There should be proper maintenance of records with good, proper & reputed storage company.

- (1) All newly account opening forms should be sent for scanning & storage.
- (2) All the DIS. Requisition, DRF should be filled & bind on regular intervals and should kept in proper storage.
- (3) All backup tapes on hard disk drive should be kept as per Depository guidelines.

23. INTERNAL CONTROL AND SYSTEM

Internal control

Internal controls are usually classified into two broad categories:

1. Accounting controls

Accounting Controls are primary concerned with the control of financial transactions and records, and safeguarding of assets. They, therefore, have the following primary objectives

- All transactions are executed in accordance with management's authorisation.
- All transactions are promptly and properly recorded on execution to facilitate timely preparation and communication of reliable financial information.
- Accountability for assets is maintained and all assets are adequately safeguarded against unauthorized access, use and disposal.

1. Administrative controls.

Administrative Controls comprise of controls other than accounting controls. In computerized environment, controls relating to system administration, disaster management and data recovery procedures are among the most important administrative controls. Other examples of administrative controls include maintenance of records of persons visiting the participant's office, maintenance and review of record of clients' of clients' complaints and follow-up action taken to resolve to resolve such complaints.

Systems

The depository systems are a fully integrated system, where all the users of the depository are linked to each other through the central computer system of depository. Different depositories are also linked to each other. The integration of the depository system is achieved through a common application, having different modules designed as per the specific requirements of various users, i.e.; participants, clearing corporations, and registrar and share transfer agents. The module provided to the NSDL participants is called the depository participant Module (DPM)

The participants use this application through GISMO (Graphical Interface for System Management and Operations), a front-end tool. GISMO is an application that provides the interface to business partners for performing activities necessary for successful running of the depository application

1. **IP Address**- IP (Internet Protocol) Address is a unique dotted-decimal notation used to identify a node on a network and to specify routing information. Each node on the network must be assigned a unique IP address, which is made up of the network ID. Plus a unique host ID assigned by the network administrator. This address is typically represented in dotted-decimal notation, with the decimal value of each octet (byte).
2. **PING**- Ping is a Windows NT command, which verifies connections to remote computer(s), by sending ICMP (Internet Control Message Protocol). It can be used to test both the computer name and IP address, to test the connectivity of participants' computers with the remote computers
3. **Receive Queue**- Receive queue is a table in business partner database which stores the messages received from NSDL or messages processed by interface communication, received from NSDL. It contains a unique number per message, length of the message, actual contents of the message and status of the message indicating whether a particular message is received' or 'received and processed'
4. **Transmit Queue**- Transmit queue is a table in business partner database that stores the messages transmitted or to be transmitted to NSDL. It contains a unique number per message (PDMKEY), length of the message actual contents of the message, and status of the message indicating whether a particular message is 'Transmitted' or to be transmitted or if transmitted how it is transmitted.
5. **Back-office**- Back-office, in context of GISMO, is a set of import and export utilities which can be used to keep the business partners' back-office system in consonance with DPM.
6. **Systems Security**- System security sub-module is provided to control and regular the access to the depository system, through user authorization, passwords, and audit trail of various users' activities. The system works through creation of user groups with specific authorization profiles or privileges. Various system users are then assigned to these user groups for performing specific tasks. Administrator is the higher most user having access to most of the functions, and authority to restrict and override privileges of other users.

7. **Back up**- Backup of the DPM database is required to be taken on a daily basis. In order to facilitate ease of operation, a facility to automate the backup process is developed. This facility will enable Participants to take backup without any manual intervention, at their preferred time. It will also eliminate the chances of a Participant missing out on taking of backup on a working day inadvertently. (Cir No.: NSDL/POLICY/2014/0039 Date: March 28, 2014)

8. **Inquiries**-Inquiries sub-module is used for making queries on system operation profile. User can view the following information in relation to the systems operations.

- DP ID
- Current business date.
- Date of last business conducted.
- Business start date and business end time.
- NSDL business and time.
- Current status of BOD, regular operations, and EOD.
- Current version of software and its release date

Connectivity

The computer system used by DPs, companies, R& T Agents and stock exchanges may be connected to NSDL central systems through leased line network. NSDL recommends MPLS leased line provided by TATA or TULIP for BP to connect to NSDL.

Leased line connections are called primary connectivity. If primary connectivity fails for any reason, BPs must have ability to connect through other means. Such other means are Internet, PSTN line, ISDN lines, POO (normal telephone lines) through which they can dial on to the NSDL system and conduct their transaction.

Validity and Renewal of Registration certificate

Certificate of registration is valid for a period of five years from the date of issue. It may be renewed after expiry of five years. After completion of five years DP can get permanent registration from SEBI. The application for renewal should be made through the concerned depository. The fee specified for issue of certificate of registration and be dealt with in the same manner as if it were a fresh application for grant of certificate of registration should accompany the application. SEBI, on being satisfied that the participant meets the

conditions for issue of registration certificate, issues the certificate of permanent registration. We have got the permanent registration from SEBI on December 14, 2016.

Any DP, whose application for renewal of certificate of registration has been rejected by SEBI, shall cease to carry on any activity as a participant from the date of expiry of the certificate of registration sought to be renewed. However, SEBI may in the interest of the investors in the securities market, permit the participant to carry on activities undertaken prior to the receipt of the intimation of refusal subject to such conditions as it may specify. A participant may also choose to withdraw its participation from a depository or to transfer its account to another depository, subject to compliance with the conditions stipulated in bylaws of depository in this regard.

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24. CHARGES

(A) **Account Maintenance Fee**- Account maintenance fee is usually a fixed amount charged by the participants from clients periodically for maintaining their depository accounts

(B) **Transaction Fees**- Transaction related fees are the charges levied on client in relation to the transactions in their accounts. Different rates of charges may be applied for transactions like market trades, Off-market trades, Pledge and hypothecation, lending a borrowing etc. Depositories also levy transaction related fees on participants.

(C) **Dematerialization/Rematerisation**- Dematerialization related fees are the charges by participants for processing a Dematerialization/Rematerisation requests received from the clients.

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25. BASIC SERVICES DEMAT ACCOUNT

Eligibility Criteria

All the individuals who have or propose to have only one demat account where they are the sole or first holder shall be eligible to have a BSDA provided that the value of securities held in the demat account does not exceed Rupees Two Lakhs at any point of time. An individual can have only one BSDA in his/her name across all depositories.

The value of holding shall be determined by the DPs on the basis of the daily closing price or NAV of the securities or units of mutual funds. If the value of holding in such BSDA exceeds the prescribed criteria at any date, the DPs may levy charges as applicable to regular accounts (non-BSDA) from that date onwards

Transaction Statements:

Transaction statements shall be sent to the BO at the end of each quarter. If there are no transactions in any quarter, no transaction statement may be sent for that quarter.

Holding Statement

One annual physical statement of holding shall be sent to the stated address of the BO in respect of accounts with no transaction and nil balance and for remaining accounts one annual statement of holding shall be sent in electronic or physical form as opted for by the BO

Declaration

The client has to give a Declaration for availing of Basic Services Demat Account (BSDA) facility in the prescribed form.

Charge structure

NSDL vide its Circular No - NSDL/POLICY/2019/0026 dated May 03, 2019 informed that SEBI vide its Circular No. MRD/DoP2DSA2/CIR/P/2019/51 dated April 10, 2019 revise the structure of charges for "Basic Services Demat Account" (BSDA) for debt securities as defined in SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

The maximum AMC which can be charged by Participants is as given below:

- No AMC shall be levied in case the value of holdings of debt securities is up to Rs. 1 lakh and a maximum AMC of Rs. 100 shall be levied if the value of holdings of debt securities is between Rs. 1,00,001 and Rs.2,00,000.

- No AMC shall be levied in case the value of holdings other than debt securities is below Rs. 50,000 and a maximum AMC of Rs. 100 shall be levied if the value of holdings other than debt securities is between Rs. 50,001 and Rs.2,00,000.

<u>Slabs</u>	<u>Charges</u>
For Debt Securities	
Upto Rs. 1,00,000	No AMC
1,00,001 to 2,00,000	Maximum Rs. 100
For other than Debt Securities	
Upto Rs. 50,000	No AMC
50,001 to 2,00,000	Maximum Rs. 100

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26. CENTRAL REGISTRY OF SECURITISATION ASSET RECONSTRUCTION AND SECURITY INTEREST OF INDIA (CERSAI)

CENTRAL KYC REGISTRY OPERATING GUIDELINES 2016

The Government of India vide their Notification dated November 26, 2015 authorised the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI), set up under sub-section (1) of Section 20 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002), to act as and to perform the functions of the Central KYC Records Registry under the said rules, including receiving, storing, safeguarding and retrieving the KYC records in digital form of a “client”, as defined in clause (ha) of sub-section (1) of Section 2 of the Prevention of Money-Laundering Act, 2002. The Central Government have also amended the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 vide Notification dated 7th July, 2015 for the purpose of establishment of Central KYC Registry. As per Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015, Rule 9 (1A), every reporting entity shall within three days after the commencement of an account-based relationship with a client, file the electronic copy of the client’s KYC records with the Central KYC Registry.

The Operating Guidelines in the regard are as under:

I. Definitions

In these guidelines, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below –

- a) “Act” means the Prevention of Money Laundering Act, 2002.
- b) “Rules” means Prevention of Money Laundering (Maintenance of Records) Rules, 2005.
- c) “Central KYC Records Registry” (CKYCR) means an entity defined under 2(1) (aa) of the Rules.
- d) “Reporting Entity” means an entity defined under sub-section (wa) of section 2 of the Act.
- e) “Customer” means a client as defined under sub-section (ha) of sub-section 2 of the Act.
- f) “KYC” means the due diligence procedure prescribed by the regulator for identifying and verifying the proof of address, proof of identity and compliance with rules, regulations,

guidelines and circulars issued by the regulator or any other statutory authority under the Act from time to time.

g) “KYC identifier” means a unique identifier for the customer generated by the Central KYC Registry and notified to the reporting entities.

h) “Operating Guidelines” means operating instructions made by the Central KYC Registry in co-ordination with the regulator/s.

All other words and expressions used but not defined in these guidelines shall have the same meaning as have been assigned to them under the Act or the Prevention of Money laundering (Maintenance of Records) Rules, 2005 or any statutory modification or re-enactment thereto, as the case may be.

II. Functions and Obligations of Central KYC Registry

The Central KYC Registry shall have the following functions and obligations:

a) Shall have a secure electronic connectivity with the registered reporting entities. The web address of Central KYC Registry portal is <https://www.ckycindia.in>

b) Shall have a secure data transmission link with the ID issuing authorities wherever feasible and use such electronic data, as permitted, and preserve it with the Central KYC Registry.

c) Shall be responsible for electronically (i) storing (ii) safeguarding and (iii) retrieving the Know Your Customer (KYC) records and making such records available online to reporting entities or Director.

d) Information updated about a customer shall be disseminated on request by Central KYC Registry to any reporting entity that avail the services of the Central KYC Registry in respect of the customer.

e) The services of the Central KYC Registry will be available on payment of prescribed fee, in advance.

f) Shall process the KYC records received from a reporting entity for de-duplication and issue a unique KYC Identifier for each client to the reporting entity.

g) Ensure that the integrity of the electronic systems for records is maintained and accessible at all material times.

h) Take all precautions necessary to ensure that the electronic Know Your Customer (KYC) records are not lost, destroyed or tampered with and that sufficient back up of electronic records is available at all times at a different place.

i) Take all reasonable measures to prevent unauthorized access to its KYC database.

III. Functions and obligations of the reporting entity

The reporting entity shall have the following functions and obligations:

a) Reporting entities shall be required to register with the Central KYC Registry in accordance with the processes and instructions issued.

b) While commencing an account based relationship, reporting entity shall verify the identity of the customer and perform the initial due diligence of the customer.

c) Where a customer submits a KYC Identifier to a reporting entity, then such reporting entity shall download the KYC records from the Central KYC Registry by using the KYC Identifier and shall not require a customer to submit the documents again unless

i) There is a change in the information of the customer as existing in the records of Central KYC Registry.

ii) The current address of the client is required to be verified.

iii) The reporting entity considers it necessary in order to verify the identity or address of the client, or to perform enhanced due diligence or to build an appropriate risk profile of the client.

d) The reporting entity shall not use the KYC data of a customer obtained from the Central KYC Registry for purposes other than verifying the identify or address of the client and shall not transfer KYC records or any information contained therein to any third party unless authorised to do so by the client or by the Regulator or by the Director.

e) The reporting entity which performed the last KYC verification or sent updated information in respect of a client shall be responsible for verifying the authenticity of the identity or address of the client.

The prescribed fee is payable by the reporting entity for each type of transaction and Central KYC Registry will collect such fees from the reporting entities, in advance.

IV. Operating Guidelines to the Reporting Entities

A. Registration

Registration process entails the following:

i. Entry of the requisite details on the registration screen by the Nodal Officer/Authorised Signatory of the reporting entity and online submission of the same.

ii. Upon submission, reference ID will be generated and an email shall be sent to Nodal Officer/Authorized Signatory's registered email ID. Reporting entity can check the current registration status on the CKYC Portal by the reference number generated.

iii. Duly signed form along with following supporting documents shall be sent to Central KYC Registry:

- Duly Signed institution registration form
- Regulator License/Certificate/Notification
- PAN Card of the entity
- Corporate Identification Number (in case regulator issues multiple licenses to an entity)
- Registration Certificate (In case of Co-operative Banks/societies)
- Authorization letter by Competent Authority for Admin users
- Certified copy of photo identity card of the Admin users issued by the institution
- Certified copy of the proof of the identity of the Admin users

After verification of the documents, Central KYC Registry's administrator will authorize the request for registration of entity.

i. In case of discrepancies, Registry's administrator shall put the request on hold till the discrepancies are rectified.

ii. Upon successful registration, user credentials will be emailed to the Admin and Co-Admin users.

User ID and a link for generation of password will be provided to the users on their registered email. For password generation, the reporting entity admin user will be required to click on the link provided in e-mail. The link will redirect the user to the screen for password generation / reset where the user has to enter the registered mobile number. Upon authentication of the mobile

number, an OTP will be sent to the user via SMS which needs to be entered on the screen and then the user may reset the password.

The process flow for Financial institution registration has been illustrated below:

Access hierarchy:

The Admin / Co-admin users of the institutions may create Maker/Checker users as per their institution's requirement. There are three levels of users:

- Institution
- Admin
- User
- Region
- Admin
- User
- Branch
- Admin
- User

All activities e.g. creation/deactivation of users, creation/updation of KYC records, fee payments etc. require Maker-Checker process.

Digital Signature:

- a) Every reporting entity can have access to the CKYCR portal through digital signature.
- b) Digital signature is validated each time.
- c) Type of Digital Signature required is Class II or Class III

SFTP Access:

SFTP access is provided to Reporting entities to upload/download files over a secure connection.

B. Upload of KYC Record

a) The data captured as per the common KYC template is to be uploaded on the Central KYC portal along with the scanned copy of the supporting documents (PoI/PoA). For an individual record, the signature and photograph is to be cropped separately and uploaded.

b) The specifications for scanning the supporting documents and photograph are stated below:

- i. Document should be scanned in grey-scale with a scanning resolution of 150-200 DPI.

a. Photograph must be a recent passport size, preferably in color. However, scanning has to be in color mode.

b. Dimensions 200 x 230 pixels

c. Size of photograph should be between 20kb-50kb

ii. Acceptable file format: '.tif', '.tiff', '.pdf', '.jpeg', '.jpg'

iii. File Size (Maximum Limit): 350 kb for individual KYC record.

c) The reporting entity can bulk upload the KYC details and scanned images. Images for each record will be required to be zipped separately. The master zip file will be digitally signed by the reporting entity.

d) Bulk files can be uploaded either at the branch, region or institution level.

e) The entity should ensure adequate internet bandwidth for bulk upload. Bulk upload is provided via SFTP. For bulk upload of size less than 20 MB the Central KYC front-end application may also be used. Based on validations, a response file will be generated. This file will contain the success records, error records and download records. The response file is available for download from the Central KYC application.

C. Search and Download of KYC record

a) Reporting entity can search for the record by entering CKYC identifier or by entering a valid ID type and number.

b) Reporting entity can download single / bulk records by entering CKYC identifier and an authentication factor (viz. date of birth / date of incorporation).

D. Update of KYC record

In case of change of existing information of a customer (including minor turning major) in the records of Central KYC Registry, a reporting entity will initiate an update request.

a) The updated data along with the scanned copy of the supporting document, where required, will be uploaded on the Central KYC Registry portal.

b) In order to initiate an updation request, the reporting entity will need to have the latest KYC record of the customer.

c) On updation of a KYC record at the Central KYC Registry, all linked entities (institutions that have either uploaded or downloaded the KYC record for that particular KYC record), will receive an electronic update notification of KYC record. The entities can download the last updated record of the customer.

E. Multiple correspondence addresses:

Central KYC Registry will enable linkage of multiple correspondence addresses.

An individual can fill Annexure-A1 for multiple addresses and submit the details to the reporting entity which in turn will initiate the update request on the Central KYC application.

F. Processing of Records at Central KYC Registry

De-duplication: The KYC data uploaded on the Central KYC Registry will go through de-duplication process on the basis of the demographics (i.e. customer name, maiden name, gender, date of birth, mother's name, father/spouse name, addresses, mobile number, email id etc.) and identity details submitted. The de-dupe process uses normalizer algorithm and custom Indian language phonetics.

i. Where an exact match exists for the KYC data uploaded, the reporting entity will be provided with the KYC identifier for downloading the KYC record.

ii. Where a probable match exists for the KYC data uploaded, the record will be flagged for reconciliation by the reporting entity.

Reconciliation of Probable match:

a) Central KYC Registry will provide the probable match cases to the reporting entities for reconciliation and resolution.

b) Where the reporting entity confirms the KYC record as an exact match, it will need to download the existing KYC record of the customer.

c) Where the reporting entity confirms the KYC record as a „no match“, it shall be forwarded for processing and a unique KYC identifier will be generated for the record.

d) The reporting entity will have to resolve the probable matches within 5 working days, beyond which the record will be withdrawn by the Central KYC Registry. However, the same can be uploaded as a new record, if „no match“ is found.

ID Match:

The identity detail will be matched by the Central KYC Registry with the ID issuing authority wherever feasible and mechanism is established. Where the ID is not confirmed by the ID issuing authority or the name does not match with the records therein, the record will not be accepted by the Registry and sent back to the reporting entity for verification and uploading again with the updated details.

We may further advise that the ID match wherever feasible with source authority or the de-duplication process by CKYCR Registry does not substitute the statutory/ regulatory obligations to be fulfilled by reporting entities under the respective statutory provisions/regulatory guidelines.

G. KYC Identifier

- a) A 14 digit unique KYC identifier will be generated for new customer records and notified to the reporting entity.
- b) For “Small Accounts” the KYC identifier will additionally have a prefix “S”.
- c) For “Simplified Measures Accounts” the KYC identifier will additionally have a prefix “L”.

H. Fees

- a) Reporting entities can avail services of Central KYC registry on payment of prescribed fee, in advance.
- b) For every service availed, the requisite amount will be deducted from the advance payment made. If the available balance is insufficient, the reporting entity will not be able to avail the services until the balance is replenished.
- c) To make the advance payment, the reporting entity will be required to generate the proforma invoice through the Central KYC application. The reporting entity is required to make an advance payment through NEFT/RTGS in CERSAI’s bank account and mention the system generated proforma invoice reference number as the remark.
- d) Upon confirmation of the payment receipt from the bank, balance will be updated. In case of the tax deducted at source (TDS), the reporting entity is required to submit a copy of the TDS certificate to the Central KYC Registry.
- e) Reporting entity will be intimated when the balance goes below the prescribed limit set by them. The reporting entity user can download / print the usage details till the previous day.

V. Reports

a) Central KYC application shall provide reports including dashboards, access trail and audit trail.

1. Log Report

Log report provides the details of the users of the reporting entity who have logged into the Central KYC application, for a specified period of time.

2. Access Trail

Access trail report provides an admin user, the pages accessed by the users created under his hierarchy on the Central KYC application.

3. User Master

User Master provides the details of the users under the reporting entity for the purposes of accessing Central KYC application.

4. Bulk Upload

Using this report, admin user can view the current status along with the count of records for each uploaded batch.

5. Dashboard

Administration

- Log Report
- Access Trail
- User Master
- Institution Master
- Operational
- Dashboard
- Daily MIS
- Bulk Upload
- Unsolicited Updates

Accounts

- Ledger

Institution Admin User can view the summary of all uploaded KYC records for a specified time period.

6. Daily MIS

Daily MIS provides the Admin User the details of the uploads for a specified time period.

7. Update Notification

This report provides the notifications for the updates done on a KYC record that is linked to the reporting entity, for a specified time period.

8. Ledger

This provides the summary of the payments made and utilized for the transactions on the Central KYC Registry.

VI. Retention of Records

a) Central KYC Registry shall ensure retention of the Know Your Customer (KYC) records in an electronic format for a period specified by the rules and shall ensure that the retrieval of the information is facilitated within stipulated time period.

VII. Grievance Mechanism

Central KYC Registry shall provide for the grievances of reporting entities to be redressed in a timely and appropriate manner and ensure records are maintained for such resolution.

Contact details of the Central KYC Registry Helpdesk:

Phone: 022-61102592 (10 lines)

Email: helpdesk@ckycindia.in

Rollout of Legal Entity Template

NSDL vides it Circular NSDL/POLICY/2021/0027 dated March 22, 2021, informed regarding rollout of Legal Entity Template which states that:

- CKYCR, in its communication no. CKYC/2020/11 dated January 04, 2021 has specified that since CKYCR is fully operational for individual clients, it has been decided to extend CKYCR to Legal Entities (LE) as well. Accordingly, RIs shall upload the KYC records of LE accounts opened on or after April 01, 2021 on to CKYCR in terms of Rule 9 (1A) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.
- RIs shall ensure that in case of LE accounts opened prior to April 1, 2021, the KYC records are uploaded on to CKYCR when the updated KYC information is obtained/received from the client. RIs shall ensure that during such receipt of updated information, the clients' KYC details are migrated to current Client Due Diligence (CDD) standards.

- Further, to ensure that all existing KYC records of individual clients are incrementally uploaded on to CKYCR, RIs shall upload the KYC records pertaining to accounts of individuals opened prior to August 01, 2016, as and when updated KYC information is obtained/received from the client.
- Where a client, for the purpose of establishing an account based relationship, submits a KYC Identifier to a RI, with an explicit consent to download records from CKYCR, then such RI shall retrieve the KYC records online from CKYCR using the KYC Identifier and the client shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless there is a change in the information of the client as existing in the records of CKYCR.
- Once KYC Identifier is generated by CKYCR, the RIs shall ensure that the same is communicated to the individual/legal entity.

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27. DIS Maintenance System (DMS)

DIS Scanning, Signing and Storage in a Tamper-proof manner

(I) Introduction:

DMS is designed by NSDL to meet minimum specifications of Participants in respect of DIS Scanning, Signing and Storage in a Tamper-proof manner as published vide NSDL circular no. NSDL/POLICY/2014/0093 dated August 27, 2014.

(II) Process Flow:

The software pertaining DMS will be hosted on the Local DPM server of Participant or any other client machine available with Participant including back-office system machine of the Participant provided minimum system configuration as mentioned in the installation manual is available on the server or machine. Hence, Participants may not procure separate hardware for hosting DMS. In order to use this facility.

A. System Security Module:

1. After successful login through Administrator (admin) User ID and Password, Participant can access the System Security module (System Security -> User Configuration). It will display all the functionalities of the System Security Module as exhibited below:

- User Roles
- User Profile
- Change Password
- Override Password
- Change Status (Lock /Unlock)
- Functional Group Rights

3. **User Profile (Login ID):** There can be two types of users in the DMS:

- Administration
- Functional

Admin user is allowed to create, modify and administrate user profile of the functional users. By default, only one Administration user is created in the system. This user can further create multiple functional users. A user can be created or searched by using the User Profile option

available under System Security Tab. The functional users do not have rights to create any other user.

New User Profile Creation:

Click on the “New” button to create a new user under the option “User Profile”. For the creation of a Functional user under Basic Info Tab, Admin user is required to key in all the details of the User like Login ID, User Name, Branch, Password, Password Expiry days, Employee ID, Last Name, User Role, Confirm Password and Remarks, if any. All the mandatory fields have been marked by * sign.

In the Address tab Address 1, Address 2, Address 3 and Address 4 is required to be captured along with City, State, Country and Pin Code. Primary Telephone Number, Secondary Telephone Number, Alternate Telephone Number, Telex Number, Fax Number, Mobile Number and Email ID are required to be entered. All the mandatory fields have been marked by * sign.

4. Functional Group Rights:

An option is provided to Admin user of Participants for assigning functional group rights to the users.

Each User is associated with a Group ID to perform certain set of operation in the system. User Role rights can be assigned to the Group ID by enabling the check boxes against the functions to be assigned to that particular Role ID in accordance with the maker checker policy.

DIS Maintenance Module:

After successful creation of various User Roles, Admin User can create the Maker and Checker User IDs. Upon log-in, Maker/Checker user will be directed to the home page displaying DIS Maintenance Module.

Application Setting Module:

Participant User has to specify the path under Application Setting module (DIS Maintenance Application Setting) to download Scanned Images with NSDL digital signature, upload the Scanned Images with Participant’s digital signature to DIS Image Validation System (DIVS) on Local DPM system and download scanned images with the option Import Bulk signatures along with the session time out in minutes for each session as exhibited below:

Online Scan DIS:

Participant can scan single DIS along with its annexure(s) manually by clicking on the Online Scan DIS option. Participant has an option to search on the basis of DIS Slip No. / Verify / Status.

Participant can carry out online scanning of DIS by clicking on 'New' button. User has to mandatorily enter the DIS Slip number. User can scan the DIS by clicking the "SCAN" button provided scanner is attached to the system or user can browse the already scanned images of the DIS.

Maker User has to click on "Save" button. While saving the DIS Scanned images first time, pop-up message will be displayed on the screen for digital signature.

Maker user has to enter the Password for e-token and select the valid certificate.

After clicking on the sign button, another window will open with the Message as "Do you want to sign the file using selected configuration?". Please click on "Yes" button.

The DIS Scanned Image is successfully saved and it in status as "Entered" in DMS.

Verification of Online Scan DIS:

Participant can verify the DIS Scanned Image by Log-in through the checker User ID into the DMS. The checker user can execute a search either on "Verify" with the search option as "NO" or on the basis of status as "Entered". The list of DIS Scanned images which are in 'Entered' status will be displayed. Checker has to select "verify" checkbox to confirm the details captured by maker user and click on the "Verify" button.

Upload DIS Scan Images:

The facility for uploading bulk DIS scanned images is provided to Participants, the details for the same.

Upload DIS Scan Images:

Participants by clicking on 'New' button under the option Upload DIS scan Images can upload the scanned images in bulk.

Maker User has to click on "Save" button. While saving the DIS Scanned images first time, pop-up message will be displayed on the screen for digital signature.

After clicking on the sign button, another window will open with the Message as "Do you want to sign the file using selected configuration?". Please click on "Yes" button.

Verification of Upload DIS Scan Images:

The checker user of the Participant has an option either to verify each DIS scanned image separately which are uploaded in bulk by the maker user or can verify all the images in bulk in the DMS. The images uploaded through bulk import will be verified by using Online San DIS module. The checker user can execute the search either on “Verify” with the option as “NO” or on the basis of status as “Entered”. The list of DIS scanned images which are in ‘Entered’ status will be displayed. Checker has to select “verify” checkbox to confirm the details captured by maker user and click on the “Verify” button.

Upload DIS Scan Images (Search Option):

The User can conduct search on the basis of ‘User Name’ and ‘Date’ to check the status of the uploaded scan images.

Download DIS Scanned Image with Participant Signature:

Participant can download DIS scanned images with its digital signature. However, Participant will be required to obtain DSC from approved certifying authorities viz., e-Mudhra Limited (e-Mudhra) or Siffy Technologies Ltd. (Siffy) for digitally signing the DIS images. In this regard, NSDL has made special arrangements with e-Mudhra for issuance of Class 2 Gold Organization DSC for 2 years validity period at free of cost (maximum upto 5 DSCs).

For this purpose, Participants will be required to submit the application form along with the requisite documents (as mentioned in the form) to e-Mudhra for issuance of DSC. Further, e-Mudhra has provided application form, guidelines for procurement of DSC and operations manual to download DSC from their website, which are available on NSDL intra website (<https://i-assist>). Participants are requested to take note of the following before submitting DSC application form to e-Mudhra.

Download DIS Scanned Images with DP Signature:

Participants by clicking on ‘New’ button under the option ‘Download DIS scanned Images with DP Signature’ can download the scanned images.

Download DIS Scanned Images with DP Signature (Search Option):

After Successful download of DIS scanned images with Participant’s signature, User can view the details as exhibited below by executing a search on the basis of User Name or Date.

Upload of DIS details along with images in DIVS on Local DPM:

Participant has to upload the DIS Scanned Images with digital signature of the Participant under the option Upload/download DIS Image Verification System (DIVS) on Local DPM.

The zip file containing the response file will be generated which will contain following details:

1. Text file digitally signed by NSDL indicating successful validation or rejection by DIVS of the posted scanned images.
2. Successfully validated scanned images returned after affixing NSDL's digital signature and Rejected scanned images returned, if any.

Participant has to save the above mentioned files at the Import digital signature path in the Application Settings.

Upload Scanned DIS Images to Tamper Proof Storage:

Participant has to upload DIS scanned images along with digital signatures of Participant and NSDL to Tamper Proof Storage.

Upload Scanned DIS to Tamper Proof Storage (New Option):

Participants by clicking on the 'New' Button can upload DIS scanned images along with digital signatures of Participant and NSDL to Tamper Proof Storage.

Once the batch file is generated successfully, DIS images are stored in the database in encrypted manner.

Upload Scanned DIS to Tamper Proof Storage (Search Option):

The Participant can execute a search in respect of Uploaded Scanned DIS Images to Tamper Proof Storage on the basis of User Name or Date.

Modification of Scanned DIS:

Participants can modify the Scan image of DIS by clicking on Online Scan DIS. E.g. for Fax Instructions original image of DIS can be uploaded with the use of modification option. Here, with the help of search option, participant can select the particular DIS slip No. which needs to be modified. Please note that modification is done only on those DIS Scan images which are either in "Accepted" or "Rejected" status.

Participant has to follow below mentioned procedure for executing Modification of Scanned DIS:

Once Participant clicks on modify button, following screen will be displayed. User can scan or browse the new image. While uploading the image, its file naming convention should contain incremental number. E.g. Original File Name of scan image is

“IN_561100_000_1.tiff” and for modification of image file name will be “IN_561100_000_2_01.tiff”. User need to select the reason for modification from the list.

If user selects the reason as “Others” then he has to specify the reason for modification in the space provided.

The further process is same as explained in “Online Scan DIS” module. It is in “Entered” status once verification is done by the checker. If user searches that particular slip number on search screen, user can view that old instruction is in “modified” status with User name and Reason for modification.

Further, User has to incorporate the same in tamper proof storage by following the same process as explained above in point regarding Import to Tamper Proof Storage.

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28. TRAINING & DEVELOPMENT

In order to train & develop the staffs refer below mentioned points for the development of the organization & benefits of Customers.

- As per HR policy newly joined staff has to attend compulsorily Induction Programme to know about the basic of other departments.
- There will be monthly training cum up gradation compulsorily for staffs for new systems /latest compliance /ideas /procedures.
- As and when any Master Circular issued by statutory authority. It will be discussed with team members by HOD in detailed.
- As and when require small training should be given to staff by Compliance & Operation team.
- Complete training to staff will help to deal with the customers. Lack of knowledge or compliance will impact bad impression and in convenience to clients.

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29. INVESTOR GRIEVANCE REDRESSAL MECHANISM

All the Grievances should be redressed with in a period of 30 Days.

Below steps should be followed for Investor Grievance Redressal.

1. DP Official have to check daily investor grievance in Complaint Box or made physically by clients or received through NSDL or SEBI.
2. On receipt of any letter of grievance from client, complaint box, through internet or from statutory authority, same should be informed and forwarded to the compliance officer immediately.
3. On redressal of any grievances the same should be intimated to NSDL via monthly investor grievance upload by 10th of the following month.
4. Investor grievance register should be maintained and updated on daily basis for complaints received.
5. NSDL vide its Circular No NSDL/POLICY/2021/0126 dated December 23, 2021 informed Participants to publish the investor charter on website. Further, in order to bring about transparency in the Investor Grievance Redressal Mechanism, it has been decided that the DPs shall disclose on the websites, the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month.
6. NSDL vide its circular NSDL/POLICY/2023/0112 dated August 25, 2023 informed regarding amended regulation 36(2)(f) of SEBI (D&P) Regulations, 2018 i.e., *“the participant shall redress the grievances of beneficial owners within twenty-one calendar days of the date of receipt of the complaint and keep the depository informed about the number and the nature of redressal”*. This revised new timelines of “twenty-one calendar days” for redressal of investor grievances is in lieu of previous timelines of “thirty days”. The revised timelines of “twenty-one calendar days” for redressal of investor grievances is applicable for the investor grievances received from August 16, 2023 onwards.

Submission of details of Investor Grievances resolved during the month through NSDL ePASS portal

NSDL vide Circular NSDL/POLICY/2023/0161 dated November 13, 2023 and NSDL Circular NSDL/POLICY/2023/0112 dated August 25, 2023 whereby Participants were informed about the amended SEBI (D&P Regulations) advising them to follow the revised timeline of 21 calendar days for redressing the grievances of beneficial owners from the date of receipt of the complaint and keep depository informed about the number and nature of the redressal. In this context, we need to submit an Investor Grievance Report (IG Report) on the e-PASS for a particular month by 10th of the following month, in a specified format. In addition to above, the module of ‘DP IG Report on NSDL ePASS (<https://www.epass.nsdl.com/epass/>) has been enhanced for ‘Reporting of Grievances’ that are directly

received from clients and redressed during the particular month in a new tab through a file upload facility to be submitted on the ePASS by 10th of the following month. We need not submit a 'NIL' report to NSDL.

INVESTOR CHARTER

1. Vision

Towards making Indian Securities Market - Transparent, Efficient, & Investor friendly by providing safe, reliable, transparent and trusted record keeping platform for investors to hold and transfer securities in dematerialized form.

2. Mission

- To hold securities of investors in dematerialized form and facilitate its transfer, while ensuring safe keeping of securities and protecting interest of investors.
- To provide timely and accurate information to investors with regard to their holding and transfer of securities held by them.
- To provide the highest standards of investor education, investor awareness and timely services so as to enhance Investor Protection and create awareness about Investor Rights.

3. Details of business transacted by the Depository and Depository Participant (DP)

A Depository is an organization which holds securities of investors in electronic form. Depositories provide services to various market participants - Exchanges, Clearing Corporations, Depository Participants (DPs), Issuers and Investors in both primary as well as secondary markets. The depository carries out its activities through its agents which are known as Depository Participants (DP). Details available on the link [<https://nsdl.co.in/dpsch.php>]

4. Description of services provided by the Depository through Depository Participants (DP) to investors

(1) Basic Services

Sr. no.	Brief about the Activity /Service	Expected Timelines for processing by the DP after receipt of proper documents
1.	Dematerialization of securities	7 days
2.	Rematerialization of securities	7 days

3.	Mutual Fund Conversion /Destatementization	5days
4.	Re-conversion / Restatementisation of Mutualfund units	7days
5.	Transmissionofsecurities	7days
6.	Registeringpledgerequest	15days
7.	Closureofdemataccount	30days
8.	SettlementInstruction	Depositories to accept physical DIS for pay-inof securities up to 4 p.m. and DIS in electronicform up to 6p.m.onT+1day

(2) Depositories providespecialserviceslikepledge,hypothecation,internetbasedservices etc.in additiontotheircoreservicesandtheseinclude

Sr. no.	TypeofActivity/Service	Briefaboutthe Activity/Service
1.	ValueAddedServices	Depositories also provide value addedservices such as a. BasicServicesDematAccount(BSDA) ¹ b. Transpositioncumdematerialization ² c. Linkages with Clearing System ³ Distributionofcashandnon-cashcorporate benefits (Bonus, Rights, IPOsetc.)
2.	ConsolidatedAccountstatement(CAS)	CAS is issued 10 days from the end of themonth(ifthereweretransactionsinthepreviousmonth) orhalfyearly(ifnottransactions).
3.	Digitalization of servicesprovided bythedepositories	Depositories offer below technologysolutionsandefacilitiestotheir demat account holdersthroughDPs: a. E-accountopening ⁴ b. Online instructions for execution ⁵ c. e-DIS / Demat Gateway ⁶ d. e-CASfacility ⁷

		e. <u>Miscellaneous services</u> ⁸
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5. Details of Grievance Redressal Mechanism

(1) The Process of investor grievance redressal

1.	Investor Complaint/ Grievances	Investor can lodge complaint/ grievance against the Depository/DP in the following ways: a. Electronic mode- (i) SCORES (a web based centralized grievance redressal system of SEBI) [https://www.scores.gov.in/scores/Welcome.html] (ii) Respective Depository's web portal dedicated for the filing of complaint [https://www.epass.nsdl.com/complaints/websitecomplaints.aspx] (iii) Emails to designated email IDs of Depository [relations@nsdl.co.in] The complaints/ grievances lodged directly with the Depository shall be resolved within 30 days.
2.	Investor Grievance Redressal Committee of Depository	If no amicable resolution is arrived, then the Investor has the option to refer the complaint/ grievance to the Grievance Redressal Committee (GRC) of the Depository. Upon receipt of reference, the GRC will endeavor to resolve the complaint/ grievance by hearing the parties, and examining the necessary information and documents.
3.	Arbitration proceedings	The Investor may also avail the arbitration mechanism set out in the Bye laws and Business Rules/ Operating Instructions of the Depository in relation to any grievance, or dispute relating to depository services. The arbitration reference shall be concluded by way of issue of an arbitral award within 4 months from the date of appointment of arbitrator(s).

(2) For the Multi-level complaint resolution mechanism available at the Depositories⁹

6. Guidance pertaining to special circumstances related to market activities: Termination of the Depository Participant

Sr. No.	Type of special circumstances	Timelines for the Activity/Service
1.	<ul style="list-style-type: none"> <li data-bbox="293 321 834 604">▪ Depositories to terminate the participation in case a participant no longer meets the eligibility criteria and/or any other grounds as mentioned in the byelaws like suspension of trading member by the Stock Exchanges. <li data-bbox="293 636 834 720">▪ Participant surrenders the participation by its own wish. 	<p data-bbox="857 321 1464 552">Client will have a right to transfer all its securities to any other Participant of its choice without any charges for the transfer within 30 days from the date of intimation by way of letter/email.</p>

7. Dos and Don'ts for Investors¹⁰

8. Rights of investors¹¹

9. Responsibilities of Investors¹²

Para 4 (2) of Investor Charter

Point 1: Value Added Services

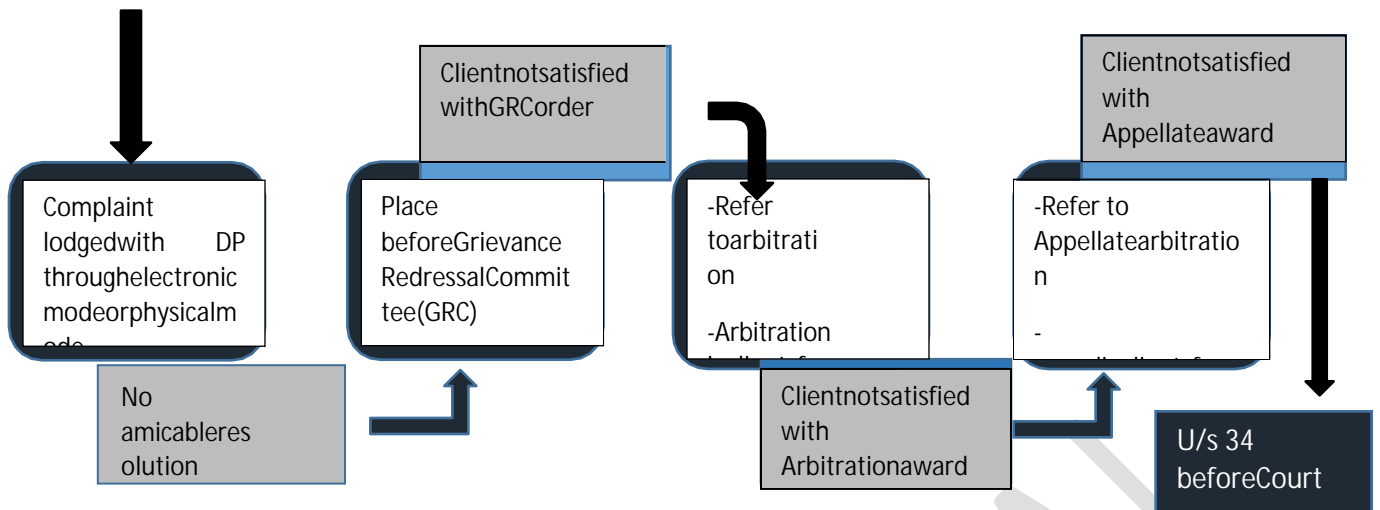
- a. Basic Services Demat Account (BSDA)¹: The facility of BSDA with limited services for eligible individuals was introduced with the objective of achieving wider financial inclusion and to encourage holding of demat accounts. No Annual Maintenance Charges (AMC) shall be levied, if the value of securities holding is up to Rs. 50,000. For value of holdings between Rs 50,001- 2,00,000, AMC not exceeding Rs 100 is chargeable. In case of debt securities, there are no AMC charges for holding value up to Rs 1,00,000 and a maximum of Rs 100 as AMC is chargeable for value of holdings between Rs 1,00,001 and Rs 2,00,000.
- b. Transposition cum dematerialization²: In case of transposition-cum-dematerialization, client can get securities dematerialized in the same account if the names appearing on the certificates match with the names in which the account has been opened but are in a different order. The same may be done by submitting the security certificates along with the Transposition Form and Demat Request Form.
- c. Linkages with Clearing System³ for actual delivery of securities to the clearing system from the selling brokers and delivery of securities from the clearing system to the buying broker.

Point 3: Digitization of services provided by the depositories

- a. E-account opening⁴: Account opening through digital mode, popularly known as “On-line Account opening”, wherein investor intending to open the demat account can visit DP website, fill in the required information, submit the required documents, conduct video IPV and demat account gets opened without visiting DP’s office.
- b. Online instructions for execution⁵: internet-enabled services like Speed-e (NSDL) & Easiest (CDSL) empower demat account holder in managing his/her securities ‘anytime-anywhere’ in an efficient and convenient manner and submit instructions online without the need to use paper. These facilities allow Beneficial Owner (BO) to submit transfer instructions and pledge instructions including margin pledge from their demat account. The instruction facilities are also available on mobile applications through android, windows and IOS platforms.
- c. e-DIS/Demat Gateway⁶: Investors can give instructions for transfer of securities through e-DIS apart from physical DIS. Here, for on-market transfer of securities, investors need to provide settlement number along with the ISIN and quantity of securities being authorized for transfer. Client shall be required to authorize each e-DIS valid for a single settlement number / settlement date, by way of OTP and PIN/password, both generated at Depositories end. Necessary risk containment measures are being adopted by Depositories in this regard.
- d. e-CAS facility⁷: Consolidated Account Statements are available online and could also be accessed through mobile app to facilitate the investors to view their holdings in demat form.
- e. Miscellaneous services⁸: Transaction alerts through SMS, e-locker facilities, chatbots for instantaneously responding to investor queries etc. have also been developed.

Para 5(2) of Investor Charter

Complaint Resolution process at Depositories



Toll Free helpline of depositories
 NSDL-18001020990 / 1800224430
 CDSL-1800-22-5533

Emails of depositories for grievances
relations@nsdl.co.in
complaints@cdslindia.com

Investor Helpline Details of Depositories

COMPLAINT

Para 7 of Investor Charter

Dos and Don'ts for Investor¹⁰

Sl No.	Guidance
1.	Always deal with a SEBI registered Depository Participant for opening a demat account.
2.	Read all the documents carefully before signing them.
3.	Before granting Power of attorney to operate your demat account to an intermediary like Stock Broker, Portfolio Management Services (PMS) etc., carefully examine the scope and implications of powers being granted.
4.	Always make payments to registered intermediary using banking channels. No payments should be made in name of employee of intermediary.
5.	Accept the Delivery Instruction Slip (DIS) book from your DP only (pre-printed with a serial number along with your Client ID) and keep it in safe custody and do not sign or issue blank or partially filled DIS slips. Always mention the details like ISIN, number of securities accurately. In case of any queries, please contact your DP or broker and it should be signed by all demat account holders. Strike out any blank space on the slip and Cancellations or corrections on the DIS should be initialed or signed by all the account holder(s). Do not leave your instruction slip book with anyone else. Do not sign blank DIS as it is equivalent to a bearer cheque.
6.	Inform any change in your Personal Information (for example address or Bank Account details, email ID, Mobile number) linked to your demat account in the prescribed form and obtain confirmation of updation in system
7.	Mention your Mobile Number and email ID in account opening form to receive SMS alerts and regular updates directly from depository.
8.	Always ensure that the mobile number and email ID linked to your demat account are the same as provided at the time of account opening/updation.
9.	Do not share password of your online trading and demat account with anyone.
10.	Do not share One Time Password (OTP) received from banks, brokers, etc. These are meant to be used by you only.

11.	Donotsharelogincredentialsofe-facilitiesprovidedbythedepositoriessuchase-DIS/dematgateway,SPEED-e/easiestetc.with anyoneelse.
12.	DematismandatoryforanytransferofsecuritiesofListedpubliclimitedcompanieswith fewexceptions.
13.	Ifyouhaveanygrievanceinrespectofyourdemataccount,pleasewritetodesignatedemailIDsofdepo sitoriesoryoumaylodgethesamewithSEBI onlineat https://scores.gov.in/scores/Welcome.html
14.	Keeparecordofdocumentssigned,DISissuedandaccountstatements received.
15.	As Investors you are required to verify the transaction statement carefully forall debits and credits in your account. In case of any unauthorized debit orcredit, informtheDPoryour respectiveDepository.
16.	Appointanomineetofacilitateyourheirsinobtainingthesecuritiesinyourdemataccount,oncompleti on of thenecessaryprocedures.
17.	RegisterforDepository'sinternetbasedfacilityordownloadmobileappofthedepositorytomonitor your holdings.
18.	Ensurethat,both,yourholdingandtransactionstatementsarereceived periodicallyasinstructedtoyourDP.Youareentitledtoreceiveatransaction statementeverymonthifyouhaveanytransactions.
19.	Donotfollowherdmentalityforinvestments.Seekexpertandprofessionaladvicefor your investments
20.	Bewareofassured/fixedreturns.

Para8ofInvestor Charter

Rightsof investors¹¹

- ReceiveacopyofKYC,copyofaccountopeningdocuments.
- Nominimumbalanceisrequiredtobemaintainedinademataccount.
- Nochargesarepayableforopeningofdemataccounts.
- If executed, receive a copy of Power of Attorney. However, Power of Attorney isnotamandatoryrequirementasperSEBI/StockExchanges.Youhavetherightto revoke anyauthorization given atanytime.
- You can open more than one demat account in the same name with single DP/multipleDPs.

- Receive statement of accounts periodically. In case of any discrepancies in statements, take up the same with the DP immediately. If the DP does not respond, take up the matter with the Depositories.
- Pledge and /or any other interest or encumbrance can be created on demat holdings.
- Right to give standing instructions with regard to the crediting of securities in demat account.
- Investor can exercise its right to freeze/defreeze his/her demat account specific securities / specific quantity of securities in the account, maintained with the DP.
- In case of any grievances, Investor has right to approach Participant or Depository or SEBI for getting the same resolved within prescribed timelines.
- Every eligible investor shareholder has a right to cast its vote on various resolutions proposed by the companies for which Depositories have developed an internet based 'e-Voting' platform.
- Receive information about charges and fees. Any charges/tariff agreed upon shall not increase unless a notice in writing of not less than thirty days is given to the Investor.

Para 9 of Investor Charter

Responsibilities of Investors¹²

- Deal with a SEBI registered DP for opening demat account, KYC and Depository activities.
- Provide complete documents for account opening and KYC (Know Your Client). Fill all the required details in Account Opening Form/KYC form in own handwriting and cancel out the blanks.
- Read all documents and conditions being agreed before signing the account opening form.
- Accept the Delivery Instruction Slip (DIS) book from DP only (preprinted with a serial number along with client ID) and keep it in safe custody and do not sign or issue blank or partially filled DIS.
- Always mention the details like ISIN, number of securities accurately.
- Inform any change in information linked to demat account and obtain confirmation of updation in the system.
- Regularly verify balances and demat statement and reconcile with trades/transactions.

- Appoint nominee(s) to facilitate theirs in obtaining these securities in their demata account.
- Do not fall prey to fraudsters sending emails and SMS sluring to trade in stocks/securities promising huge profits.

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30. SURVEILLANCE OBLIGATIONS FOR DEPOSITORY PARTICIPANTS

NSDL vide its Circular No NSDL/POLICY/2021/0072 dated July 15, 2021 informed regarding surveillance framework for Depository Participants:

- ✓ Participants shall frame a surveillance policy based on nature of their depository business, type of clients, number of demat accounts, number of transactions etc. which shall, inter alia, cover the following:
 - Generation of suitable surveillance alerts.
 - Review and disposal of transactional alerts provided by NSDL (Transactional alerts provided by NSDL are based on certain thresholds. Participants may have their own different thresholds or own parameters to generate additional alerts of their own so as to detect any abnormal activity).
 - Disposal of alerts within 30 days from the date of alerts generated at Participants end and alerts provided by NSDL.
 - Reporting to NSDL and other authorities as applicable in case of any abnormal activity.
 - Documentation of reasons for delay, if any, in disposal of alerts.
 - Framework of appropriate actions that can be taken by the Participant as per obligations under Prevention of Money Laundering Act (PMLA).
 - Record maintenance for the period as stipulated under applicable statutes.
 - The surveillance policy of the Participants shall be reviewed once in a year.
- ✓ Participants are required to generate appropriate surveillance alerts at their end, to enable them to effectively monitor the transactions of their clients as per the laid down surveillance policy. The Participants also need to analyze patterns and trends with respect to different themes.

<u>Sr. No.</u>	<u>Indicative themes:</u>
1	Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the Participant.

2	Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
3	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
4	Frequent off-Market transfers by a client in a specified period
5	Off-market transfers not commensurate with the income/Networth of the client.
6	Pledge transactions not commensurate with the income/Networth of the client.
7	Off-market transfers (High Value) immediately after modification of details in demat account
8	Review of reasons of off-market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales
9	Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients

- ✓ Participants need to review these alerts based on facts and verification of relevant documents including income/net worth as provided by Client. Further, Participants are required to exercise their independent judgment and take appropriate action in order to detect any abnormal or suspicious transactions.
 - Participants are required to carry out the Due Diligence of their client(s) on an on-going basis.
 - Participants shall ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in Depository System.
 - Participants are required to maintain register (electronic/physical) for recording of all alerts generated.

- While reviewing alerts, Participant shall obtain transaction rationale, verify demat account statement and also obtain supporting documents as required from the client.
- After verifying the documentary evidences, Participants shall record its observations for such identified transactions of its Client.
- With respect to the transactional alerts to be provided by Depository, Participants shall ensure that all alerts are reviewed and status thereof (Verified & Closed/Verified & Reported to Depository) including action taken is updated within 30 days, on the NSDL e-PASS portal.
- With respect to the alerts generated at the Participants end, Participants shall report instances with adverse observation, along with details of action taken, to NSDL within 7 days of the date of identification of adverse observation.
- Participants are also required to provide duly approved status of the alerts on a quarterly basis, in the prescribed format to NSDL within 15 days from end of the quarter.
- Participant who do not have anything to report, need to submit 'NIL Report' within 15 days from end of the quarter.
-

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Sub: Facility for Basic Services Demat Account (BSDA) for Financial Inclusion and Ease of Investing

1. With the objective of achieving wider financial inclusion to encourage holding of demat accounts and to facilitate ease of investing, SEBI, vide circular no. CIR/MRD/DP/22/2012 dated August 27, 2012 read with Circular MRD/DoP2DSA2/CIR/P/2019/51 dated April 10, 2019 and Para 1.8.1 to para 1.8.5 of the Master Circular for Depositories dated October 06, 2023 provided for the facility of "Basic Services Demat Account" with a set of defined services for eligible individuals.

2. In order to further boost participation in securities market, ease of doing investments and based on representations from market participants, the facility has been comprehensively reviewed and the following has been decided:

2.1. Eligibility for BSDA

An individual shall be eligible to opt for BSDA subject to the following conditions:

- a) The individual has or proposes to have only one demat account where he/she is the sole or first holder.
- b) The individual shall have only one BSDA in his/her name across all depositories.
- c) Value of securities held in the demat account shall not exceed ` 10 Lakhs for debt and other than debt securities combined at any point of time.

2.2. Opening of BSDA and conversion of existing eligible demat accounts into BSDA

- a) The DPs shall open only BSDA for Beneficial Owners (BOs), if such demat accounts are eligible for BSDA as per para 2.1 above, unless such BOs specifically provide their consent by way of email from their email-id registered with the DP to avail the facility of a regular demat account.
- b) The DPs shall also reassess the eligibility of all the existing BOs with respect to BSDA as provided in para 2.1 above within two months from the date of this circular coming into effect and shall convert all such eligible demat accounts into BSDA unless such BOs specifically provide their consent by way of email from their email-id registered with the DP to continue to avail the facility of a regular demat account. Later, this exercise shall be carried out by DPs at the end of every billing cycle.

2.3. Charges

a) The charge structure shall be as indicated below:

Value of Holdings in the Demat Account (Debt as well as other than debt securities combined)	Maximum Annual Maintenance Charges
Up to Rs.4 lakhs	NIL
More than Rs.4 lakhs but up to Rs.10 lakhs	Rs.100
More than Rs.10 lakhs	Not a BSDA. Regular AMC may be levied

b) It is emphasized that other than AMC as specified above, BSDA shall be treated at par with non-BSDA for the purpose of levying charges for various other services and DPs shall not levy higher charges to BSDA.

c) The value of holding shall be determined by the DPs on the basis of the daily closing price or NAV of the securities or units of mutual funds, as the case may be. Where such price is not available, the last traded price may be taken into account and for unlisted securities other than units of mutual funds, face value may be taken in to account. The value of suspended securities may not be considered for the purpose of determining eligibility of demat account as BSDA.

2.4. Services for Basic Services Demat Accounts

a) Electronic statements shall be provided free of cost.

b) Physical statement may be charged at a fee not exceeding Rs.25/- per statement.

c) All other conditions as applicable to regular demat accounts, other than the ones mentioned above, shall continue to apply to basic services demat account.

3. This circular shall come into effect from September 01, 2024 in supersession of para 1.8.1 to para 1.8.5 of the Master Circular for Depositories dated October 06, 2023.

4. The Depositories are advised to:-

4.1. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary;

4.2. bring the provisions of this circular to the notice of their DPs and also to disseminate the same on their website;

4.3. put in place appropriate systems and procedures to ensure compliance of the provisions of this circular; and

4.4. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.

5. This circular is being issued in exercise of powers conferred under section 11 (1) of the Securities and Exchange Board of India Act, 1992 and section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

6. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

Subject: SEBI Circular on 'Uploading of KYC information by KYC Registration Agencies (KRAs) to Central KYC Records Registry (CKYCRR)'.

Attention of Participants is invited to SEBI circular no. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/79 dated June 06, 2024 regarding 'Uploading of KYC information by KYC Registration Agencies (KRAs) to Central KYC Records Registry (CKYCRR)'

Based on the feedback received from stakeholders in securities market and to enable ease of doing business, SEBI has modified the following clauses of the SEBI master circular on KYC norms (SEBI/HO/MIRSD/SECFATF/P/ CIR/2023/169 dated Oct 12, 2023):

1. Para 114 (a) of aforesaid SEBI master circular shall be inserted as under: Registered intermediaries shall continue to upload/ download/ modify the KYC information with proper authentication on the systems of KRA, as per the provisions of SEBI KRA Regulations, 2011.

2. Para 115 of the master circular shall read as under: KRAs shall upload the verified/ validated KYC information onto the system of CKYCRR within 7 days of receiving the same from intermediaries or any other timeline as notified under PML Rules. The KRAs shall integrate their systems with CKYCRR and commence the uploading of KYC records on CKYCRR from August 01, 2024.

3. Para 116 of the master circular shall read as under: KRAs shall ensure that existing KYC records of legal entities and of individual clients are uploaded on to CKYCRR within a period of 6 months from August 01, 2024.

Subject: Registration/ De-registration of Power of Attorney (POA) or Demat Debit and Pledge Instruction (DDPI).

Attention of Participants is invited to Circular No.: NSDL/POLICY/2023/0165 dated November 20, 2023, regarding compliance with below requirements with respect to registration/de-registration procedure of POA or DDPI:

1. POA or DDPI registration/ de-registration requests submitted by the Clients to Participants should be date stamped i.e. the date of receipt of the request from client should be mentioned and duly signed & stamped by the Participant on the client request document.
2. The aforesaid documents received from clients shall be verified and addition/ deletion/ modification of POA/ DDPI details in the Local DPM system shall be carried out, within seven days of receipt of request from client.

In this regard, Participants are hereby informed that further changes are implemented in 'Client Modification/download module' in Local DPM system. Accordingly, the file formats as mentioned below are enclosed as Annexures:

1. Client Modification v3.1
2. Power of Attorney (POA) Download v1.4

The Local DPM system will be enhanced with aforesaid changes to mandatorily capture the date of request received from clients for modifying/deleting the POA/DDPI holder(s) in the 'Client Modification/download module' in the Local DPM system from EOD of July 29, 2024. It may be noted that there is no change in client creation upload, as for cases wherein the POA/DDPI registration request is received along with client creation, the POA / DDPI registration date will be considered same as client creation date.

Murari Securities Limited

POLICY FOR DEALING WITH CONFLICTS OF INTEREST OF INTERMEDIARIES

(Issued as per the requirements of PMLA Act 2002)

Master Circular: - Ref. SEBI has issued circular No. CIR/MIRSD/5/2013 dated August 27, 2013

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version – 1.2

1. Introduction

Our organization is officially recognized as a stock broker and depository participant, having registered with Market Infrastructure Institutions (MIIs) such as stock exchanges and depositories through the Securities and Exchange Board of India (SEBI). We offer a range of services related to trading and depository operations.

2. Background

SEBI has issued guidelines vide their circular Ref No. CIR/MIRSD/5/2013 dated August 27, 2013, regarding Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

In view of the above, the meaning of "Associated Person" and "Intermediaries" are provided hereunder:

- ✓ "Associated person" means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India;
- ✓ "Intermediary" means an entity registered under sections 11 or 12 of the SEBI Act, 1992 and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization; therefore, in view of the above all employees, agents (sub broker and AP), distributors engaged in securities business will be covered under this policy.

In order to ensure the protection and primacy of client's interests and to comply with the applicable regulations, we have framed a policy and procedures and aims at preventing situations involving conflicts of interests and resolving such situations if they could arise. This policy describes our approach to the identification, prevention and management of conflicts of interests that may arise in the conduct of our activities.

3. Definition of Conflict of Interest:

Broadly, a conflict of interest is likely to arise when a given situation conflicts with the interests of a client.

The three categories of potential conflict are as follow:

- ✓ Conflicts between clients, for example giving one client preferential treatment in comparison to another client for the same service;
- ✓ Conflicts involving clients and organization and / or its Associated Persons, for example, if we offer a service that would give it a higher return to the detriment of the client's interest;
- ✓ Conflicts involving clients and employees, for example, our employees use confidential information about clients for the purpose of performing transactions on their own account.

4. Identification of Potential Conflict of Interest:

For this purpose, we identify various possible conflicts of interest situations that could arise in the conduct of its activities and that could conflict the interest of a client because of the Company or other related person:

- ✓ Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- ✓ Has an interest in the outcome of a service provided to the client or a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

- ✓ has a financial or other incentive to favour the interest of another client (or group of clients) over the interest of the client to whom the service is provided;
- ✓ operates the same business activity as the client receives or will receive from someone other than the client a benefit in connection with the service provided to the client, in any form whatsoever, other than the standard commission or fee for that service.

It is used as a basis to ensure that appropriate organizational arrangements and procedures are in place to prevent and manage potential conflicts of interest and that appropriate controls are performed.

5. Measures to curb conflicts of interests:

Organizational measures:

We are structured in such a way so as to segregate functions that are vulnerable to conflicts of interest. Right from Senior Management level to marketing teams, the functions should be clearly segregated.

Control functions (Compliance, Risk Management) are completely independent and they monitor the business activities on a continuous basis so as to make sure that internal control procedures are appropriate.

Security of confidential information held, is also ensured in a way that limited access is given on a strictly need to know basis only.

The employees are given the opportunity to report any potential or actual conflict of interest situations to the senior management level.

6. Procedures and rules governing the handling of orders and primacy of the client interest:

We comply strictly with the rules of the financial markets in which it operates and does not allow orders to be given preferential treatment. Appropriate training of employees is being conducted to ensure that they are fully aware of their responsibilities and obligations. There may be some complex or specific cases where we believe that control functions are not sufficient to guarantee, with reasonable certainty, that the risk of harming the client interest will be prevented. In these cases, we will clearly inform the client of the general nature and source of the conflict of interest before acting so that the client can take an informed investment decision.

Any service provided by or activity carried on by organization that gives rise to or may give rise to a conflict of interest involving a significant risk of adversely affecting the interest of one or more clients must be recorded and presented before the Management so as to put in place the systems for resorting to such conflicts by reviewing the implementation of the said policy as and when necessary.

7. Guiding Principles of the Policy:

All employees and Associated Person/s with the Company covered under this Policy shall adhere to following principles and practices to avoid conflict of interest at all points:

- ✓ To maintain high standards of integrity in the conduct of business at all times.
- ✓ To ensure to communicate policies, procedures and code to all concerned.
- ✓ To ensure fair treatment of clients and not to discriminate amongst them;
- ✓ To ensure that Company's personal interest does not, at any time conflict with our duty towards our clients and clients' interest shall always take primacy in our advice, investment decisions and transactions;

- ✓ To make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair our ability to render fair, objective and unbiased services;
- ✓ Endeavor to reduce opportunities for conflicts through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc.;
- ✓ To place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
- ✓ Not to deal in securities while in possession of material non-published information;
- ✓ Not to communicate the material non-published information while dealing in securities on behalf of others;
- ✓ Not to contribute in manipulating the demand for or supply of securities in the market or to influence prices of securities;
- ✓ Not to provide incentive structure that encourages sale of products not suiting the risk profile of clients;
- ✓ Not to share information received from clients or pertaining to them, obtained as a result of our dealings, for our personal interest.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. MURARI SECURITIES LIMITED

Ishwar Dass Dhyawala

Director

Murari Securities Limited

POLICY ON GUIDELINES FOR OUTSOURCING OF ACTIVITIES

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version – 1.3

1. GUIDELINES ON OUTSOURCING OF ACTIVITIES

As per the guidelines issued by Securities Exchange Board of India Circular No. NSE/NSP.19603 dated 15/12/2011; all intermediaries must prepare guidelines on outsourcing of activities. In order to address the concerns arising from the outsourcing of activities by intermediaries based on principles advocated by the IOSCO and the experience of Indian markets. SEBI had prepared a concept paper on outsourcing of activities related to services offered by intermediaries. Based on the feedback received on the discussion paper and also discussion held with various intermediaries, stock exchanges and depositories, the principles for outsourcing by intermediaries have been framed (Annexure I). These principles shall be followed by all intermediaries registered with SEBI.

- ✓ The Company shall render high standards of service and exercise due diligence and ensure proper care in the operations.
- ✓ The policy covers activities for the purpose of reducing cost.
- ✓ The Company shall make an assessment of outsourcing risk which depends on several factors, including the scope and materiality of the outsourced activity, etc.
- ✓ There shall not be any prohibition on a group entity / associate of the Company to act as the third party. There shall be distance between the intermediary and the third party in terms of infrastructure, manpower, decision-making, record keeping, etc. for avoidance of potential conflict of interests.
- ✓ Records relating to outsourcing shall be preserved centrally for review by board and the same shall be regularly updated for continuous operations.
- ✓ The company shall be liable to the investors and clients for all the activities rendered by the third party
- ✓ The company shall conduct appropriate due diligence in selecting the third party and assessing their resources and capabilities, compatibility of the practices and system, level of concentration and the environment of the foreign country where the third party is located which is most for our company.
- ✓ The Company shall create outsourcing relationship with the third party that shall be governed by written contracts/ agreements/ terms and conditions that clearly describes all material aspects of the outsourcing agreement, including the rights, responsibilities and expectations of the parties to the contract, client confidentiality issues, termination procedures etc.
- ✓ The company shall establish and maintain with the third party a contingency plan, including a plan for disaster recovery and periodic testing of backup facilities.
- ✓ The Company shall take appropriate steps to require that third parties protect confidential information of both the intermediary and its customers from intentional or inadvertent disclosure to unauthorized persons.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. MURARI SECURITIES LIMITED,

_Ishwar Dass Dhyawala

Director

Murari Securities Limited

Policy on Investor Grievance Redressal Mechanism

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version - 1.2

1. Purpose

Our organization is dedicated to addressing all complaints related to service deficiencies or causes for grievance in a timely and effective manner. Recognizing that prompt and efficient resolution of client and investor grievances is crucial for providing excellent service, we have established a clearly documented policy for redressing investor grievances. Through this policy, we aim to ensure the existence of a suitable mechanism for receiving and addressing complaints, with a specific emphasis on resolving grievances fairly and expeditiously.

This policy seeks to ensure that:

- ✓ Grievances, if any, are resolved in a proper and time-bound manner, providing detailed advice to the client or investor. In cases where resolution requires additional time, an interim response acknowledging the grievance or complaint will be issued.
- ✓ The Compliance Officer will provide a monthly report on client grievances to the Directors of the company, including details such as the client's name and account number, nature of the complaint, date of receipt, and the status of resolution. Grievances unresolved for more than 21 days will be justified by the Compliance Officer.
- ✓ Proper records of all received and resolved grievances will be maintained by the Compliance Officer.
- ✓ All personnel and employees at customer-facing channels and other support departments will undergo periodic training in handling client complaints.
- ✓ The Grievance Redressal Mechanism along with updated contact details and email IDs, will be provided to clients and uploaded on the company's website.
- ✓ Clients shall be treated fairly at all times.
- ✓ Clients shall be informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.
- ✓ Queries and Complaints shall be treated efficiently and fairly.
- ✓ The employees of our organization shall work in good faith and without prejudice, towards the interests of the Clients.

2. Awareness of the Grievance Redressal Mechanism

- ✓ Client queries/ complaints arise due to lack of understanding or a deficiency of service experienced by Clients. Deficiency of service may include lack of explanation, clarifications, understanding which escalates into shortfalls in the expected delivery standards, either due to inadequacy of facilities available or through the attitude of staff towards Clients.
- ✓ Clients can seek clarification to their query and are further entitled to make a complaint in writing, orally or telephonically.
- ✓ All queries/ complaints received shall be handled & coordinated by Investor Grievance Officer and shall inform the Client on the status of the Client query.

- ✓ In case Clients do not receive a response within 21 working days of approaching us or if they are not satisfied with the resolution received from the Company, they can escalate their issues to respective Stock Exchange / Depository.
- ✓ Clients can also escalate their issues to Securities and Exchange Board of India (SEBI) and update their complaints on SCORES (SEBI Complaints Redress System). SCORES allows the client to lodge his complaint online with SEBI and subsequently view its status at <http://scores.gov.in> and can obtain any feedback, assistance on contacting SEBI Office on Toll Free Helpline at 1800 22 7575/ 1800 266 7575.
- ✓ Clients can also escalate their issues Online Dispute Resolution (ODR) portal that provides an efficient and convenient avenue for clients to address grievances. To initiate the ODR process, a client typically begins by accessing the designated online platform established by the service provider or organization. Here, the client can submit details about their grievance, attaching relevant documents or evidence to support their case. This online environment facilitates a transparent and accessible dispute resolution process, enabling clients to track the progress of their case in real-time. Ultimately, ODR empowers clients by providing them with a user-friendly and technologically-driven means to resolve grievances swiftly and fairly.

Communication can be done through the following sources –

Clients are requested to approach the Investor Grievance Officer

- ✓ Clients can call the Investor Grievance Officer on any working day between 10.00 am & 6.00 pm to provide feedback & register their queries / complaints.
- ✓ Clients can send an email to _dpmurariig1@gamil.com
- ✓ Clients can write a letter to us with their query/complaint at the registered office address.
- ✓ Clients can also write to us by accessing the website – murarisecurities.com
- ✓ Contact details at Stock Exchange/ Depository:

NAME OF STOCKEXCHANGE / DEPOSITORY	WEB ADDRESS	CONTACT TELEPHONE NOS.	CONTACT TELEPHONE NOS.
NATIONAL STOCK EXCHANGE OF INDIA LTD	www.nseindia.com	(91 22) 2272 8517 / 8097	is@bseindia.com
BOMBAY STOCK EXCHANGE LTD	www.bseindia.com	(91 22) 2659 8190 / 91	ignse@nse.co.in
MULTI COMMODITY STOCK EXCHANGE OF INDIA	www.mcxindia.com	(91 22) 6649 4070	grievance@mcxindia.com
CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED	www.cdslindia.com	1800-200-5533	complaints@cdslindia.com
NATIONAL SECURITIES DEPOSITORY LIMITED	www.nsdl.co.in	(91 22) 2499 4200	relations@nsdl.co.in

Contact details at Securities & Exchange Board of India:

Addresses of SEBI Offices	Contact Telephone Nos.	Contact E-Mail Id
SEBI – HEAD OFFICE: SEBI BHAVAN, PLOT NO. C4 – A, “G” BLOCK, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI – 400 051	(91 22) 2644 9200 (91 22) 2644 9000 4045 9000	iggc@sebi.gov.in sebi@sebi.gov.in sundaresanvs@sebi.gov.in
SEBI – NORTHERN REGIONAL OFFICE: 5TH FLOOR, BANK OF BARODA BUILDING, 16, SANSAD MARG, NEW DELHI – 110 001	(91 11) 2345 6085 (91 11) 2372 4001 - 05	sebinro@sebi.gov.in narendrar@sebi.gov.in
SEBI – EASTERN REGIONAL OFFICE: L&T CHAMBERS, 3RD FLOOR 16, CAMAC STREET KOLKATA – 700 017	(91 33) 2302 3110 (91 33) 2302 3000	sebiero@sebi.gov.in amarn@sebi.gov.in
SEBI – SOUTHERN REGIONAL OFFICE: OVERSEAS TOWER, 7TH FLOOR, 756-L ANNA SALAI, CHENNAI – 600002	(91 44) 2888 0105 (91 44) 2888 0222 (91 44) 2852 6686	sebisro@sebi.gov.in manjeshsr@sebi.gov.in
SEBI – WESTERN REGIONAL OFFICE: UNIT NO. 002, GROUND FLOOR SAKAR I, NEAR GANDHIGRAM RAILWAY STATION, OPP. NEHRU BRIDGE ASHRAM ROAD, AHMEDABAD – 380 009	(91 79) 2658 7108 (91 79) 2658 3633 – 35	sebiwro@sebi.gov.in sudeepm@sebi.gov.in

3. Internal Mechanism to handle Client Queries / Complaints

- ✓ Register of Complaints shall be centrally maintained; however, all the Branches are required to maintain Grievance Register at the Branch Level for registration of Client Grievances.
- ✓ All the clients shall be informed about the e-mail for redressal of Client Grievance.
 - Through Welcome Letter at the time of Opening the Trading Account.
 - Display on official Web-Site.
 - Display on the Notice Board of the Head & Branch Offices.

4. Educating Staff on Handling Complaints (Training):

The Grievance Redressal Team is specially trained for handling queries/ complaints. Training includes both operations and soft skills, as different clients perceive and react differently to the aspects of complaint handling. The staff is encouraged to have an open attitude towards service recovery and winning the clients' confidence.

5. Reporting of Queries / Complaints:

On a monthly basis queries/ complaint with the resolution shall be informed to the Exchange and Depository in the specified format as mandated.

6. Record Maintenance:

- ✓ Investor Grievance Officer of the Grievance Redressal Team shall be responsible for the record

maintenance of such activities, under the supervision of The Compliance Officer.

- ✓ The Compliance Officer shall be assisted by the Investor Grievance Officer and shall have the discretion to take assistance/help from any professionals and/or software for the better monitoring and implementation of Grievance Redressal Policy, with prior approval of the Board of Directors, without diluting the accountability and responsibility of the Compliance Officer.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. MURARI SECURITIES LIMITED,

Ishwar Dass Dhyawala

Director

Murari Securities Limited

SURVEILLANCE POLICY

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version – 1.3

CONFIDENTIAL

1. Background:

Surveillance is the process of collecting and analyzing information concerning markets in order to detect unfair transactions that may violate securities related laws, rules and regulations. Trading Members & Depository Participants have the responsibility of monitoring the trading activity of their clients. Trading Members have been advised by the Stock Exchanges, Depository & extant Regulators to set-up monitoring of the Trading Activity and Movement of securities of their clients including intra-day activity and proactively report to the Exchanges/ Depository/ Extant Regulators observations/ findings, if any. In order to achieve this and to create safer markets, an adequate surveillance policies and system to be put in place in order to monitor suspicious/manipulative transactions and curb such activities, if any.

2. Objective:

In order to facilitate an effective surveillance mechanism to monitor the transactions in Cash, Equity – Derivative, Currency Derivative Market Segments and Commodity Derivative Market Segment of the Stock Exchange(s), where the Company is registered as a Trading Member, this Surveillance Policy is being formulated, in compliance and/or as mandated by Securities and Exchange Board of India, The Stock Exchanges & The Depositories.

3. Responsibility:

- ✓ The Compliance Officer shall be responsible for the implementation and supervision of this Policy.
- ✓ The Risk Management Officer, Settlement Officer & PMLA Officer shall assist and report to the Compliance Officer on a daily basis in respect of the alerts generated for the surveillance mechanism.
- ✓ The Compliance Officer shall take all necessary steps to analyze, monitor, document and report the findings to the Board Members as well as the relevant Stock Exchanges and/or regulatory bodies, in a time bound manner, as detailed hereunder and/or as mandated by the Stock Exchanges and/or regulatory bodies.
- ✓ The Compliance Officer shall exercise their independent judgment and take adequate precautions to ensure implementation of an effective surveillance mechanism, based on the day-to-day activities of the clients, general market information and the facts and circumstances.
- ✓ The Internal Auditor of the Company, shall review the Policy, its implementation, documentation, effectiveness and review the alerts generated during the period of audit and shall record the observations with respect to the same in their Internal Audit Reports.
- ✓ The Board of Directors shall peruse, review and provide necessary guidance with regard to the "Surveillance Policy", periodically, for strengthening the processes.

4. Policy Procedures for Disposition of Alerts:

- ✓ **Downloading of Transaction Alerts:** The Transaction Alerts provided by the Stock Exchanges and internally generated by the Back-Office Software shall be downloaded by "The Risk Management Team" on a regular basis and the same shall be forwarded to the Designated Directors, Compliance Officer and the KYC Officer.

- ✓ Client(s) Information: The "KYC- Officer" shall carry out the necessary Due Diligence of the client(s), whose name appears on the Transaction Alerts. The said officer shall ensure that the KYC parameters are updated on a periodic basis as prescribed by Securities & Exchange Board of India (SEBI) and latest information of the client is updated in UCC database of the respective Exchanges. Based on the Client Information, the said officer shall establish Groups/Association amongst clients to identify multiple accounts/ common account/group of clients.
- ✓ Documentation: The Risk Management Team in order to analyze the trading activity of the Client(s)/Group of Client(s) or scrips identified based on the Transaction Alerts, shall do the following:
 - Seek explanation from such identified Client(s)/Group of Client(s) for entering into such transactions.
 - Seek documentary evidence such as Bank Statement/Demat Transaction Statement or any other documents to satisfy itself.
 - In case of Funds, Bank Statements of the Client(s)/Group of Client(s) from which Funds pay-in have been met, to be sought.
 - In case of Securities, Demat Account Statements of the Client(s)/Group of Client(s) from which Securities pay-in have been met, to be sought.
 - The period of such statements mentioned in point (c) & (d) may be at least
 - +/- 15 days from the date of transactions to verify whether the funds/ securities for the settlement of such trades actually belongs to the client to whom the trades were transacted.
- ✓ Analysis: Upon receipt of the above-mentioned documents, the Compliance Officer and the Risk Management Team shall analyze the documents sought from the Client as well as the KYC & KRA of the Client and shall record the observations for such identified transactions or Client(s)/Group of Client(s). In case adverse observations are recorded, the Compliance Officer shall report all such instances to the Exchange within 45 days of the alert generation.

5. StepstobetakenforanalysisofeachalertbyComplianceTeam:

- ✓ Alert Generation System: The Risk Management Team generates alert reports at the end of each day from the Back-Office Software which is analyzed to identify suspicious transactions. Alerts from Stock Exchanges and Depositories are also collated.
 - Quality of Dealing:
 - Identify scrips in BE, T and TS having 50 % of Exchange volume.
 - Segregate the scrip volume based on the security category (e.g., EQ and BE in case of NSE and A, B, T, etc., in case of BSE).
 - Identify the clients and check the bonafide of transactions.
 - High Value Deals:
 - Review the deals above Rs. 25 Lacs in single scrip.
 - In case of buy deals, check whether sufficient margin is available.
 - In case of sale deal, check whether the shares are available.

- Identify scrips where deals are persistently contributing higher volumes.
- Identify clients, who have taken high value positions, review their ledger accounts in order to verify whether there is sudden increase in.
- Significant increase in client activity: Client(s)/Group of Client(s) who have been dealing in small quantities/value suddenly significantly increase their activity. In such cases the following shall be examined:
 - Transaction Turnover more than Rs. 10.00 Lacs.
 - Delivery Turnover more than Rs. 1.00 Lacs.
 - Deal size more than 2 times of the average deal size.
 - Whether such volume is justified given the background of the client and his past trading activity.
 - Cumulative amount of funds that was brought in by the Client(s)/Group of Client(s) for the purchases made during the period.
 - Whether such inflow of funds is in line with the financial status of the client.
 - Whether the transactions of such Client(s)/Group of Client(s) are contributing to concentration or impacting the price.
- Sudden trading activity in dormant accounts: This refers to such cases where the client has not traded more than 3 months and suddenly starts/resumes trading in stocks or low market capitalized scrips or enters into transaction which is not in line with his financial strength. In such cases following shall be reviewed and examined:
 - Trade Gap Analysis for more than 90 days.
 - Reasons for trading in such scrips /contracts.
 - Whether the client is only placing the order or is it some third party.
 - Whether there is any concerted attempt by a Client(s)/Group of Client(s) to impact the prices of such scrips/contracts through use of such dormant accounts.
- Whether there is any concerted attempt by a Client(s)/Group of Client(s) to indulge in movement of profit/loss from one client to another through use of such dormant account
- Clients/Group of Client(s), dealing in common scrips: Such dealing is contributing significantly to the volume of the scrip at broker level and at the Stock Exchange level. The following shall be reviewed and examined:
 - Reasons for trading in such scrips.
 - Whether there is any concerted attempt by a client(s)/Group of Client(s) to impact the prices of such scrips.
 - Whether there is any concerted attempt by a client (s)/Group of Client(s) to indulge in movement of profit/loss from one client to another.
 - In case a client/ group of clients contributed more than 40% volume at Exchange level, repeatedly in the same scrip in last fifteen-day, client(s) is / are accumulating the scrip.
 - Check if client(s) is/ are transferring the same to third party Demat accounts through off-market

transactions.

- Client(s)/Group of Client(s) concentrated in a few illiquid scrips: The following shall be reviewed and examined:
 - Typically, the Risk Management Team shall block trading in scrips which are listed as Illiquid Scrips by the Stock Exchanges through its circulars.
 - Any trading in such scrips are done on specific request by client, and the same is allowed by the Compliance Officer only upon scrutiny of the beneficial ownership of the selling, pre-pay-in of funds by the buying client and trades are executed at the last traded price.
 - Activity concentrated in illiquid scrips.
 - Sudden activity in illiquid securities.
 - Reasons for trading in such scrips.
 - Whether there is any concerted attempt by a Client(s)/Group of Client(s) to impact the prices of such scrips.
 - Whether there is any concerted attempt by a Client(s)/Group of Client(s) to indulge in movement of profit/loss from one client to another.
 - Percentage of Client(s)/Group of Client(s) activity to total market in the scrip/contract is high.
 - Identify clients who have traded in these scrips more than 25% of Exchange volume.
- Client(s)/Group of Client(s) dealing in scrip in minimum lot size/Concentration in scrip: The following shall be reviewed and examined:
 - Reasons for such trading behavior.
 - Whether the transactions of such Client(s)/Group of Client(s) are contributing to concentration or impacting the price.
 - Whether such transactions indicate towards probability of illegal trading at the clients' end.
- Synchronized Trades/Cross Trades/Circular Trading:
 - Scrutinize Synchronized/Cross Trade Report generated by the system as well as the data published by the Stock Exchanges on their official website. Identify clients having cross or synchronized trades.
 - Typically, any request for Block Deal is to be handled by the Risk Management Team directly under the guidance of Compliance Officer at the Head Office Level. Trades are to be executed only upon scrutinizing/ obtaining - proof of beneficial ownership of the selling client, proof of availability of funds by the buying client, pre-pay-in of shares of the selling client, pre-pay-in of funds by the buying client. Upon complying the same, trades are to be executed at the last traded price to avoid any price distortion. The executions of such trades are to be reported to the Designated Director as a routine compliance.
 - Continuous trading of client/group of clients in particular scrip over a period of time.
 - Client/group of clients contributing significant volume (broker and exchange level) in particular scrip – especially illiquid scrip.
 - Possible matching of trades with a specific group of clients (like same trade number on both buy and

sell side and/or immediate execution of order in illiquid scrip etc.).

- Possible reversal of trades with the same group of clients (like same trade number on both buy and sell side and/or immediate execution of order in illiquid scrip)
- Pump and Dump:
 - Risk Management Team to disallow trades for being executed at prices significantly away from the market and later on squaring off to earn significant profits.
- Wash Sales or Reversal of Trades:
 - Same Client(s)/ Group of Client(s) on both sides of the transaction. (i.e. same trade number on both the buy and sell side).
 - Reversal of transactions by same Client(s) or within same Group of Client(s) at significantly different trade prices within a short period of time says 3-4 days.
 - One client makes significant profit and other suffers a loss or apparent loss booking transactions in illiquid contract/securities including options
- Front Running:
 - Trading, by Client(s)/ Group of Client(s)/employees, ahead of large buy/sell transactions and subsequent square off have to be identified and such transactions have to be reviewed for determining front running.
 - There is a consistent pattern of Client(s)/ Group of Client(s)/employees trading ahead of large buy/sell transactions.
- Concentrated position in the Open Interest/high turnover concentration:
 - Client(s)/Group of Client(s) having significant position in the total open interest of a particular scrip.
 - Client(s)/Group of Client(s) not reducing/closing their positions in spite of the scrip being in ban period.
 - Client(s)/Group of Client(s) activity accounts for a significant percentage of the total trading in the contract/securities at the Trading member and exchange level.
 - Monitor the trading pattern of Client(s)/Group of Client(s) who have Open Interest positions/concentration greater than equal to the thresholds prescribed.
 - Identify the scrips where there is sudden increase in volume or rate by comparing the Exchange volume.
 - Check whether Broker has contributed substantial volume (more than 25 %) in such scrips. Identify clients who have contributed more than 25 % of the volume at the Exchange. Check for intimation letter uploaded by the Stock Exchange for the purpose of Additional Margin.
 - Identify the clients who are trading frequently in the scrips (more than 3 times in last five days).
- Order book spoofing i.e. large orders away from market
 - Consistent placement of large orders significantly away from the market with low trade to order trade ratio or canceling orders within seconds after placing them thereby creating a false impression of depth in a particular scrip/contract
 - Repeated pattern of placement of large buy orders which are away from the market price and

simultaneous placement of sell orders to benefit from price rise or vice-versa.

- Impact of Trading Pattern on Price and Volume of the Scrip
 - Identify the days on which the client has taken concentrated positions in the scrip and Compare price and volume on the Exchange on said dates to ascertain whether:
 - Increase in price or volume beyond 20%.
 - Client has taken positions at day's high or low rates.
- Review of Client Receipts / Payments
 - Review of Receipts/Payment details of the Client having unusual pattern of funds movement. Analyze the Receipts & Payments of the client on daily basis and on Q-to-Q basis. Daily Bank Reconciliation on a Maker-Checker basis to be conducted to scrutinize Dishonor of Cheques.
- Relation of Client with the Management/ Promoters of the Company
 - Check whether the client is related to management or promoters of the company in whose scrip client is trading.
 - Also check whether the client is holding more than 1% of the shares of the company.
- Review of KYC & Turnover Vis-à-vis Financial Income Submitted by Client
 - Review the KYC and supporting documents submitted by the client.
 - Validate volume done by the client with his financial net worth and margin provided.
 - Identify the clients whose turnover is disproportionate with the Annual Income provided in KYC.
 - Review the Risk categorization of the client and categorize the client based on the validation done.
 - Scrutinize the Transactions of the clients and follow up with the concerned branches for collection of the latest financials. Seek details from Branch on the occupation, social and financial status of client. If Branch feedback on client is not satisfactory, refer the case to the Principal Officer.
- Graded Surveillance Measures (GSM):

In continuation with the various measures implemented above to enhance market integrity and safeguard interest of investors, the Compliance Officer and Risk Management Team shall also implement the Graded Surveillance Measures (GSM) on securities that witness an abnormal price rise that is not commensurate with financial health and fundamentals of the company.

At present, there are 6 stages defined under GSM framework viz. from Stage I to Stage VI. Surveillance action has been defined for each stage. Once the security goes into a particular stage, it shall attract the corresponding surveillance action. Stage wise Surveillance actions are listed below –

<u>Stage</u>	<u>Surveillance Actions</u>
I	Transfer to Trade for Trade with price band of 5% or lower as applicable.
II	Trade for Trade with price band of 5% or lower as applicable and Additional Surveillance Deposit (ASD) of 100% of trade value to be collected from Buyer.
III	Trading permitted once a week (Every Monday) and ASD of 100% of trade value to be collected from Buyer.

IV	Trading permitted once a week (Every Monday) with ASD of 200% of trade value to be collected from Buyer.
V	Trading permitted once a month (First Monday of the month) with ASD of 200% of trade value to be collected from Buyer.
VI	Trading permitted once a month (First Monday of the month) with no upward movement in price of the security with ASD of 200% of trade value to be collected from Buyer.

The Risk Management Team has to be extra cautious and diligent while dealing in such securities as they have been placed under higher level of surveillance. A file containing stage wise GSM details is available on the website of NSE and BSE at the following link:

- ✓ https://www.nseindia.com/invest/content/equities_surv_actions.htm
- ✓ https://www.bseindia.com/markets/equity/EQReports/graded_surveil_measure.aspx

GSM framework shall work in addition to existing actions undertaken by the Exchange on the company's securities.

- **Additional Surveillance Measure (ASM)**

The Compliance Officer and Risk Management Team shall also implement Additional Surveillance Measure along with the aforesaid measures on securities with surveillance concerns based on objective parameters viz. Price variation, Volatility etc.

The shortlisting of securities for placing in ASM is based on objective criteria covering the following parameters:

- High Low Variation
- Client Concentration
- No. of Price Band Hits
- Close to Close Price Variation
- PE ratio

The surveillance actions applicable for the shortlisted securities are as under:

- Securities shall be placed in Price Band of 5% or as directed by the Stock Exchange(s) from time to time
- Margins shall be levied at the rate of 100%.

ASM framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.

6. Unsolicited Messages (SMS Stocks):

- ✓ Clients are advised to remain cautious on the unsolicited emails and SMS advising investor to buy, sell or hold securities and trade only on the basis of informed decision.
- ✓ Investors are also requested to share their knowledge or evidence of systemic wrongdoing, potential frauds or unethical behavior through the anonymous portal facility provided on Exchange website and mail at the following addresses:

- invg@nse.co.in
 - investigation@bseindia.com
- ✓ Clients to exercise caution towards unsolicited emails and SMS and also request their clients to buy, sell or hold securities and trade only on the basis of informed decision. Clients are further requested not to blindly follow these unfounded rumors, tips etc. and invest after conducting appropriate analysis of respective companies.
 - ✓ In view of above & as a part of surveillance measure to protect investor's interest and maintain market integrity, Exchange has advised members to exercise greater caution with respect to tips / rumors circulated via various mediums such as analyst websites, social networks, SMS, What'sApp, Blogs etc. while dealing in the securities listed on the Exchange on behalf of their clients.
 - ✓ The Securities identified by Exchange(s) in which unsolicited SMS are circulated shall be kept suspended and barred from further buying & selling by us and shall be monitored on regular basis.
 - ✓ The Clients shall remain cautious on the unsolicited emails and SMS advising to buy, sell or hold securities and trade only on the basis of informed decision.
 - ✓ Broker may in exceptional circumstances, where the Client has dealt in "SMS Stocks, shall withhold the pay-out of funds and/or securities of the Client and/or suspend the Demat Accounts for Debits, without assigning any reasons, to adjust the Traded Value of Trades in such SMS Stocks with retrospective effect and transfer the same to the Designated Bank Account earmarked for this purpose as mandated by Stock Exchange(s)/SEBI from time-to-time and retain the same till directed by the Stock Exchange(s)/SEBI for such release.

7. Surveillance in respect of Depository Participant

- ✓ Generation of suitable surveillance alerts which may be guided by indicative themes given in point no. 2 below (the list is inclusive and not exhaustive).
- ✓ Review and disposal of transactional alerts provided by NSDL/CDSL (Transactional alerts provided by NSDL/CDSL are based on certain thresholds).
- ✓ Disposal of alerts within 30 days from the date of alerts generated at Participants end and alerts provided by NSDL/CDSL.
- ✓ Reporting to NSDL/CDSL and other authorities as applicable in case of any abnormal activity.
- ✓ Documentation of reasons for delay, if any, in disposal of alerts.
- ✓ Framework of appropriate actions that can be taken by the Participant as per obligations under Prevention of Money Laundering Act (PMLA).

Indicative themes based on which alert should be generated and maintained and reported as per the requirement:

- ✓ Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the Participant.

- ✓ Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
- ✓ Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
- ✓ Frequent Off-Market transfers by a client in a specified period
- ✓ Off-market transfers not commensurate with the income/Networth of the client.
- ✓ Pledge transactions not commensurate with the income/Networth of the client.
- ✓ Off-market transfers (High Value) immediately after modification of details in demat account.
- ✓ Review of reasons of off-market transfers provided by client for off-market transfers vis à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales.
- ✓ Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
- ✓ Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients

8. Time Frame for Disposition of Alerts:

The above procedure should be completed within 15 calendar days from the last trading day of the month. In case the matter prolongs beyond 15 days the same should be reported to the Board of Directors, by the Compliance Officer, citing reasons for such delay. The Compliance Officer may seek extension of the time period from the Exchange, whenever required, under intimation to the Board of Directors.

9. Management Information System (MIS):

- ✓ A Monthly MIS Report shall be put up by the Compliance Officer to the Board of Directors on the number of alerts pending at the beginning of the month, generated during the month, disposed off during the month and pending at the end of the month.
- ✓ Internal Auditor shall verify and submit separate report with regard to "Surveillance Policy" on a monthly basis and the actions taken in respect of the Compliances made and pending actions, if any.

10. Record Maintenance & Reporting:

- ✓ The Compliance Officer shall be responsible for all surveillance activities carried out by the Company and for the record maintenance of such activities.
- ✓ The Compliance Officer shall be assisted by the Risk Management Team and the KYC & KRA Officer for the surveillance activities and shall have the discretion to take assistance/help from any professionals and/or software for the better implementation of the surveillance activities, without diluting the accountability and responsibility of the Compliance Officer.
- ✓ Each alert received from the exchange shall be backed by necessary supporting documentary evidence collected from clients, any other additional details as may be deemed fit may be captured and placed before the Board of Directors for review.

- ✓ Trading Member shall report duly approved status of the alerts on a quarter basis to the Exchange/Depository within 15 days from the end of the quarter in the prescribed format.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. MURARI SECURITIES LIMITED,

Ishwar Dass Dhyawala

Director

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✓ With Respect to Depository's Circular dated July 15th, 2021 regarding "Surveillance Obligations for Depository Participants", We as Depository Participant with discussion with management has defined an internal criterion to identify the nature of alerts and process the necessary verification on the same. The alerts will be identified on the basis of below mentioned criteria as follows -

<u>S No</u>	<u>Parameters of Alerts to be generated</u>	<u>Alerts to be reported</u>	<u>Base for reporting of Alerts</u>
1	Alert for multiple demat accounts opened with same demographic details	Demographic details is in more than 5 demat accounts	Demographic Detail Wise
2	Alert for communication sent on Email id/address of clients are getting bounced.	All instances	Client ID wise
3	Frequent changes in details of demat account	Changes is executed more than 5 times	Client ID wise
4	Frequent Off-Market transfers by a client in a specified period	Off Market Transfers executed more than 5 times	Client ID wise
5	Off-market transfers not commensurate with the income/Net worth	All instances - Limit given up to 10 times	Client ID wise
6	Pledge transactions not commensurate with the income/Net worth	All instances - Limit given up to 10 times	Client ID wise
7	Off-market transfers (High Value) immediately after modification	All instances	Client ID wise
8	Review of reasons of off-market transfers provided by client for off-market transfers visa-vis profile of the client	All instances	Client ID wise
9	Alert for newly opened accounts wherein sudden increase in transactions activities in short span	All instances	Client ID wise

	of time		
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Murari Securities Limited

Unauthenticated News Circulation Policy

Policy created by	Compliance Team
Policy reviewed by	Principal Officer
Policy reviewed on	31/12/2023
Policy Approved by	Board of Directors
Policy approved on	17/01/2024

Version – 1.2

1. Prohibition on circulation of unauthenticated news

As per code of conduct for Stock Broker in SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and SEBI circular Cir/ISD/1/2011 dated March 23, 2011, all SEBI registered market intermediaries are required to have proper internal code of conduct to govern the conduct of its Employees. In view of the same, we have implemented a code of conduct to regulate communication through various modes of communication. Employees are strictly prohibited from:

- ✓ Disseminating unauthenticated news related to various stocks through blogs, chat forums, emails, or any other communication channels.
- ✓ Endorsing or circulating rumors or unverified information obtained from clients, industries, trades, or any other sources without proper verification.
- ✓ Forwarding any market-related news received via official mail, personal mail, blogs, or any other means, unless it has been reviewed and approved by the Compliance Officer.

Illustrative list of Reliable Sources includes Information posted on websites of Government/Regulatory authorities, print media and their websites, Business News Channels and such information which are communicated by the Corporates by way of press release.

Employees must obtain prior approval from the designated Compliance Officer before forwarding any market-related news received via their official mail, personal mail, blog, or any other means. All reports concerning violations of this policy must be submitted to the designated Compliance Officer. Failure to seek approval will be considered a violation of the various provisions contained in the SEBI Act/Rules/Regulations, etc. Such violations shall be subject to disciplinary action in accordance with company policies and may also incur legal consequences under applicable regulations. It is imperative for employees to adhere to these guidelines to maintain compliance with regulatory requirements and uphold the highest standards of ethical conduct within the organization. Any employee of the Company who fails to observe the provisions of this policy shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for penal action.

Nothing contained in this clause shall prevent the Company/ Management/ Compliance Officer to take appropriate action against such employee for breach of duty. The Compliance Officer of the company shall take all prudent steps to identify and restrict any act that may lead to violation of this policy.

Change in the Policy will be adopted as and when required by the company and is binding on all the Staff/Employees/and Directors of the Company.

For M/s. MURARI SECURITIES LIMITED,

Ishwar Dass Dhyawala

Director