

DP Operations Process Manual

VEDIKA SECURITIES PRIVATE LIMITED

SEBI Regn. No. IN-DP-04-2015

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All the processes mentioned in this manual are followed in the DP. It is ensured that no step is skipped or overlooked. This material is meant to supplement the DP's internal operating procedures with respect to DP services. While every care has been taken to ensure accuracy and completeness of the procedures, DP shall not be responsible for any unintentional errors or omissions. The internal control is continuously updated with new security checks and processes as and when introduced.

SYSTEMS

Our server is not on cloud at NSDL and Client Machine is located at the Registered Office of the Company at Vishakha, 2-B, Shambhunath Pandit Street, Kolkata – 700 020. We have MPLS connectivity and Windows 2010 in client machines. Our System In charge Mr. Anil Changoiwala ensures the systems connectivity and adheres to all the necessary compliances, as per the procedures prescribed by NSDL from time to time.

Our DPM system is only accessible to the person with confidential password.

We have a Seqrite Endpoint Security Anti-Virus loaded and is always upgraded on our entire machines on daily basis.

The first and foremost step to start Depository Operations for the day is proper startup and checkup of systems. The following steps are involved for the process booting of the NSDL client machines.

Check the transaction at Account Transfer / Pool to Pool / Inter Settlement / IDT. Also provide the required filed to CM for checking overdue / obligation of exchanges.

The next checking and downloading of Speed-e instructions.

Speed-e instructions are those instructions that the client submits online in provided by the NSDL Portal. However, these instructions are not directly processed. They get accumulated in a server, situated at NSDL's end. To download such instructions, we need to access the Speed-e web site at <http://e-services.nsd.com>. This login is only to be accessed via token. The login is only to be performed from the Speed-e machine as because, to login we require the digital signature of the person which is to be installed on any one of the machines. Currently the software is installed on three machines. One on which regular downloads takes place and the other for contingencies. Both the machines are containing three digital signatures, one for Mr. Sunil Kumar Changoiwalla second for Mr. Anil Changoiwala and the other in the name of Mr. Champalal Changoiwalla. The signatures are accessed by the e-token as advised by NSDL. Once the Login is complete, the instructions are primarily taken in an external device.

The Instructions are uploaded on e-DPM where the same are processed and executed. The client will be able to see the status of the instruction only after processing on e-DPM.

Back office

The last system check will be that of the back-office machines. Here we just need to start the back office machines & updates data from NSDL. Our Back-Office Machine uses Quick Heal Antivirus and the operating System installed on this machine is Windows 2010.

LOCAL DPM SYSTEM ON CLOUD

On January 1, 2020 NSDL vide Circular No.: NSDL/POLICY/2020/0001 informed all the Depository Participants about the availability/access of Local DPM System on CLOUD. Participants who opt to access 'DPM System on Cloud' is not required to:

- a) Procure Windows license and SQL Server license for database
- b) Carry out database backups, weekly reorg etc. &
- c) Deploy security features like anti-virus etc.

ACCOUNT OPENING

A client intending to hold securities in the electronic form in a depository system should open beneficiary account with a DP. In addition to this, the client has a choice of opening accounts with more than one DP. By opening an account with the DP the client will be able to avail of the following facilities:

- Dematerialize 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 client's at the time of opening dematerialized accounts.
- We 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.
- We shall ensure that supporting documents submitted by clients must be verified against originals and should be affixed stamp for the same.
- We shall ensure that all supporting document attached on AOF should be self –certified by client only.
- Our staff should cross check with debarred entity master before activation of account.
- Each and every accounts open DPs has to submit/ upload the scan images KRA form with supporting documents.
- We have to process KRA within 10 working days from the date of account opening.
- We have to process CKYC within 10 working days from the date of account opening.
- We shall ensure that separate mobile number and email address is uploaded for each client. However, under exceptional circumstances, DP may, at the specific written request of a client, upload the same mobile number/E-mail address for more than one client provided such clients belong to one family. 'Family' for this purpose would mean self, spouse, dependent children and dependent parents.
- We shall review and take action on the periodic reports shared by the Depositories in this regard.
- We shall also submit the required reports as per the prescribed procedure mentioned in NSDL Circular NSDL/POLICY/2024/0115 dated August 21, 2024

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 KYC/AOF and DP Form should be updated with Circulars
- KYC/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 acknowledgment for Right and Obligation of DP with clients.
- Intimation of Charge structure/ Tariff, and Obtain acknowledgment on tariff sheet
- ID Proof, Address Proof, and Bank Details as per KYC Checklist
- Submitted documents should be self-attested by client.
- Conduct in person verification.
- Documents process and scan image uploaded to KRA& CKYC
- Filling of Nomination Form with declaration
- Record of nomination in Nomination Register/ or In Local DPM

Account Opening

The whole demat process starts with the first step of Account Opening, hence it is very important to understand how are accounts opened and what are the steps and process involved with account opening. Vedika Securities Private Limited follows the following steps:

There are different categories in which a person or an entity can open an account.

The different Type of categories in which an account can be opened is either Individual /Non-Individual as:

1. FI
2. FII
3. NRI
4. CM

5. Trusts
6. Body Corporate
7. Bank
8. Foreign National
9. Mutual Fund
10. Qualified Foreign Investor
11. Foreign Portfolio Investor - Legal Entity Identifier (LEI) mandatory for all FPIs vide NSDL Circular Number NSDL/POLICY/DDP/2023/0003 dated July 31, 2023 and additional disclosures needed vide NSDL Circular Number NSDL/POLICY/DDP/2023/0007 dated October 31, 2023, NSDL/POLICY/DDP/2023/0008 dated November 10, 2023, NSDL/POLICY/DDP/2024/0001 dated January 30, 2024.

Some of the important points to be taken care while filling up of the forms are mentioned below:

(a) Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole-time directors and persons authorized to deal in securities on behalf of company/firm/others.

(b) Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents. However, in case of PAN, DP may verify the PAN of their Clients online at the Income Tax website without insisting on the original PAN card, provided that the Client has presented a document for Proof of Identity other than the PAN card.

(c) If any proof of identity or address is in a foreign language, then translation into English is required.

(d) Name & address of the applicant mentioned on the Know Your Client (KYC) Application Form, should match with the documentary proof submitted.

(e) If correspondence & permanent address are different, then proofs for both must be submitted.

(f) Sole proprietor must make the application in his individual name & capacity.

(g) For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.

(h) For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.

(i) In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted.

(j) For opening an account with Depository DP or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.

(k) Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.

Proof of Identity (POI): - Following is the list of documents admissible as Proof of Identity:

I) Unique Identification Number (UID) (Aadhaar) / Passport/ Voter ID card/ Driving license.

II) PAN card with photograph.

III) Identity card/ document with applicant's Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their members; and Credit cards/Debit cards issued by Banks.

Proof of Address (POA): - Following is the list of documents admissible as Proof of Address:

(*- Documents having an expiry date should be valid on the date of submission.)

I) Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy /Aadhaar Letter issued by Unique Identification Authority of India.

II). Utility bills like — (Not more than 3 months old— as on date of Receipt for documents).

- Telephone Bill (only land line)
- Electricity bill
- Gas bill

III) Bank Account Statement/Passbook — (Not more than 3 months old — as on date of receipt for documents)

Depending on the type of bank statement issued the following checks must be done:

- Original bank statement: The original bank statement is printed on the stationery of the bank, carries logo & name of the bank, and displays the name and address of the Client.
- Copy of bank statement: the authorized official of the DP should verify the photocopy of the bank statement submitted with the corresponding original.
- Original Bank statement on plain paper (Computer generated):
 - ✓ The bank statement clearly mentions the name and address of the Client.

- ✓ The bank statement is duly attested (signed and stamped) by the authorized official of the bank mentioning the name and designation of such authorized official.
- ✓ Obtain a cancelled cheque leaf in original OR a photocopy of cheque and the authorized official of DP should verify the same with the original cheque.
- Bank statement issued in electronic form:
 - ✓ Print out of the bank statement clearly mentions the name and address of the Client.
 - ✓ Obtain a cancelled cheque leaf in original OR a photocopy of cheque with the name of the Client pre- printed on it. However, in case of a photocopy of cheque it can be accepted provided the authorized official of DP verifies the same with the original cheque.

IV) Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.

V) Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.

VI) Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.

VII) For FII/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized) that gives the registered address should be taken.

VIII) The proof of address in the name of the spouse may be accepted.

IX) Acceptance of third-party address as correspondence address in depository account [SEBI Circular No. CIR/MRD/DP/ 37 /2010 dated December 14, 2010)

- Client can also provide third party address as correspondence address in depository account provided DP ensures that all prescribed 'Know Your Client' norms are fulfilled for the third party also. The DP shall obtain proof of identity and proof of address for the third party. The DP shall also ensure that customer due diligence norms as specified in Prevention of Money Laundering Rules, 2005 are complied with in respect of the third party.
- DP should further ensure that the statement of transactions and holding are sent to the Client's permanent address at least once in a year.
- However, the above provision shall not apply in case of PMS (Portfolio Management Services) clients.

PAN:

I) the name(s) of depository account holder(s) should be compared with the name appearing on the website of the Income Tax Department (ITD). Alternatively, subscribe to the internet based service of NSDL so that the name can be sought against the given PAN.

II) In case the name(s) do not match or the PAN is not present in the Income Tax database, DP should seek necessary clarification from the account holder(s) and activate such accounts in the DPM System only after the discrepancy is resolved.

III) After verifying the details of PAN as mentioned above, the staff of the DP should affix a stamp as '**PAN verified**', on the photocopy of the PAN card(s).

IV) With respect to PAN, Clients may have reported the following problems:

- PAN card has been lost / misplaced or PAN card was never received but has the PAN allotment letter from the ITD;
- Change in the name of the Client due to marriage or voluntary action etc., (*in case of individuals*) or due to merger, amalgamation etc. (*in case of a corporate entity*).

In this regard, DP are advised that the ITD issues a new PAN card with the same PAN with changes in PAN data, for the above reported problems. For detailed procedure, DP may refer <http://www.incometaxindia.gov.in> or <http://www.tin-nsdl.com>

In cases where there is minor mis-match in the name of Client as is mentioned in the account opening form and the name displayed on the ITD website, the DP can collect the PAN card proof as submitted by the account holder. However, this would be Subject to the DP verifying the veracity of the claim of such Clients by collecting sufficient documentary evidence in support of the identity of the investors.

The DP should call for any additional documents and / or clarification to ascertain and satisfy itself about the identity of the entity.

Exemptions/clarifications to PAN (*Sufficient documentary evidence in support of such claims to be collected.*)

I) In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.

II) Investors residing in the state of Sikkim.

III) UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.

IV) In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

V) DP may verify the PAN of their Clients online at the Income Tax website without insisting on the original PAN card, provided that the Client has presented a document for Proof of Identity other than the PAN card.

List of persons authorized to attest the documents:

I) Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (*Name, Designation & Seal should be affixed on the copy*).

II) In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

Signature:

The signature of the clients and / or authorized representatives as provided in the Account Opening Form and KYC Documents matches with the signature in the proof of identity of the respective persons.

In case the same is not matching with the signature of POI, DP on case to case basis ask for the attestation of signature from the relevant authorities.

Photograph:

Photograph(s) of client(s)/Authorised signatories/Director(s)/ Promoter(s)/ Trustee(s)/ Partner(s) etc. provided on KYC Form matches with the photograph on Proof of Identity and PAN card of respective person(s).

In case the same is not matching, DP is having its discretion whether to open the demat account.

Bank details:

I) Any one or more of the documents given below can be accepted as proof of bank details:

- Specimen copy of cheque/cancelled cheque
- Copy of Bank Statement
- Copy of Bank Passbook
- Letter from Bank

II) The aforesaid documents above must contain the following information to be acceptable as proof for bank details:

- Bank Name
- Branch Address
- IFSC/MICR code
- Name of account holder
- Account Number

III) DP need not seek from their Clients the proof of the bank details for capturing the bank details in the depository account, if they have direct access to the bank records for verification of the bank details provided by their Clients.

The aforesaid documents are the minimum requirement for opening of a beneficiary account. DP are advised to exercise due diligence while establishing identity of the person to ensure the safety and integrity of the depository system.

DP can apply stricter criteria and accordingly, decide to accept selected documents out of the list of documents prescribed above as POI and Proof of Address

Account Opening for Individual:

I) The applicant should fill up the KYC Application Form (Part I) and Account Opening Form (Part II) as per the format given in Annexure J of the Business Rules of NSDL and submit the same to the DP.

II). The applicant should submit any one of the documents as mentioned in above, as a valid proof of identity and proof of address.

III) In-person Verification (IPV):

- It is mandatory for all DP to carry out IPV of their Clients. At the time of opening depository accounts, the DP should establish the identity of the applicant(s) (including guardian in case of minor account) by verifying the photograph(s) affixed in the KYC Application Form (Part – I of Annexure J) as well as proof of identity document(s) as mentioned in above, with the person concerned. Further, in case of joint accounts, 'in-person' verification needs to be carried out for all the holders of the account. DP may use 'web-camera' for carrying out 'in-person' verification for opening of depository accounts subject to compliance with other SEBI guidelines/circulars relating to opening of depository accounts including verification of documents.
- Upon the applicant(s) submitting the KYC Application Form and the account opening form, proof of identity & address documents and PAN details, the DP should follow the procedure as given below:
 - ✓ Verify the identity of the applicant(s) as clarified in above.
 - ✓ After due verification, the DP shall ensure that the following details are recorded on the KYC Application Form at the time of IPV:
 - Name of the person doing IPV
 - His designation
 - Organization
 - His signature and
 - Date

- ✓ Manner of recording IPV details on KYC Application Form: DP may either affix a stamp or print the IPV details or write the same on the KYC Application Form. If 'in-person' verification is done through web camera, then mention "IPV through webcam" as well.
- ✓ Place where IPV details are to be recorded on the KYC Application Form: DP may record the same at any appropriate place on the KYC Application Form as may be deemed fit by the DP without making illegible the other details mentioned in the KYC Application Form. For non-individuals such as partnership firm, unregistered trust, etc. where the KYC Application Form for non-individuals is filled up and the depository account would be opened in the name of the individual (such as partners , trustee, etc.), the IPV details may, if DP find it appropriate, be recorded at the Annexure to KYC Application Form where the details of the partner, trustee, etc. are mentioned.
- ✓ Attachment of separate sheet to the KYC Application Form or affixing stickers on the KYC Application Form for recording of IPV details will not be permitted.
- In case of Stock brokers, their sub-brokers or Authorised Persons (appointed by the stock brokers after getting approval from the concerned Stock Exchanges in terms of SEBI Circular No. MIRSD/DR-1/Cir-16/09 dated November 06, 2009) can perform the IPV.
- In the case of NRIs/foreign nationals, considering the infeasibility of carrying out 'in-person' verification, in such a situation photocopies of the KYC documents should be attested by any of the entities viz; Notary Public, any Court, Magistrate, Judge, Local Banker, Indian Embassy/ Consulate General of the country where NRI/FN is residing [outside India] to the effect that it has been verified with the originals.
- IPV is not required for opening of online account via Aadhaar based authentication, subject to the fulfillment of all other online account opening procedures.
- Video In-Person Verification (VIPV) – DP can also opt for VIPV subject to the compliance of all the applicable rules including but not limited to the following:
 - ✓ Activity log along with the credentials of the person performing the VIPV have to be maintained
 - ✓ To be undertaken in a live environment
 - ✓ VIPV undertaken is clear and still and the investor in the video is easily recognizable and is not covering his/her face in any manner
 - ✓ VIPV process is included with random question and response from the investor including displaying the OVD, KYC form and signature or confirmed by an OTP
 - ✓ Photograph of the customer downloaded through the Aadhaar authentication / verification process matches with the investor in the VIPV
 - ✓ VIPV has been saved in a safe, secure and tamper-proof, easily retrievable manner and shall bear date and time stamping

IV. DP must use separate KYC Application Form to collect information for each holder for joint accounts (i.e. for first holder, second holder and third holder) as well as for guardian in case the sole holder is a minor.

Minor:

The minor shall be the first and sole holder in the account i.e. there shall not be any joint accounts where a minor is a First / Second / Third joint holder. PAN card details of minor have to be entered in system. Two KYC Application Forms must be filled i.e. one for the guardian and another for the minor (to be signed by guardian).

In case of death of Guardian of existing Minor account holder:

In the case of death of the guardian of an existing minor account holder, the following procedure shall be followed:

I) Original Death Certificate of the deceased Guardian or a copy of the same, duly notarized or attested by a Gazetted Officer or Death certificate downloaded from the online portal of Government carrying digital/facsimile signature of the issuing authority may be submitted to the DP. In case death certificate is downloaded from the online portal of Government, the authorised official of the DP should verify the details from the Governments website or from the office of the concerned registrar (birth/death) and keep a record of the same with his signature and stamp of DP.

II) The minor's account shall be frozen under the appropriate reason code till the new guardian has completed all formalities.

III) Original or copy of the Court Order (duly notarized or attested by a Gazetted Officer), if the new guardian has been appointed by the Court.

IV) The new guardian shall submit a new account opening form duly complete in all respects along with KYC application form or details of KRA registered with.

V) DP has to provide a copy of Rights and Obligations document to the new guardian and keep an acknowledgment of the same on record.

VI) After verification of the AOF and documentation, details of the Guardian of the Minor account holder shall be suitably modified in the system.

VII) The signature of the deceased guardian shall be deleted and the signature of the new guardian shall be recorded in the system.

VIII) POA documents/details, if any, recorded with the signature of the deceased guardian shall be deleted.

After the minor has attained majority, DP must collect new KYC application form after the minor has attained majority. The following procedure is to be adopted:

I) The account holder shall submit new KYC application form or details of KRA registered with.

II) The account holder shall submit a new account opening form duly complete in all respects. The DP shall provide a copy of the Rights and Obligations document to the account holder and shall keep an acknowledgment of the same on record.

III) The guardian's details shall be deleted and guardian's signature shall be replaced by account holder's signature.

Non Resident Indian/ Foreign National (NRI/FN):

I) while opening an account for an NRI Client, the DP should obtain copy of the RBI approval letter, if any, for acquiring securities, along with the account opening form and other necessary documents.

II) DP is required to ensure that all transactions in the account are in compliance with FEMA regulations. Accordingly, DP is advised to obtain from the NRI/FN, necessary documents evidencing general/specific approvals as may be required under FEMA regulations.

III) RBI Clarification with respect to NRI/FN: RBI vide its letters dated July 18, 2000 and July 17, 2013 has issued the following clarifications with regard to Depository Account:

- RBI approval is not required for opening depository account.
- RBI has not put any condition that for opening of depository account, the non-resident shareholder must have a bank account. The depository account may be opened as per the norms of NSDL and the concerned bank.
- RBI has granted General Permission for sale of shares on stock exchanges by non-residents. In terms of Regulation 9(2)(i) of Notification FEMA.20/2000-RB dated May 3, 2000 as amended from time to time, transfer of shares by way of sale or gift from Non-Resident to Non-Resident does not require any specific approval of RBI.
- For sale of shares by negotiated deals, RBI permission (specific or general as may be applicable) needs to be obtained in accordance with FEMA guidelines.
- FN can sell the shares held under ESOP on stock exchange without RBI permission.

IV) While processing dematerialisation, receipt, delivery or pledge instructions from NRI Client, the DP shall obtain a copy of the relevant RBI approval letter (e.g., RBI approval letter for sale in case of delivery instructions). The DP need not obtain copy of the RBI approval letter for every instruction, if the same approval applies to each such instruction.

Illiterate person:

NSDL has prescribed the procedure for affixing thumb impression (in Annexure J of Business Rules) while filling an account opening form by an illiterate person. In this context, DP is advised to follow the below mentioned procedure:

I) Illiterate person(s), at the time of opening an account with a DP 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 KYC Application Form and Account Opening Form.

II) All accounts opened by illiterate person(s) (hereinafter referred as Clients) must be either introduced by an existing account holder or must be attested by applicant's bank.

III) The Client(s) must come in person to open the account and submit instruction forms and affix his/her thumb impression in the presence of the official of the DP. The DP should identify the Client(s) by verifying the photograph submitted by the Client(s) and read out/explain the contents of the KYC Application Form and Account Opening Form, DP-Client agreement and delivery instruction form to the Client(s). The official of the DP should then put his signature and remarks **“Details explained to the Client(s)”**, on the account opening form, copy of the agreement and delivery instruction form.

IV) In case such Client(s) is/are temporarily or permanently disabled due to which he/she cannot come in person to submit the instruction form, the thumb impression of the Client(s) on the instruction forms must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate or a similar authority holding a Public Office and authorised to use the Seal of his office or a manager of the account holder’s bank. The Client should also produce a medical certificate about his/her disability.

As per NSDL Circular NSDL/POLICY/2024/0060 dated May 15, 2024, Provisions of Rights of Persons with Disabilities Act, 2016 and Rules thereunder are as under:

Section 42: Access to information and communication technology.

Section 46: Time limit for accessibility by service providers.

We shall abide by all the rights as mentioned in the said guidelines.

V) The instruction forms issued to such Client(s) should be pre-stamped as “Thumb Impression” on the Account Opening Form

VI) At the time of opening of account, the aforesaid rules should be explained to the Client(s) in the presence of a witness, who will have to sign the agreement and the account opening form, as a witness.

VII) DP should note that the aforesaid guidelines are in addition to the existing guidelines with regard to opening of an account and executing instructions.

Blind person:

I) The DP should read out and explain to the Client, the contents of the KYC Application Form and Account Opening Form whenever so requested by the Clients. In case the Client is an illiterate, DP should follow the procedure laid down.

II) If the Client is illiterate, then DP should put in the remark as “Visually Challenged and Thumb Impression” on the Account Opening Form.

III) For issuance, re-issuance and processing of Delivery Instruction Slips (DIS) of such Clients, DP is advised to follow the procedure laid down in NSDL Circular No. NSDL/PI/2004/1401 dated August 5, 2004. DP would also be required to comply with NSDL Circular No. NSDL/POLICY/2007/0011 dated February 15, 2007 regarding SEBI circular on DIS. It is also added that the DIS issued to such Clients should be pre-stamped as “Visually Challenged” or “Visually Challenged and Thumb Impression” as

the case may be. Further, these Client(s) should visit the office of the DP to deliver the DIS, only if they are illiterate.

IV) DP are requested to note that the above mentioned procedures will be applicable for new accounts opened since August 21, 2007 as well as for processing of DIS for the existing Clients.

Mode of operation in Joint Account

1) In the case of demat account with joint holders, the DP shall ensure that all instructions submitted are duly signed by all account holders.

2) 2 The joint account holders may opt for any one of the following modes of operation for executing the transactions by submitting a specific instruction at the time of demat account opening or at a later date duly signed by all account holders:-

a. Jointly

b. Anyone or Survivor

In system the default option for mode of operation will be "Jointly". If mode of operation chosen by the demat account holders is other than "Jointly", then the same should be captured by the DP in NSDL system.

3) DP can execute the following transactions as per the mode of operation captured in the NSDL system.

i. Transfer of securities including Inter-Depository Transfer.

ii. Pledge / Un pledge / Confiscation Margin repledge (Creation, closure and invocation and confirmation thereof as applicable).

iii. Freeze/ unfreeze of demat account and/ or the ISIN and / or specific number of securities.

4) For all transactions other than mentioned under point 3, the mode of operation shall be as "Jointly".

5) Where the demat account holders have opted for operation by "any one or survivor", the transactions as mentioned in 3 should be duly signed by any one of the holders of the joint account.

6) Where the account holders opted for operation by jointly the transactions mentioned above should be duly signed by all the holders of the joint account.

7) All the existing joint account holders may also opt for one of the modes of operation 2

8) With regard to transactions undertaken in client demat account as mentioned under 3, signature of one of the joint holders as per the mandate of operation given by the joint account holders shall discharge the DP in full vis-à-vis all the account holders of the joint account and the account holders undertake to cover and guarantee the DP against all claims including by third parties pursuant to the DP acting on the transaction so received by it from one of the Client account holders.

9) Each demat account holder is jointly and severally liable towards the DP 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) .

10)The arrangement of mode of operation shall not expire on the death of one of the client holders, if surviving account holders choose the option to continue with the same demat account by deletion of deceased's name.

11) The surviving members have to inform the Participants about the death of account holder with requisite documents within one year.

12) The applicability of mode of operations needs to be checked and submitted for change basis on pattern of only surviving account holder/s after deletion of name of deceased holder.

13) If the surviving holder(s) fail to inform the DP about the death of the 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 existing procedure. Necessary audit trails should be in place for the name deletion / new account set up.

14) Any holder of demat account may opt out from the facility as mentioned under Operating Instructions 2 by giving a written request to the DP and upon receipt of such a request by DP, the DP shall change the mode of operation to 'jointly'.

15) In case of a demat account with joint holders, all communications shall be sent to the first holder and shall be deemed to have been duly sent to all account holders.

16) The DP should provide a facility whereby the account holders can opt to receive communication from DP to all holders in electronic mode.

17) The DP should note that Power of Attorney, if executed by the BOs will be independent of the 'mode of operation' or any change in the 'mode of operation' chosen by the BO.

Non-Individual:

Account Opening for Non-Individual:

I) The applicant should fill up the KYC Application Form (Part I) and Account Opening Form (Part II) as per the format given in Annexure K of the Business Rules of NSDL and submit the same to the DP.

II) Any one of the documents as mentioned above can be submitted as a valid proof of identity and proof of address.

III) DP shall ensure that in case of foreign entities, all transactions in the account are in compliance with FEMA Regulations. Accordingly, DP is advised to obtain from such foreign entities necessary documents evidencing general/specific approvals as may be required under FEMA Regulations.

IV) Obtain a declaration from the foreign entity that it has complied and will continue to comply with FEMA Regulations.

V) DP must use separate KYC Application Form to collect information for each holder for joint accounts (i.e. for first holder, second holder and third holder).

Additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:

Corporate:

I) Copy of the balance sheets for the last 2 financial years (to be submitted every year).

II) Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year).

III) Photograph, POI, POA, PAN and DIN numbers of whole-time directors/two directors in charge of day to day operations.

IV) Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.

V) Copies of the Memorandum and Articles of Association and certificate of incorporation.

VI) Copy of the Board Resolution for investment in securities market.

VII) Authorised signatories list, specimen signatures and photographs.

Partnership firm:

I) Copy of the balance sheets for the last 2 financial years (to be submitted every year).

II) Certificate of registration (for registered partnership firms only).

III) Copy of partnership deed.

IV) Authorised signatories list with specimen signatures and photograph.

V) Photograph, POI, POA, PAN of Partners.

VI) The account should be opened only in the names of Partners, operated by the partners and the securities that belong to the Partnership Firm can be held in this account.

VII) Obtain an undertaking in the prescribed format from the Partners to the effect that the Partners would comply with the provisions of the Companies Act, 1956 and other applicable statutes in respect of securities of the Partnership firm held in the account opened in the names of the Partners.

VIII) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV as per the procedure laid out above.

Limited Liability Partnership (LLP):

I) Copy of the balance sheets for the last 2 financial years (to be submitted every year).

II) Certificate of registration.

III) Copy of partnership deed.

IV) Authorised signatories list with specimen signatures and photograph.

V) Photograph, POI, POA, PAN of Partners.

VI) Resolution/ Authority Letter for investment in securities market.

VII) DP may open the depository account in the name of LLP Client under the Type 'Body Corporate' and sub-type 'Limited Liability Partnership'.

Trust:

The procedure and documents required for the opening of depository accounts in case of registered trusts/ public trusts, un- registered / private trusts and trusts established by organisations for providing terminal benefits to its employees is as follows:

I) Copy of the balance sheets for the last 2 financial years (to be submitted every year)

II) Certificate of registration (for registered trust only)

III) Copy of Trust deed

IV) List of trustees certified by managing trustees/CA

V) Photograph, POI, POA, PAN of Trustees.

VI) For registered trust where a registration certificate is issued by a Statutory Authority under the provisions of the Bombay Public Trust Act, 1950 or The Indian Societies Registration Act, 1860, in addition to the above, DP are requested as follows:

➤ **Public Trust/ Charitable Trust and Trust capable of holding property in its name (Registered Trust /Public Trust):**

i)) Account shall be opened in the name of the Trust.

ii) Certificate of Registration of Trust under the Societies Registration Act/ Public Trust Act, 1860 / Bombay Public Trust Act, 1950 / Public Trust Act, of relevant State.

iii) In case if CLIENT informs the non-applicability of the relevant Public Trusts Act or the Indian Societies Registration act, in its specific case, then the Client may be allowed to open a demat account in the name of the trust on submission of the Certificate obtained by the Client as per Section 12AA of Income Tax Act, 1961 along with the Latest Income Tax Returns filed by the Trust.

- iv) Certified true copy of Board Resolution to open the demat account and specifying the persons authorized by the Board of Trustees to act as Authorized signatory (ies) to operate the demat account.
- v) Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee.

➤ **Private Trust:**

- i) The Board of Trustees shall specify the names of the trustee/s who shall hold/ operate the demat account.
- ii) The account shall be opened in the names of the trustees under “Individual” category of the first named trustee (maximum three account holders).

➤ **‘Recognized’ Funds / Trusts/ Other similar entities.**

The Funds/ Trusts/ Entities presently included under this category are as follows:

- i) Employees Provident Fund, which have been recognized by the Provident Fund Commissioner under Employee’s Provident Funds & Miscellaneous Provisions Act, 1952.
- ii) Employees Gratuity Fund, which are formed under Payment of Gratuity Act, 1972.
- iii) Superannuation Fund which are formed under the guidelines issued by Income Tax Department.
- iv) Venture Capital Funds which are registered by SEBI.
- v) ESOP Trust formed pursuant to the guidelines issued by SEBI.

Accounts of the above Funds/ Trusts/ Entities shall be opened in the name of above Funds/ Trusts/ Entities as they are recognized either under the Income Tax Act or Securities & Exchange Board of India Act, etc.

Documents to be furnished by the above Funds/ Trusts/ Entities and other Funds/ Trusts/ Entities, which are similarly placed, are:

- Certificate of Registration, if any, issued by the authority recognizing the Fund / Trust / Entity as such;
- Trust Deed and Rules and/or any document or charter defining their constitution and providing for management thereof;
- List of Members on the Board of Trustees/Governing Body;
- Certified true copy of the Resolution passed by the Board of Trustees/Governing Body to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory(ies) to operate the demat account;
- Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee.

HUF:

- I) The PAN details of the HUF entity would have to be entered in the system.
- II) Declaration by Karta giving details of the family members of the HUF with their names, sex (male/ female), date of birth and relationship with the Karta.

III) DPs shall note the following while opening a HUF account:

- Account shall be opened in the name of HUF entity.
- HUF accounts cannot be opened with joint holder(s).
- HUF accounts cannot appoint a nominee.
- In the account opening form, the Karta shall sign under the HUF stamp.
- Bank pass-book/bank statement in the name of HUF along with bank details
- Photograph, POI, POA of Karta.
- PAN details of both the HUF entity and Karta of the HUF Shall be obtained from the Beneficial Owner.
- The name shall be as it appears in the PAN card, e.g. A H Doshi & Sons, Bal Govind Zangle (HUF).
- In case POA is to be given by the Karta to some other entity to operate the HUF Account, the POA shall be signed by the Karta.

Procedure to be adopted in the event of death of Karta is as follows:

I) HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta.

II) HUF does not come to an end in the event of death of the Karta.

III) In the event of death of the Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta appointed by the members of the HUF who in such a case shall be the senior most member of the family.

IV) The new karta shall submit the new list of members signed by all the members along with the declaration in the list stating that “we state that the list of surviving members is complete and exhaustive and does not leave out any members of the HUF. Further, we confirm that the list provided is correct in all respect and also the information provided herein is complete and correct in all respect. All the members of the HUF are fully perceptive of the request made to the participant and also there is no pending dispute or claim for the same among the members of HUF with reference to this.

V) Original or a copy of the death certificate (refer note below) of the deceased Karta duly notarized / attested by Gazetted Officer and a no objection from the surviving members of the HUF for him/her to act as Karta of the HUF.

VI) The existing BO account need not be closed and the same account may continue.

VII) The death of the Karta shall not mean that the securities lying in the BO account of the HUF is deemed to have divided among the coparceners as if the partition has taken place.

The new Karta will submit to the DP the account modification form and record change in signature of the new Karta to operate the account. DP will make necessary modifications in the name of Karta after verifying all the documents and record change in signature of the new Karta to operate the account.

Note: As per the amendments of NSDL Bye-Laws via circular number NSDL/POLICY/2023/0087 dated July 18, 2023, we will be accepting a digitally signed/ facsimile signature death certificate downloaded from the online portal of Government as a valid document and acceptance of electronic copy of digitally signed Client Master Report (CMR) of the target account for processing transmission/ closure requests.

Procedure to be followed in case of partition of HUF:

- I) A total or partial partition shall be recognized only if a claim to that effect is made by one or more coparceners.
- II) An intimation of a total or partial partition shall be accompanied by a signed letter mentioning the names of the other members and their confirmation of a partition having taken place.
- III) In case of partial partition of the HUF, if desired by one or more coparceners the new Karta shall transfer shares to the said coparceners who seek partition and the BO account of the HUF shall continue. The account of such coparceners shall be treated as their individual accounts.
- IV) In case of full partition of the HUF, the shares shall be divided amongst all the coparceners in the manner specified by the applicant subject to fulfillment of clause b above and the HUF account shall cease to exist.

In both the above cases, the Karta can transfer shares to the members who seek partition. If the issue of transfer cannot be amicably settled, the family members can go to court and transfer of shares can then be based on the Court directions.

Unincorporated association or a body of individuals:

- I) Proof of Existence/ Constitution document.
- II) Resolution of the managing body & Power of Attorney granted to transact business on its behalf.
- III) Authorized signatories list with specimen signatures and photographs.
- IV) The account should be opened in the name(s) of the individual(s)/ person(s) forming unincorporated association or a body of individuals and operated by such individual(s)/ person(s).
- V) Where the depository account would be opened in the name of individuals, carry out the 'in-person' verification of such individuals and record the details of IPV Banks/Institutional investors

- Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.
- Authorized signatories list with specimen signatures and photographs.

Banks/Institutional Investors

- I) Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.
- II) Authorized signatories list with specimen signatures and photographs

Foreign Institutional Investors (FIIs)

- I) Copy of SEBI registration certificate.
- II) Authorized signatories list with specimen signatures and photographs.

III) DP need not enter into DP-Client agreement provided:

- FIIs are registered with SEBI and have entered into an agreement with the DP either directly or through their power of attorney holders in accordance with the provisions of sub-regulation (1) of regulation 16 of the SEBI (Foreign institutional investors) Regulations, 1995; and

- Such agreement gives the DP an authority to act on behalf of the FIIs for availing the services of the Depository; and
- Such agreement has been filed with SEBI;
- international Multilateral Agency, who has entered into an agreement with the DP under regulation 17 of the SEBI (Custodians of Securities) Regulations 1996, and such agreement states that the Custodian will also act as a DP and all provision pertaining to DP shall be applicable; then such DP need not enter into an agreement as per Annexure B of the Bye Laws.

OCBs

- I) certified true copy of Board Resolution, certified by Managing Director/Company Secretary for persons authorized by the Board to act as authorized signatory (ies).
- II) Names of the authorized signatory (ies), designation, photographs and their specimen signatures, certified by Managing Director/Company Secretary.
- III) Memorandum and Articles of Association of the Company.
- IV) RBI Registration Certificate.
- V) Declaration from the OCB that it meets with the guidelines issued by RBI / Ministry of Finance.
- VI) Certificate from overseas auditors in Form OAC or OAC – 1, as may be applicable.
- VII) Statement of account from the Bank.

Army/ Government Bodies

- I) Self-certification on letterhead.
- II) Authorized signatories list with specimen signatures and photographs.

Registered Society

- I) Copy of Registration Certificate under Societies Registration Act.
- II) List of Managing Committee members.
- III) Committee resolution for persons authorised to act as authorised signatories with specimen signatures.
- IV) True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

Escrow Account:

DP should accept the following documents for opening of an escrow account:

- I) KYC documents of Corporate and Escrow Agent.

II) Copy of escrow agreement duly signed by all the parties.

III) The account should be opened in the name as mentioned in the Scheme, which is approved by a competent authority and is in accordance with SEBI regulations. Further, the operation of such account should be governed by the terms and conditions of escrow agreement.

IV) Copy of PAN card of both parties involved in such an arrangement. However, PAN details of the Corporate should be captured in the account after the same has been verified.

V) The account should be used only for holding securities, which are required to be transferred under the specific scheme and in accordance with the SEBI regulations.

VI) As the account is opened for specific purpose, the same shall be closed immediately after the shares held in the account are transferred to the respective demat accounts or are extinguished as required under the said scheme.

Depository account for unclaimed shares of listed companies:

I) The depository account may be opened in the name as “<Name of Issuer> – Unclaimed Suspense Account” under the type “Body Corporate” and sub-type “Others” by the Issuer.

II) The Issuer shall submit a declaration on its letterhead, signed by the authorized signatories, stating that: *“We hereby undertake that we will ensure compliance with the provisions of the applicable SEBI guidelines for dealing with unclaimed shares. We further undertake that the said depository account will only be used for specified purposes”*.

III) Procedure mentioned above about opening of depository account in case of non-individual should be followed.

IV) Facility to reclassify sub-type of above account to Unclaimed Securities- Suspense Escrow Account. We will always obtain written request from the client for change in the sub-type.

CM Account:

I) The CM should fill up the KYC Application Form (Part I) and Account Opening Form (Part II) as per the format of NSDL and submit the same to the DP

II) Following documents are required for opening a CM account:

- A copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID to the CM signed by its authorised official.
- A copy of the latest SEBI registration certificate (*not applicable for CMs of Commodity Exchanges*).
- Board Resolution for authorised signatory.
- Memorandum of Association and Articles of Association.
- Specimen copy of the cheque for capturing the 9-digit MICR code.

III) DP should verify the completeness of the account opening form and verify the copies submitted with the original documents.

IV) If the documents are in order, the DP should accept them and give an acknowledgment duly signed and stamped to the CM.

V) The DP should forward the following documents to NSDL for allotment of CM BP ID:

- Copy of Account opening form,
- Copy of the letter from the Clearing Corporation/Stock Exchange intimating allotment of the CC-CM-ID signed by its authorised official and copy of the latest SEBI registration certificate (*not applicable for CMs of Commodity Exchanges*). These documents should be verified and attested along with the stamp of the DP, signature of Compliance Officer, name and designation.

VI) NSDL will allot the CM-BP-ID and intimate to the DP electronically.

VII) The DP should capture the signature(s) of the authorised signatories as given in the Account Opening Form in the DPM System.

VIII) The DP should enter the Client account number generated from the DPM System in the Account Opening Form.

IX) The DP should print the Client Master Report and give it to the CM.

Additional requirement for special type of accounts

Promoter Account: While opening such accounts, DP are advised to obtain an undertaking from the Client that said beneficiary account(s) are opened for the sole purpose of holding and transacting for the securities held as promoter and no other securities will be held/transacted in the said account.

DR Account: It may be mentioned that since the Client has already been identified by the DP (*the Client should be an existing account holder*), a separate agreement may not be required. However, DP must ensure that the Client gives a letter mentioning its intention to open a separate account for holding DR-cancelled securities and that it will be bound by the agreement it had earlier signed with the DP (*NSDL/PI/2002/0899 dated June 7, 2002*).

SARAL ACCOUNT OPENING FORM

DP shall provide an option of SARAL Account opening form which will be applicable only for resident individuals in CM Segment with no internet trading facility, margin trading, and use of power of attorney / DDPI. All other applicable procedures as mentioned above shall be applicable for the accounts opened through Saral Mode.

BASIC SERVICE DEMAT ACCOUNT

SEBI has decided that all depositories DP (DPs) shall make available a "Basic Services Demat Account" (BSDA) with limited services as per terms specified herein.

Eligibility: Individuals shall be eligible to opt for BSDA subject to the following conditions

- I) All the individuals who have or propose to have only one demat account where they are the sole or first holder.
- II) The individual shall have only one BSDA in his/her name across all depositories.
- III) Value of securities held in the demat account shall not exceed Rupees Ten Lakhs at any point of time.

Option to open BSDA: The DP shall give option:

We shall open only BSDA for Beneficial Owners (BOs), if such demat accounts are eligible for BSDA as per the above-mentioned eligibility criteria, 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.

We shall also reassess the eligibility criteria of all the existing BOs at the end of every billing cycle.

Charges:

I) The charge structure may be on a slab basis as indicated below:

- No Annual Maintenance Charges (AMC) shall be levied, if the value of holding is up to Rs. 4,00,000.
- For the value of holding from Rs 4,00,001 to Rs 10,00,000, AMC not exceeding Rs 100 may be charged.

II) 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 into account.

III) 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.

IV) The DPs shall reassess the eligibility of the Clients at the end of every billing cycle and give option to the client's who are eligible to opt for BSDA.

We shall implement all the guidelines specified as per NSDL Circular NSDL/POLICY/2024/0122 dated August 29, 2024 in this regard.

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 ` 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.

After conversion of regular account into BSDA and vice-versa, the DP should send a communication (letter / email / Client Master Report generated from the DPM System or its back office or any other mode which the DP may deem fit) to such Client informing about the changes effected in the account of the Client.

At the time of opening BSDA/ converting existing account into BSDA, the DP must provide to the Client the charges which will be applicable for the regular account in case the BSDA is converted into a regular account.

RAJIV GANDHI EQUITY SAVINGS SCHEME (RGESS)

Procedure for investment under the scheme

A new retail investor shall make investment under this scheme in the following manner:

- ✓ The new retail investor may make investment in eligible securities in one or more than one transactions during the year in which the deduction has to be claimed.
- ✓ The new retail investor may make any amount of investment in the demat a/c but the amount eligible for deduction under the scheme shall not exceed Rs.50000.
- ✓ The eligible securities brought into the demat a/c, as declared or designated by the new retail investor, will automatically be subject to lock-in during its first year, unless the new retail investor specifies otherwise and for such specification, the new retail investor shall submit a declaration in FORM B indicating that such securities are not to be included within the above limit of investment.

Procedure at the time of opening demat account

The new retail investor shall follow the following procedure at the time of opening or designating a demat a/c:

- ✓ The new retail investor opens a new demat a/c or designates his existing demat a/c for the purpose of RGESS.
- ✓ The new retail investor submits a declaration in FORM A to the DP who will forward the same to the depository for verifying the status of the investor.
- ✓ The new retail investor needs to furnish his PAN while opening the demat a/c or designating the existing demat a/c as a RGESS eligible a/c, as the case may be.
- ✓ As a DP, the process of opening demat a/c in the DPM system is same as in any other case with only exception being is to enable the checkbox provided for “Account for Rajiv Gandhi Equity Saving Scheme” in the local DPM.

KYC REGISTRATION AGENCY (KRA) & CENTRAL KYC REGISTRY (cKYC)

KYC Registration Agency (KRA)

I) After doing the initial KYC of the new clients, the DP shall forthwith upload the KYC information on the system of the KRA within the specified timelines from the date of execution of documents by the Client.

II) The KRA system shall be applicable for all new Client accounts opened from January 1, 2012. Only for the Client accounts opened between January 1 and January 31, 2012, the DP may upload the KYC data on the KRA system and send the relevant KYC documents to KRA, by February 15, 2012. However, for Client accounts opened from February 1, 2012, the DP shall continue to follow the requirement of sending the same within 10 working days. SEBI has also advised that the existing Clients can continue to trade/ invest/ deal with their intermediaries as per the current practice.

III) In case a Client's KYC documents sent by the DP to KRA are not complete, the KRA shall inform the same to the DP who shall forward the required information / documents promptly to KRA.

IV) For existing Clients, the KYC data may be uploaded by the DP provided they are in conformity with details sought in the uniform KYC form prescribed vide SEBI circular no MIRSD/SE/Cir-21/2011 dt- Oct 5, 2011 while uploading these Clients' data the DP shall ensure that there is no duplication of data in the KRA system.

V) The DP shall maintain electronic records of KYCs of Clients and keeping physical records would not be necessary.

VI) The DP shall promptly provide KYC related information to KRA, as and when required.

VII) The DP shall have adequate internal controls to ensure the security / authenticity of data uploaded by it.

VIII) Upon receipt of information on change in KYC details and status of the clients by the DP or when it comes to the knowledge of the DP, at any stage, the DP shall be responsible for uploading the updated information on the system of KRA and for sending the physical documents to KRA, wherever necessary.

As per NSDL Circular No. NSDL/POLICY/2023/0105 dated August 14, 2023 we shall activate client's account only after validation of the same by KRA. Further, as per NSDL Circular No. NSDL/POLICY/2023/0109 dated August 18, 2023, accounts of all clients whose records are not validated by KRAs shall be frozen for debit or credit. Furthermore, as per NSDL Circular reference no. NSDL/POLICY/2024/0095 dated July 03, 2024, demat accounts of existing clients whose KYC records are not found to be valid after the validation process by KRAs shall be suspended.

Central KYC Registry (cKYC)

Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity.

As per Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015, Rule 9 (I) (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 Central KYC Registry requires data as per the common KYC template to be captured along with the scanned copy of the certified supporting documents (Pol/POA), cropped signature and photograph.

The data required as per the common template needs to be captured. However, the same can be captured on the common template or the institution's account opening forms can be modified to capture the required information. The common template need not be scanned and uploaded into the Central KYC Registry.

A financial institution will initiate an update request when there is a change in the information of the customer as existing in the records of Central KYC Registry.

Where the customer submits a request for updation of the data in the Central KYC Registry, financial institution will accordingly initiate the request after duly verifying the supporting documents.

The financial institution will be required to update the details in the following cases:

- There is a change in the details / information as existing in the KYC records in the linked registry.
- There is doubt about the adequacy or veracity of previously obtained client identification data.
- There is a change of the account type (e.g. Minor account to Normal account).

After filling the client details in CKYC site, the updated data along with the scanned copy of the supporting document, where required, will be uploaded in the Central KYC Registry.

After each successful upload by "maker", the client details are verified by the "checker", and after successful release CKYC number is generated by CERSAI. After generation of CERSAI no. account is opened.

In order to initiate a modification request, the financial institution will need to be linked with the latest KYC record of the customer.

On update of a customer record being processed at the Central KYC Registry, all linked financial institutions (institutions that have either uploaded or downloaded the KYC record for that customer), will receive an electronic update notification of KYC record. The financial institutions need to download the last updated record of the customer.

However, as per the modifications proposed by SEBI circular no. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/79 dated June 06, 2024, our entity as a registered intermediary 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.

Subsequently, KRAs shall upload the verified/ validated KYC information onto the system of CKYCRR within 7 days of receiving the same from our end 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.

LINKING OF PAN WITH AADHAAR

1. 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 shall become inoperative if it is not linked with Aadhaar by the date specified by CBDT.

2. 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.

3. Also, all the existing investors are advised to ensure linking of their PAN with Aadhaar number prior to the 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.

4. As per NSDL Circular No. NSDL/POLICY/2021/0036 dated April 07, 2021 regarding Mandatory updation of certain attributes of KYC of clients we ensure that all 6-KYC attributes are updated and wherever required.

5. We are regularly following up with clients whose PAN & AADHAAR are not linked as per the details provided by the Depositories.

As per the circular NSDL/POLICY/2021/0093, we as a depository participant have informed our clients about the circular and also maintaining the checklist whether the pan is linked with aadhaar before processing the new accounts.

DEMAT DEBIT AND PLEDGE INSTRUCTION(DDPI)

SEBI had issued circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 dated October 06, 2022 on "Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / repledging of securities.

Clients may continue to use existing Pay-in mechanism (No Block & No EPI) wherein the Account Transfer and IDT instructions will be processed without Block and No EPI mechanism. However, the aforesaid option will be available for Clients till January 27, 2023 as effective from January 28, 2023 the SEBI guidelines in respect of Pay-in validations will be made applicable wherein block will be mandatory for all Pay-in instructions including non – EPI transactions as well.

1. Post implementation of the SEBI circular dated April 4, 2022, PoA will no longer be executed for the conditions specified in the aforesaid SEBI circular.
2. The two conditions as specified shall be made part of a separate document viz. 'Demat Debit and Pledge Instruction' (DDPI).
3. Applicability of DDPI for the aforesaid SEBI circular.
 - a. The DDPI shall also be adequately stamped and duly signed as per the format given.
 - b. The DDPI can be digitally signed / e-signed by the clients.
 - c. The client may use the DDPI or opt to complete the settlement process by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (eDIS) themselves.
4. The existing PoAs given prior to implementation of the SEBI circular dated April 4, 2022 will continue to remain valid till the time client revokes the same.
5. After implementation of DDPI circular, if client revokes the existing POA
6. and provide DDPI to the broker, then all mentioned transactions shall be processed using DDPI only.

Mapping of DDPI ID in client demat account: We shall map DDPI ID in client demat account through Client Creation and Client Modification option under POA /DDPI details menu of Local DPM system and through file upload mechanism as mentioned below:

The facility of modification/addition/deletion of DDPI Signatory, DDPI ID and Client-DDPI mapping will be provided to Participants same as applicable for POA modification.

We shall ensure compliance with below requirements with respect to POA or DDPI registration/ de-registration procedure:

1. POA or 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.
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.

We hereby inform that Local DPM system will be enhanced to mandatorily capture the date of request received from clients for adding/ modifying / deleting the POA / DDPI holder(s) in the Client Maintenance module in the Local DPM system.

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/DDPI 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 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 no 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). For all those instances where valid email ID and Mobile Number are not available and if the same are being updated simultaneously based on the request of the Client, we shall send physical copy of intimation / confirmation to such clients through registered post on the registered address of the Client and maintain records of such correspondence / proof of dispatch.
- **Change of Address:** Client can change their correspondence an 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/DDPI) to any person, client should submit the POA/DDPI agreement along with a photograph, PAN proof, address proof of the newly appointed POA/DDPI holder. A POA/DDPI 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 Client 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 a duly filled nomination form to effect the changes₃₆

Note: After change of client details intimation to client's registered mail id / address with DP. In case of change in address DP should send intimation to client's old and new address both.

Change of Name:

▪ **Individual Clients**

The names of the account holders, can be changed after opening of demat account, only as per

- a. Marriage Certificate
- b. Court Magistrate Gazette

▪ **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:

- i. In case the entity is registered under the Companies Act, 1956, the following documents should be obtained from the Client:
 - a. Letter requesting for change of name signed by the authorized signatories.
 - b. Certified true copy of fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies.
 - c. Certified true copy of Board Resolution where the change in name was approved
 - d. List of authorized signatories along with the specimen signature duly verified by MD/Co. Secretary.
- ii. In case of other corporate entities, the following documents should be obtained from the Client:
 - a. Letter requesting for change of name signed by the authorized signatories.
 - b. Certified true copy of Board Resolution for change of name.
 - c. 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. However, CDSL DPs are required to forward the request along with documents to CDSL for effecting the change with the Depository.

Reclassification of sub-type pursuant to conversion from Company to LLP and vice versa

Depository has provided a facility wherein the reclassification of client accounts from LLP to an Company and vice versa have been permitted. We as a DP have implemented the said facility and shall ensure that any such reclassification are executed only after obtaining all the necessary submissions from the respective client. We are following the below-mentioned procedure to implement any such reclassification:

1. Obtain a written request from the Client for change in the sub-type and name.
2. Obtain photocopy of the Certificate of Incorporation issued pursuant to conversion of Company to LLP or LLP to Company as the case may be. Participants are requested to note that the new name entered into the DPM system shall be in accordance with the name prescribed in the newly issued Certificate of Incorporation.

3. Obtain newly issued PAN by the Income Tax Department pursuant to conversion.
4. The newly issued PAN shall be verified on the Income Tax website.
5. Make PAN modification request on NSDL i-Assist Intranet site for modifying existing PAN details in existing demat account as per procedure specified in NSDL Circular No. NSDL/POLICY/2007/0052 dated September 13, 2007.
6. Select the reason for modification of PAN as "Allotment of new PAN by Income Tax Department (ITD)" (reason code-1). As PAN is 'mandatory field' and cannot be kept blank, capture the new PAN allotted in the PAN field of the existing demat account.
7. Upon successful modification of PAN, Name and other details as per the client's request, Participants are requested to use the reclassification utility for changing the sub- type as per the above table.

The 'Reclassification utility' for making the aforesaid sub-type changes have will be done on NSDL Intranet site i.e. i-Assist under 'Utilities'. After updating aforesaid changes in the DPM System, we will send communication via letter/email / or any other mode to such Clients informing them about changes carried out in their demat account.

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

The DP shall on a regular basis verify list of its clients whose mobile numbers are appearing on the MNRL list provided by TRAI. Such details are provided by NSDL on a monthly basis. Upon reviewing the same, the individual records are to be verified directly from the respective clients and records are to be updated. In case the DP is not able to verify the same, the SMS flag in the DPM portal will be revoked and the concerned client shall be given 30 days notice of suspension of demat account as the mobile number is one of the 6 factors attribute which is mandatorily required to be updated.

Framework for deactivation of demat accounts in cases of inadequate

As per the relevant SEBI circulars regarding framework for automated deactivation of demat accounts in cases of inadequate KYCs, SEBI, has issued guidelines regarding physical delivery of Show Cause Notice (SCN)/ Orders to the noticees by the MIIs and it was stated in said Circular that "MIIs shall arrange to physically deliver the same to the entity. The MIIs shall forward the signed acknowledgement of its receipt by the concerned addressee or its authorized representative to SEBI within a period of 30 working days from the date of receipt of such instructions from SEBI". In this regard, SEBI, through its communication to MIIs, has revised the duration of completion of the process of delivery of SCN/ Order from 30 working days to 15 working days from the date of receipt of Notices/Orders from SEBI. In case the SCN/ Order is not delivered within 15 days, such clients demat account(s) will be suspended for Debit and Credit (except for corporate actions) based on the Permanent Account Number (PAN) within 5 working days from the last unsuccessful delivery report. Participants are requested to take not of the above and ensure compliance. We as a DP have successfully implemented the procedure prescribed by the Regulator.

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.

A minor cannot nominate. However, a minor can be a 'nominee'. In that event, the name and address of the Guardian of the minor nominee shall be provided by the beneficiary owner. The details with respect to date of birth of the minor nominee and the flag to indicate such nominee should be captured.

Nomination in respect of the beneficiary account stands rescinded upon closure of the beneficiary account. Similarly, the nomination in respect of the securities shall stand terminated upon transfer of the securities.

Transfer of securities in favour of a Nominee shall be valid discharge by the depository against the legal heir.

At present three nominations can be made for one depository account.

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 two witnesses must sign the form. The name and address along with identification details i.e. photograph & signature/PAN/ Aadhaar /saving bank account no. / Proof of identity /Demat account ID 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 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.

The cancellation of nomination can be made by individuals only holding beneficiary accounts on their own behalf singly or jointly by the same persons who made the original nomination. Non-individuals including society, trust, body corporate, partnership firm, karta of HUF, holder of power

of attorney cannot cancel the nomination. If the beneficiary account is held jointly, all joint holders will sign the cancellation form. On cancellation of the nomination, the nomination shall stand rescinded and the depository shall not be under any obligation to transfer the securities in favour 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.

The DP shall also verify the records available in the online updation facility provided by Depository and shall also provide the facility to update nomination choice to clients via its online platform through 2 factor login (2FA).

All existing demat accounts who have not submitted their choice of nomination shall be encouraged, in their own interest, to provide 'choice of nomination' for ensuring smooth transmission of securities held by them as well as to prevent accumulation of unclaimed assets in securities market as per the specified formats issued from time to time. We shall also send a communication on fortnightly basis by way of emails and SMS to all such demat account holders who have not provided the 'choice of nomination'.

DELIVERY INSTRUCTION ISSUANCE & CONTROL

I) DIS must meet the following specifications:

- The printable area of DIS should be 13 x 19 cm (Length x Breadth) excluding space for margin.
- Font must be Arial Narrow with font size 7.
- DIS must have a pre-printed unique serial number with the maximum length of 12 characters consisting 2 alphabets (not mandatory) followed by 10 numeric digits. The numeric part of DIS serial number must contain minimum 8 digits. This means serial number should not be less than 10000000.
- DIS serial number should be unique within a DP ID.
- All DIS must bear the pre-printed DIS serial number, DP ID, and a pre-printed/ pre-stamped Client ID as well as requisition slips).
- DP's name, address and Depository name shall be printed on the DIS.

II) The same DIS shall not be used for giving both **market and off-market** instructions and shall not be used for transactions with **multiple** execution dates.

III) In case of off-market and Inter-Depository Instruction, reason and consideration was required to be specified by the Client on the DIS. In the new DIS formats, reason codes are assigned for the 'reasons' and included as a part of the DIS format. Accordingly, the reason codes will have to be specified by the Clients on the DIS along with consideration (wherever applicable).

IV) DIS shall be issued in booklets to the Client and the DP shall maintain a register of serial numbers of the instructions slip issued to the Client.

V) DIS booklet should contain a requisition slip, which the Client can use while requesting for new DIS booklet. The requisition slip should have a pre-printed serial number range of the current DIS booklet.

VI) DIS booklets shall be dispatched / handed over to the Client once the account opening process is completed. The DP should maintain record of dispatch / delivery. In case of hand-delivery, the same should be delivered only to the Client and the signature of the Client should be kept on record.

VII) Fresh issuance of DIS booklets should be done on the basis of duly signed requisition slip. DP shall verify whether the requisition slip forms a part of the booklet issued to the Client as well as verify the signature(s) of the Clients. In case the fresh DIS booklet is hand delivered to the Client, record of the signature of the Client of having received the DIS booklet should be maintained.

VIII) DIS booklet may be hand-delivered to any person other than the Client, only on the basis of a requisition slip forming part of the earlier booklet issued and signed by the Client. The requisition slip should contain the signature of the person authorised by the Client to receive the new DIS booklet.

IX) DP shall verify the signature of the Client(s) on the requisition slip before handing over the DIS booklet. DP shall record the name and signature of the person to whom the DIS booklet is hand-delivered.

X) In case DIS booklet issued by the DP does not contain the requisition slip or in case the Client has lost the requisition slip, a letter to that effect signed by all the holders shall be taken for issuance of fresh DIS booklets. In such case, one of the account holder should personally come with such letter and with a valid proof of identity. DP should check the proof identity and keep the same on record and hand delivers the DIS booklet. In case the account holder cannot come in person, the DIS may be couriered / mailed to the correspondence address of the Client. The DP should maintain record of dispatch.

Precautions in case of Inventory Control of DIS booklets:

I) Either manual or electronic register should be maintained for Inventory of the DIS booklets.

II) This register should be updated as and when new DIS booklets are printed and also at the time of issuance of the DIS booklets to the Clients.

III) Custody of the stock of DIS booklets as well as the inventory register should be with a senior official of the DP.

IV) Periodic reconciliation of the inventory register with physical stock should be carried out and properly recorded. A senior official of the DP who is not responsible for issuance and maintenance of the DIS booklets should do the said checks.

V) For accounts operated by holder of POA/DDPI or joint account holders, DIS may be printed in such a way that they can be distinguished from those used by single holder account(s).

VI) Along with the preprinted / pre-stamped account number, DPs may print name of the first holder on the DIS.

VII) For those Client accounts where correspondence address has been changed and request for DIS booklets is received within 30 days of address change, DP may confirm the request for issuance independently by way of written / verbal communication before dispatching the DIS booklet to the new address.

Issue of Loose DIS

While issuing loose DIS to Clients, DPs must ensure the following–

I) As far as possible, a DP shall not issue loose DIS.

II) Loose DIS shall be issued only to the Client in person after verification of signature. Identity of the Clients should be verified with the documents submitted along with the account opening form. If this is not possible, then the Client should produce proof of identification.

III) DP shall obtain the signature of the Client in the register for loose DIS.

IV) Clients should fill and sign the instruction in presence of the authorized official of the DP. Another official of the DP as an additional precaution may verify the DIS.

V) Custody of loose DIS should be with a senior official of the DP.

VI) Only one loose DIS booklet may be opened at any time

VII) The DP shall not issue more than 10 loose DIS to one account holder in a financial year (April to March). The loose DIS can be issued only if the Client(s) come, in person, and sign the loose DIS in the presence of an authorised DP official.

VIII) Instruction pertaining to loose DIS shall be entered in the system on the same day. If not entered, then the reason for not entering on the same day should be noted in the Loose DIS Register.

Annexures to DIS

DPs can accept “Annexures” to DIS in any of the following cases:

- Where a Client gives instructions for credit of securities to multiple Client accounts, or
- Where a Client gives receipt instructions for receiving securities from multiple Client accounts, or
- Where the space provided in the DIS is insufficient.

While accepting the “Annexures” to DIS, DPs must take the following precautions:

- Each page of the Annexure should bear the DIS serial no.
- Each page of the Annexure should be signed by all the holders / authorized signatories / POA/DDPI, if any.
- Any alteration, correction, cancellation on the Annexure should be authorised by all the holders / authorised signatories / POA/DDPI, if any.
- DIS should bear the details of the total number of pages annexed to the DIS and also the total number of instructions contained therein.

Where multiple Clients have given POA/DDPI to a single entity, including DP or CM for execution of transactions on their behalf, following procedure is to be followed by the DP in such cases–

- DPs must maintain a separate register containing the details of Clients from whom such POA/DDPI has been given. DPs should check that the delivery Client IDs have given POA/DDPI to the entity signing such DIS.
- DPs shall maintain a separate series of DIS numbers for such purposes.
- Client ID shall not be pre-printed / pre-stamped on such DIS.
- Each page of the statement / computer printout attached along with such DIS should bear a DIS serial number.
- DIS number to be checked against the issue details before execution of the instruction.
- Each page of the statement / computer printout should be signed by the POA/DDPI(s).
- A record of statement / Computer printouts containing consolidated details of instructions executed by the DP on behalf of the clients who have given POA/DDPI should be maintained.
- For different types of transactions, separate statement / Computer printouts should be maintained.
- The statements / computer printouts should contain all the details as specified by CDSL in the format of the DIS. Each instruction should bear the delivering Client ID.
- Each row in the statements / computer printouts should contain the delivering Client ID.

Monitoring of DIS: As per guidelines provided by SEBI, following features provided in DPM for monitoring of DIS by DPs:

I) A facility provided in eDPM system to enter the details of DIS issued to Clients through front end screen or through file upload. Details of DIS includes fields like DIS serial number range [From – To], Client ID/ POA/DDPI ID, DIS Issuance Date, DIS Transaction Type, etc. The Client ID or the POA/DDPI ID for which DIS details are entered/ uploaded must be in ‘Active’ status. To enter these details through file upload,

II) With effect from October 1, 2014, DP must ensure that upon issuance of DIS booklet or loose slip to the Client, DIS details are entered in eDPM immediately but not later than within two days.

III) DP must ensure that DIS serial number uploaded in eDPM is unique within a DP ID. Once the DIS details of such DIS are entered, eDPM will validate mapping between Client ID and DIS serial number and other details viz. type of instructions, format of DIS etc. at the time of execution of DIS.

IV) In case any Client reports (in writing) that DIS(s) has/ have been lost/ misplaced/ stolen or the account is closed, DP must block unused DIS serial number(s) in eDPM.

V) In case of any error in DIS issuance entry by the DP, a facility to cancel the DIS details entered/uploaded in eDPM and to re-enter/ re-upload the same is provided. Audit trail for the same will be maintained in the eDPM.

VI) In case of requests executed through Account Transmission/Account Closure module, the DIS range mapped with the Client ID will get immediately blocked if there are no securities lying in the account. In case some securities are pending in the account, the DIS will be blocked whenever all securities move out of the account.

DIS Validation:

I) eDPM will validate the DIS serial number as entered with the DIS issuance details and will ensure that no instruction with a DIS serial number of used DIS or unissued DIS or blocked DIS is accepted. For DIS issued to POA/DDPI holder, system will validate POA/DDPI ID and mapping of POA/DDPI ID with the Client ID.

II) Once an instruction is 'captured' in the eDPM, DIS serial number will be marked as 'used' in the DIS Master.

III) A DIS serial number can be used for multiple instructions being entered/ uploaded for the same execution date. In such case, DIS serial number can be used for same type of instructions i.e. either for 'market trades' or 'off market trades'. The type of instruction and execution date for a DIS serial number will be determined by the system on the basis of first instruction entered in eDPM. For example: if first instruction against a DIS serial number is a 'Market trade', then the other instructions being entered under the same DIS serial number must be for market trades only.

IV) As same DIS serial number cannot be used for execution of transaction with multiple execution dates, after EOD of execution date, DP will not be able to submit any new instruction with the same DIS serial number.

V) The above validations will also be applicable for loose DIS issued to a Client i.e. at the time of issuance of loose DIS, an entry will be required to be made in the DPM system and at the time of execution of loose DIS, the DIS serial number will have to be entered, which will be validated by the DPM system. In case a DP desires, the DPM system can be configured for the DP to facilitate entry of loose DIS in the DIS master at the time of execution of DIS thereby avoiding double data entry. To avail this facility, DP must send request to DP Interface & Inspection Department (Email ID DP-interface@nsdl.co.in) along with confirmation on the following:

- It has sufficient internal controls for issuance of loose DIS and execution of loose DIS.
- Concurrent Audit will cover execution of loose DIS instructions on 100% basis, in addition to issuance of loose DIS.

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. For doing this, the client has to authorize the DP to transfer balances from or to its account. In case a client sells its dematerialized securities, it must give a debit authorization to the DP 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 (either broker or custodian or any other as the case may be). In case a client purchases dematerialized securities it must give a credit authorization to the DP 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. Vedika Securities Private Limited makes it mandatory for all its clients to give a standing instruction to receive credits in their accounts.

The clients are required to mention the counter party account details in the delivery/receipt instruction form. The source and target account may be with the same DP (**intra DP**) or may be with two different DPs (**intra 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 DP are intra DP transfer for executing an intra DP transfer, the DP, 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 DPs are Inter DP transfers. For executing an inter DP transfer, each of the DP 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.

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 (prescribed Annexure). 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 is 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 scrip's 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.

OFF – MARKET TRADES

The transfer of shares from one Beneficiary Account to another constitutes an Off-Market Trade. The transfers are affected 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 more than 5 Lac 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 in by clients for execution of Off-Market Trades.

- **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.
- **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.
- **Execution Date:** The client needs to mention the date on which he wishes to transfer the shares to the counter-party.
- **Reason/Purpose:** - The client needs to mention the reason/Purpose for off market Transfer. The specific Reason Codes are provided in NSDL Circular Number NSDL/POLICY/2022/084 dated June 18, 2022 along with an additional reason code bearing code number 31 specified vide NSDL Circular Number NSDL/POLICY/2023/0065 dated June 12, 2023.

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 prescribed annexure 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 then execute the instructions of the Clearing Member to credit the Pool account of the Clearing Member.
4. The Clearing Member may give delivery-out instructions to its DP to move securities from Its Pool account to its Delivery account in the form laid down in prescribed annexure.
5. The Clearing Member may give a delivery-out instruction to the DP to move securities from its Pool account to its Delivery account on irreversible basis in the format prescribed at prescribed annexure. Such instructions once effected shall not be modified or cancelled by the Clearing Member.
6. The DP shall ensure that the instruction form is complete and the signature of the Clearing Member is valid.

7. 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.
8. 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.
9. 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.
10. 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.
11. 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
12. The NSCCL shall compare the CC-CM Id and the ISIN with its records and will give instructions to the Depository to move the securities from the NSCCL's transit account to the NSCCL settlement account.
13. 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 prescribed annexure.
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 DP as laid down in prescribed annexure.
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 Pool account.

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 prescribed annexure.
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 prescribed annexure. Alternatively, a Clearing Member may give standing instructions to its DP 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

OTP BASED OFF-MARKET TRANSFERS

As per Circular No.: NSDL/POLICY/2020/0138 dated October 20, 2020 NSDL informed all the depository participants that from Nov. 1, 2020 onwards all off-market transfer instructions will be processed after taking consent from the transferor client by way of OTP confirmation.

Thus all off-market transfers are now being validated by the client himself/herself by way of OTP confirmation. The process flow is given below:

- i) Clients submits DIS having off-market details to DP.
- ii) One of DP executives receives the DIS after verifying all the details and give acknowledgement part to the client.
- iii) DP executive then enters the details given in DIS through MAKER login credentials.
- iv) The details then get verified by another DP executive using CHECKER credentials.
- v) As soon as the details got verified by DP the client receives a link from NSDL on the registered mobile number and email id.
- vi) On clicking the said link, client is redirected to a webpage where after authentication, he/she will be displayed the details of off-market transfer instructions for the specific demat account which are pending for confirmation. On OTP confirmation, off-market transfer instruction(s) as selected by the client is processed.
- vii) Transactions pending for OTP confirmation will be reflected in the new status "Pending for OTP Confirmation" and in case OTP confirmation is not completed till EOD of the execution date then transactions lying in the aforesaid status get rejected.

OPERATIONAL GUIDELINES ON ADDITION OF BENEFICIARY DEMAT ACCOUNT(S) FOR EXECUTING OFFMARKET TRANSFER.

As per NSDL Circular NSDL/POLICY/2023/0185 dated December 28, 2023, the following operational guidelines for necessary implementation of addition of beneficiary demat account(s) for executing Off-Market Transfer:

Addition of Target Beneficiary demat account(s)

1. Client shall initiate the request for addition of target beneficiary demat account(s) by submitting physical form.

2. Validations for intra depository and inter depository to be done at the time of addition of beneficiary target demat account are to be followed as per above NSDL Circular.
3. 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. We can re-initiate such rejected requests for OTP confirmation.
4. Target Demat Account can also be added via Speed-e facility as per the prescribed guidelines.
5. The Target Demat account can also be deleted as per the procedure prescribed in the above circular.

Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode

As per SEBI Circular No SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/18 dated March 20, 2024, we shall implement the following safeguards to address the concerns of the investors on transfer of securities in dematerialized mode:

We shall give more emphasis on investor education particularly with regard to careful preservation of Delivery Instruction Slip (DIS) by the BOs. We shall advise the BOs not to leave "blank or signed" DIS.

We shall not accept pre-signed DIS with blank columns from the BO(s).

If the DIS booklet is lost / stolen / not traceable by the BO, we shall cancel the unused DIS of the said booklet.

We shall also ensure that a new DIS booklet is issued only on the strength of the DIS instruction request slip (contained in the previous booklet) duly complete in all respects, unless the request for fresh booklet is due to loss, etc.

We shall not issue more than 10 loose DIS to one account holder in a financial year. The loose DIS can be issued only if the BO(s) come in person and sign the loose DIS in the presence of an authorised DP official.

We shall put in place appropriate checks and balances with regard to the verification of signatures of the BOs while processing the DIS.

We shall cross check with the BOs under exceptional circumstances before acting upon the DIS.

We shall mandatorily verify with a BO before acting upon the DIS, in case of an inactive/dormant account, whenever any security in such account is transferred at a time. Such verification shall be on a recorded phone call on registered number of BO by the authorized official of the DP.

We shall ensure the validation of reason codes while execution of off-market transactions as per the NSDL Circular Reference Number NSDL/POLICY/2024/0090 dated June 25, 2024.

PAYOUT OF SECURITIES DIRECTLY TO CLIENT'S DEMAT ACCOUNT

We shall implement all the guidelines prescribed vide NSDL Circular NSDL/POLICY/2024/0159 dated October 24, 2024 and NSDL/POLICY/2024/0167 dated November 08, 2024 in implementing the SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 5, 2024 with regards to Payout of securities directly to Client's Demat account. We understand the fact that the said mechanism is a path breaking revolution in the Indian Securities Markets, we shall ensure all the existing and proposed guidelines to successfully implement this mechanism.

SCANNING OF DELIVERY INSTRUCTION SLIP (DIS)

I) Scanning of DIS: Every DIS executed in the DPM on or after October 1, 2014 must be scanned along with all annexure / computer printouts (*if any*) by the end of the next working day. In order to assist the DPs to monitor compliance of the same, a GAP report is provided to the DPs on a daily basis. GAP report is to be run on a daily basis.

II) Signing and posting of DIS images: SEBI Circular No. CIR/MRD/DP/01/2014 dated January 7, 2014, which has been attached to the aforesaid NSDL Circular dated January 8, 2014, requires depositories to put in place adequate checks and procedures to prevent unauthorized changes to scanned DIS. In view of the same, NSDL will implement a 'DIS Image Validation System' (DIVS). DP must digitally sign the scanned image of the DIS and post the same to DIVS for validation and affixing of digital signature by NSDL. The DIVS will be hosted on the Local DPM. DP are required to prepare a zip file containing (i) digitally signed text file having details of the DIS scanned images being posted and (ii) all digitally signed scanned images, as per the procedure given at Annexure B. The DIVS will validate the DP's digital signature associated with each DIS scanned image and generate a response file. The response file is a zip file containing (a) text file digitally signed by NSDL indicating successful validation or rejection by DIVS of the posted scanned images, (b) successfully validated scanned images returned after affixing NSDL's digital signature and (c) rejected scanned images returned as they are.

III) Tamper proof storage: The NSDL signed DIS images (*i.e. aforesaid response files generated by DIVS*) must be stored in the system set up by the DP. Such system must maintain proper records of all NSDL signed DIS images including audit trail for changes made, if any and put in place adequate checks and procedures to prevent unauthorized changes to scanned DIS images. To store the NSDL signed DIS images, the following measures must be adapted:

A) The DIS serial number or any other reference key (which is mapped to DIS number) used as index field to access DIS image in storage system or as a file name of the DIS image must be stored in an encrypted form. This will make it difficult for any unauthorized user to locate the DIS image in storage system. The encryption key used for encryption should be stored in a secured manner in storage system and should not be accessible to any unauthorized person.

B) Users of the storage system should have rights on need to know and need to do basis.

C) Storage system must store control information i.e. 'Date' and 'Count of number of DIS image stored for the date' separately in encrypted form at all times.

D) Storage system should be designed to only add new records. When an authorized replacement of the original DIS image is required, the original image record for that DIS should only be marked as 'replaced' and must not be physically deleted. Further, new DIS image for the aforesaid DIS will also be stored with the same DIS serial number by incrementing the version number of DIS in file name of scanned image.

E) Storage System should process the response file (i.e. zip file) received from DIVS System. Storage System should have following checks while processing response file: (a) DIS serial numbers mentioned in the index files should match with the file name of the DIS images. DP Interface Circular (b) Verification of NSDL Signature affixed with each accepted DIS image should be done before storing in the storage system.

F) Back end updates (i.e. through SQL commands) must be strictly discouraged and if it is required to be carried out then the same must be carried out after consulting the vendor. Such activity must be carried out in a controlled environment and system should maintain complete audit trail of date, time of update and pre and post image in a separate text file. Ordinarily User-ID with rights for the back end database updates (i.e. Database Administrator ID) shall be disabled by system administrator, and this should be enabled only on a need basis after due authorization.

G) Any database specific activity like back up of database, reorganization of the database, housekeeping requiring data base administration rights, must be carried out using front end application in the Storage System.

H) Integrity Checks: (a) Storage system should have integrity check program which can be executed at any point in time as desired. This program shall be executed at least once in a day, either at the beginning or at the end of the day. This program should generate count of all DIS image records stored and verify the same with the control information stored separately in encrypted form. (b) Storage System should also have integrity check once a week to identify unauthorized change involving additions/ modifications. This can be done either – i) by performing verification of NSDL signature associated with each DIS image. or ii) any other means involving checksum/ HASH of all the DIS image stored with encryption so that integrity algorithm can generate such checksum / HASH afresh and compare the same with one stored with encryption to detect unauthorized modifications carried out to existing DIS image(s). (c) An alert should be generated in case of any mismatch found in process (a) and (b) above and should be recorded in exception table in the system. DP should DP Interface Circular monitor the alert(s) thus generated, take corrective action and report the same to NSDL. (d) Internal / Concurrent auditor is also required to check the alert(s) generated during the audit period and report the same in the audit report.

IV) Exemption from putting DP official's signatures on original DIS:

For those DP who process the DIS based on the scanned image, the DP's officials need not put his/her signature on the original DIS, provided details of the maker, checker and additional checker, as may be applicable, who have captured and verified the DIS are maintained in the back-office system of the DP and such records are made available, as and when required.

PLEDGE & 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.

Pledge

The party who borrows is the pledgor and the party who lends is the lender. The Borrower pledges his securities in favor of the pledgor and borrows fund as per signed agreement.

The DP of the pledgor shall request creation of pledge on receipt of the pledge creation form as laid out in Annexure W 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 Annexure W from the pledgee. On receipt of the request and confirmation for creation of pledge from the pledgor and pledgee respectively through their DP, the Depository may create the pledge. The DP of the pledgor or the pledgee shall request closure of pledge on receipt of the pledge closure form as laid out in Annexure W from the pledgor or the pledgee, as the case may be.

For the pledge closure request received 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 Annexure W, from the pledgee. Provided however that for the pledge closure request received from the pledgee, no separate confirmation for closure of pledge is required. In case when the pledge closure request is received from the pledgor, on receipt of confirmation of closure of pledge from the pledgee through the DP, the Depository may close the pledge. In case when the pledge closure request is received from the DP of the pledgee, 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 Annexure W from the pledgee. On receipt of the request for invocation of pledge from the pledgee through its DP, 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 before the requests on these forms are executed. Upon Successful creation of Pledge, the order no is communicated to the client. DP also have the Auto pledge facility .

Hypothecation

The DP of the hypothecator shall request creation of hypothecation on receipt of the hypothecation creation form as laid out in Annexure W from the hypothecator.

The DP of the hypothecatee shall request confirmation of creation of hypothecation on receipt of the hypothecation creation confirmation form as laid out in Annexure W from the hypothecatee.

On receipt of the request and confirmation for creation of hypothecation from the hypothecator and hypothecatee respectively through their DPs, the Depository may create the hypothecation.

The DP of the hypothecator or the hypothecatee shall request closure of hypothecation on receipt of the hypothecation closure form as laid out in Annexure W from the hypothecator or the hypothecatee, as the case may be.

For the hypothecation closure request received from the hypothecator, the DP of the hypothecatee shall request confirmation of closure of hypothecation on receipt of the hypothecation closure confirmation form as laid out in Annexure W, from the hypothecatee. Provided however that for the hypothecation closure request received from the hypothecatee, no separate confirmation for closure of hypothecation is required.

In case when the hypothecation closure request is received from the hypothecator, on receipt of confirmation of closure of hypothecation from the hypothecatee through the DP, the Depository may close the hypothecation.

In case when the hypothecation closure request is received from the DP of the hypothecatee, the Depository may close the hypothecation.

The DP of the hypothecatee shall request invocation of hypothecation on receipt of the hypothecation invocation form as laid out in Annexure W from the hypothecatee.

The DP of the hypothecator shall request confirmation of invocation of hypothecation on receipt of the hypothecation invocation confirmation form as laid out in Annexure W from the hypothecator.

On receipt of the request and confirmation for invocation of hypothecation from the hypothecatee and hypothecator respectively through their DPs, the Depository may amend its records.

The aforementioned forms submitted by the hypothecator and hypothecatee shall be checked by the DP to ensure the completeness of the form and validity of the signature of the hypothecator or hypothecatee before the requests on these forms are executed.

MARGIN PLEDGE / RE-PLEDGE

As per aforesaid SEBI Circulars, with effect from August 1, 2020, TM / CM shall, accept collateral from clients in the form of securities, only by way of 'margin pledge', created in the Depository system in accordance with Section 12 of the Depositories Act, 1996 read with Regulation 79 of the SEBI (Depositories and Participants) Regulations, 2018 and the relevant Bye Laws of the Depositories.

A. Opening of demat accounts by TM/CM for margin pledge

- 1) To facilitate TM/CM to open separate demat account(s) for accepting margin pledge, the list of new type and sub-types which will be introduced in the DPM system have been communicated to Participants vide Circular No. NSDL/POLICY/2020/0076 dated May 31, 2020.
- 2) A TM who is not a CM may open demat account under sub-type "TM – Client Securities Margin Pledge Account" and client securities pledged in the said account can in turn be re-pledged with a CM for providing collateral in form of securities as margin.
- 3) A TM who is also a CM may open demat account under sub-type "TM/CM – Client Securities Margin Pledge Account" and client securities pledged in the said account can in turn be re-pledged with another CM (in its capacity as a TM) or CC (in its capacity as a CM) for providing collateral in form of securities as margin.
- 4) A CM who wants to take re-pledge of securities from a TM may open demat account under sub-type "CM – Client Securities Margin Pledge Account" and client securities re-pledged in the said account can in turn be further re-pledged with CC for providing collateral in form of securities as margin.
- 5) On activation of Margin Pledge account, TM/CM will upload additional details like TM/CM Code, Segment ID, Exchange code, role, etc. with respect to its 'Client Securities Margin Pledge Account' through SPEED-e.
- 6) If TM/CM opts to open the 'Client Securities Margin Pledge Account' with the existing Participant, then a consent form enclosed as Annexure 1 for the same needs to be obtained by Participant from TM/CM. However, if TM/CM opts to open 'Client Securities Margin Pledge Account' with any other Participant, then TM/ CM will be required to follow the complete procedure of account opening.

B. Initiation of Margin Pledge / Re-pledge

- 1) Client can initiate a margin pledge in favour of 'TM – Client Securities Margin Pledge Account' or 'TM/CM – Client Securities Margin Pledge Account' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e. Such instructions should have details of client UCC, TM, CM and Default Segment. In case the client has given a Power of Attorney (POA/DDPI) to a TM which is registered in the demat account of the client, such instructions may be given by the TM on behalf of the Client.

2) On receipt of margin pledge instruction either from a client or TM (based on the POA/DDPI), a link to 'Confirm Margin Pledge Transactions' would be generated and sent by NSDL through SMS on registered mobile number and registered e-mail id in the demat account of a client. On clicking the said link, client will be redirected to a web page where client will be authenticated with "PAN" (not applicable in case of PAN exempt clients), After authentication, One Time Password (OTP) will be sent on the registered mobile number and registered e-mail id of the client and client will be displayed the details of outstanding margin pledges for the specific TM. On OTP authentication, margin pledge transaction would be processed further.

3) As the margin pledge transactions have to be authenticated by the client using OTP, Participants are advised to ensure that the client is registered for SMS alert facility and has a valid and active email ID registered in the demat account.

4) TM/CM can initiate a margin re-pledge in favour of 'CM – Client Securities Margin Pledge Account' / 'CC' by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

5) While re-pledging the securities to the CM / CC, TM / CM are required to provide specific pledge instruction number for which re-pledge is required to be initiated. The CM/CC will be able to view the details of the specific pledge instruction number which will also include the details of the client for which the re-pledge is initiated.

6) Margin pledge and re-pledge instruction shall be reflected in the client account against each security provided as collateral to a TM, and in whose favour i.e. TM / CM / CC.

C. Release of a Margin Pledge / Re-Pledge:

1) Client can initiate a release of margin pledge request for the securities pledged/ re-pledged with TM/CM/CC for margin/collateral purpose by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

2) For release of client securities (based on client request to TM) pledged in favour of a TM to provide collateral / margin, the TM can initiate a unilateral release of pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

3) For release of client securities (based on TM request to CM) pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM, the CM can initiate a release request (by the way of unilateral closure) of re-pledge by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

4) For release of client securities (based on CM request to CC) pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM and further re-pledged by CM to the CC, the CC may initiate a release request (by the way of unilateral closure) of re-pledge through Participant on eDPM.

5) TM /CM/CC may initiate request for release of margin pledge/re-pledge.

D. Invocation of Margin pledge/ re-pledge:

1) TM/CM may initiate an invocation request of pledged/ re-pledged client securities by submitting a physical Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

2) CC may initiate an invocation request of re-pledged client securities by giving an instruction to the depository. Participant Services Circular

3) Invocation by TM:

a. For invocation of client securities pledged in favour of TM as collateral / margin, the TM will request to invoke the securities by submitting a Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

b. For invocation of client securities pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM, the CM may give instructions to its Participant or electronic instruction through SPEED-e to release (by the way of unilateral closure) the re-pledged client securities to TM. The TM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEEDe.

c. For invocation of client securities pledged in favour of a TM to provide collateral / margin and which are subsequently re-pledged in favour of a CM and further re-pledged by CM to the CC, the CC may initiate a release of pledge (by the way of unilateral closure) and the CM may give instructions to its Participant or electronic instruction through SPEED-e to release (by the way of unilateral closure) the re-pledged client securities to TM. The TM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

4) Invocation by CM:

a. For invocation of client securities re-pledged in favour of CM as collateral / margin, the CM will request to invoke the securities by submitting a Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

b. For invocation of client securities re-pledged in favour of a CM to provide collateral / margin and which are subsequently re-pledged in favour of a CC, the CC may submit instructions through eDPM system to release (by the way of unilateral closure) the re-pledged client securities to CM. The CM may initiate invocation request by submitting the Margin Pledge Form to its Participant or electronic instructions through SPEED-e.

5) Invocation by CC:

a. For invocation of client securities re-pledged in favour of CC as collateral / margin, the CC will invoke the securities by giving instructions to the depository. Such instructions will include the pledge instruction number and client details.

E. Other points

1. Existing pledge mechanism shall remain unchanged and will continue to co-exist along with the 'Margin Pledge' type mentioned above.

2. For margin pledge functionality, it will be necessary to open the designated demat accounts by TM/CM.

3. Validation of the margin pledge instruction will be done with the UCC database (i.e. Client UCC, TM ID, Segment) which is linked in the demat account of the Client.

4. Since TM / CM are required to close all their existing demat accounts with sub-type 'Client Margin/Collateral Account' by the date specified by SEBI, Participants may facilitate closure of such accounts upon receipt of closure request forms from the TM/CM.

BLOCK MECHANISM IN DEMAT ACCOUNT OF CLIENTS UNDERTAKING SALE TRANSACTIONS

As per Circular No.: SEBI/HO/MIRSD/DOP/P/CIR/2021/595 dated July 16, 2021 SEBI introduced a new system of blocking of securities in the demat account of clients undertaking sale transactions. When the client intends to make a sale transaction, shares will be blocked in the demat account of the client in favor of Clearing Corporation. If sale transaction is not executed, shares shall continue to remain in the client's demat account and will be unblocked at the end of the T-day. Thus this mechanism do away with the movement of shares from client's demat account for early pay-in and back to client's demat account if trade is not executed.

As per Circular No.: NSDL/POLICY/2021/0082 dated July 31, 2021 NSDL came with step by step guide for block mechanism. The steps and process flow is attached as ANNEXURE.

The additional guidelines followed in respect of mandatory block mechanism for all Pay-in instructions including Non – EPI transactions are given below:

1. Flag viz., Block Indicator with value as "0" or "space" used for "No Block & No EPI" will be discontinued and all the Pay-in related instructions (i.e. EPI and Non-EPI) mandatorily shall be processed under block mechanism from January 28, 2023.
2. Any discrepancy between instructions, UCC mapped in demat account and obligation details provided by CC will result in the rejection of pay-in instruction. Further, the rejection of such instructions might result in a shortage towards Pay-in obligations.
3. We promptly inform the rejections to the TMs/CMs/clients so as to enable them to monitor shortages, if any, and take appropriate action.
5. Allowed list of transactions in respect of Trading Member Pool account:

As per NSDL Circular No. NSDL/POLICY/2022/071 dated May 16, 2022 regarding Amendments to Bye Laws and Business Rules of NSDL in respect of Trading Member account, it has been clarified that in case of Trading Member, the account which is used for the transfer of securities from the accounts of the Clients to the Clearing Member in case of sale of securities and from the Clearing Member to the accounts of the Clients in the case of purchase of securities.

In this regard, while implementing changes in respect of Block Mechanism and Pay-in validation guidelines, the TM will not be allowed to execute Pay-in related transactions viz., Delivery Out (DO) / Auto Delivery Out (ADO) / Irreversible Delivery Out (IDO) instructions from TM Pool account. The aforesaid Pay-in related transactions will be executed from CM Pool account.

6. Exemptions from Block Mechanism / Pay-in Validation: a. Corporate Bond Settlement: In case of Corporate Bond Settlement (through reporting platform of CCs), the securities are getting transferred from Client demat account to CC identified Pool account directly for pay-in purpose without intervention of TM/CM entity. The aforesaid transactions are managed by CCs based on the delivery of securities from one participant member against receipt of fund payments from other participant member. In this regard, CCs are not sharing obligation details in respect of aforesaid transactions. Hence, these transfers shall not be covered under block mechanism/ Pay-in

validation and existing process for corporate bond settlement shall continue.

7. As per the requirement of NSDL, all Pay-in instructions (both EPI and Non EPI) shall be submitted with the 'execution date' between the trade date and pay-in date.

8. We shall follow the operational guidelines via block mechanism as specified by SEBI Circular bearing reference number SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/99 dated June 23, 2023 and NSDL Circular No. NSDL/POLICY/2023/0074 dated June 27, 2023

DEMATERIALIZATION

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 in to virtual (Electronic) form.

The client 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 DP submits his physical shares for dematerialization in the prescribed Dematerialisation Request Forms (DRF).

STEPS INVOLVED IN THE PROCESS OF DEMATERIALIZATION

- A. Client submits the Demat Request Forms to the Depository DP along with the share certificates.
- B. On submission of DRF by client. DP will check list of high demat pendency companies name from Depository web site.
- C. DP will inform the client to deface the share certificates with two punch holes on the name of company with surrender for dematerialisation stamp with DP ID and Client Id stamp of Share Certificate.
- D. The DP shall check the Distinctive Numbers of certificates of securities submitted by its Client for dematerialisation with the records of Distinctive Numbers made available by the depository and ensure that the appropriate International Securities Identification Number [ISIN] is filled in DRF, as applicable.
- E. DP lodges the request of the client in the Depository system and generates the Demat Request Number (DRN).
- F. The DRN is electronically transmitted to the registrar through depository system and the details of the DRN are available with the registrar.
- G. 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.
- H. 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 dematerialises the shares and confirms credit to Depository.
- I. The client's account with the DP is updated with the quantity of shares submitted for demat.
- J. Below mentioned details shall also be uploaded in e-DPM system
 - i) Date on which Demat request documents were dispatched to RTA.
 - ii) Date on which rejection letter was received from RTA for rejected DRN.

- iii) Date on which documents received from RTA for rejected DRN were sent back to concerned client.

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.

Transposition cum Dematerialisation

The depositories have amended their Bye-Laws and procedure to enable investors to transpose names of the joint holders along with the process of dematerialisation through their DPs. Prior to this amendment, investors having shares in joint names (Mr. A & Mr. B), but indifferent 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 dematerialise their securities through their DPs. In case of transposition-cum-dematerialisation, the Client can get securities dematerialised 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 Dematerialisation 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 DP. Original or copy of the death certificate of the deceased holder(s) duly notarized or attested by a Gazetted Officer.

As per the amendments of NSDL Bye-Laws via circular number NSDL/POLICY/2023/0087 dated July 18, 2023, we will be accepting a digitally signed/ facsimile signature death certificate downloaded from the online portal of Government as a valid document and acceptance of electronic copy of digitally signed Client Master Report (CMR) of the target account for processing transmission/ closure requests.

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 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 CLIENT/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 CLIENT/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 Client in order to enable the Client 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, DP 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 dematerialisation 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. DP must submit a letter to the depository requesting it to facilitate cancellation of pending demat requests in prescribed format. After the pending dematerialisation request(s) is/are rejected/cancelled, the DP can close the account of such Clients.

We have incorporated the following as part of our share transmission procedure:

- ✓ Transmission of Securities held in single name without nomination
- ✓ Transmission of Securities in Case of Nomination
- ✓ Form 30 i.e. Transmission Form along with the specified formats of Affidavit, Bond of Indemnity, No-objection certificate

We shall also implement the methodology of allowing security certificates in the old name of the Issuer for Dematerialization as per NSDL Circular NSDL/POLICY/2024/0065 dated May 22, 2024.

Further, as per Circular nos. NSDL/POLICY/2023/0171 dated December 06, 2023 and NSDL/POLICY/2024/0045 dated April 10, 2024 below mentioned dates are required to be updated in e-DPM system.

- i) Date on which Demat request documents were dispatched to RTA/ Issuer.
- ii) Date on which rejection letter was received from RTA/Issuer for rejected DRN.
- iii) Date on which documents received from RTA/ Issuer for rejected DRN were sent back to concerned client.

The DRN request processed for which the aforesaid dates are required to be uploaded, below mentioned reports would be made available on the e-PASS portal under 'I- Assist.

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 DP in the prescribed dematerialization request form (RRF).

Procedure of Rematerialisation: -

- A. The DP should provide dematerialization request forms (RRF) to clients. The forms should be pre-numbered and proper record issued to each client should be maintained.
- B. The client should complete RRF in all respects, and submit it to the DP. The DP 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 rematerialization 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.
 - The client has indicated his option to receive physical certificates either in jumbo lot for the entire quantity requested or in market lot.
 - 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.

Below mentioned details shall also be uploaded in e-DPM system

1. Date on which Remat request documents were dispatched to Issuer.
2. Date on which rejection letter was received from Issuer for rejected RRN.
3. Date on which documents received from Issuer for rejected RRN were sent back to concerned client.

RRF is signed by:

- The sole holder in case of single holding;
- All joint holders in case of joint holding ;
- Authorised 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 DP. In case the signatures do not match, the DP 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 DP should return the RRF to the client for rectification.
- If RRF is found in order the DP should accept RRF and issue an acknowledgement to the client.

- The DP 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 dematerialised form, the Client by exercising this option shall submit to the DP 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 authorise 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.

Further, as per Circular nos. NSDL/POLICY/2023/0171 dated December 06, 2023 and NSDL/POLICY/2024/0045 dated April 10, 2024 below mentioned dates are required to be updated in e-DPM system.

- i) Date on which Remat request documents were dispatched to RTA/ Issuer.
- ii) Date on which rejection letter was received from RTA/Issuer for rejected RRN.
- iii) Date on which documents received from RTA/ Issuer for rejected RRN were sent back to concerned client.

The RRN request processed for which the aforesaid dates are required to be uploaded, below mentioned reports would be made available on the e-PASS portal under 'I- Assist.

CONVERSION OF MF UNITS INTO DEMAT FORM IN (NSDL E- CAS)

We shall review all the MF conversion requests received through NSDL E-CAS as per the laid down procedures.

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 Dematerialisation 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 dematerialisation 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 dematerialised form.
- 3) No dematerialisation 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 dematerialised form by making an application to the DP in the Dematerialisation 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 dematerialised form held in an SGL account with other eligible entity by making an application to the DP in the Dematerialisation 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.

Every Client desirous of transferring his holdings in dematerialised 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 Dematerialisation Request Form for G-Secs (DRF-GS).

- 6) The DP shall ensure that the DRF-GS submitted by its Client is duly filled and signed.
- 7) 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 dematerialisation with the details filled up in the corresponding DRF-GS.
- 8) The DP shall ensure that the certificates submitted for dematerialisation are endorsed on the reverse, in the space provided, with the words "Tendered for Cancellation and Credit to SGL A/c. no. Sdsjd0835 of National Securities Depository Limited, Mumbai" in the manner laid down in Annexure UB.
- 9) The DP shall ensure that the client has filled the following on the DRF-GS:
 - 10) Enter the option exercised as "Submitting Physical G-Sec to NSDL"
 - 11) Account No.
 - 12) Account Holder Name
 - 13) Name of the Security
 - 14) Face Value of Securities to be Dematerialised (In words and Figures)
 - 15) Certificate Number-The responsibility to ensure safety and security of the certificates submitted for dematerialisation will be on the DP till the certificates are forwarded to the Depository.
 - 16) The DP shall not deface or mutilate the certificates either by punching holes or by any other means.

- 17) The DP shall ensure that a separate DRF-GS is filled in by the Client for securities having distinct ISINs.
- 18) The DP shall ensure that the Client submits a separate DRF-GS for each of the accounts maintained with the DP.
- 19) The securities requested for dematerialisation 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.
- 20) In the case of securities which have been submitted for dematerialisation for which any objection memo has been received from the Depository, the DP shall facilitate the correction of such objections on a timely basis.
- 21) 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
- 22) 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.
- 23) 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.
- 24) Where any dematerialisation request is rejected by RBI, the Depository shall electronically intimate the DP regarding such rejection within a period of seven days.
- 25) 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:-
- 26) The security certificates lodged by the Client are reported to be stolen;
- 27) The security certificates are reported to be forged or fake;
- 28) An order from a court or a competent statutory authority restraining the Depository from doing so;
- 29) 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 authorise 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 favor 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 favor 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 DP, 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 DP, 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 DP's account and the DP shall remove the balances from the respective Client's account.

Transaction in government securities

1. The DP shall affect 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.

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 dematerialisation;
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.

TRANSMISSION

Transmission of securities is permitted in case of death, lunacy, and bankruptcy, and insolvency, death of Karta in case of HUF or by any other lawful means other than transfer.

In respect of every account, the Beneficial Owner(s) (in Nominating Person(s)) may nominate any person (Nominee) to whom his securities shall vest in the event of his death in the manner prescribed under the Business Rules from time to time.

The following procedures are to be followed in case of transmission of securities/closure of account:

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 DP to transmit the balances lying in the Client account to the account of the surviving Client(s). The surviving Client(s) shall make an application to the DP in the form specified in Annexure O along with a copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer.

The DP shall verify the death certificate and the signature of the surviving Client(s) before effecting the transmission.

In case of death of one or more of the Clients in a joint account if the surviving client(s) wish to open a new account with the same DP, then the DP will open the new account in the name(s) of the surviving member(s), in the same order as in the original account, on the basis of the existing documents already in the possession of the DP, provided that the said documents meet the prevailing requirements for opening an account.

After effecting the transmission, the DP shall close the account of the deceased.

Transmission of Securities held singly in the Depository,

In case of death of the sole Client, the legal heir(s) or legal representative(s) of the deceased shall request the DP to transmit the balances lying in the Client account of the deceased to the account of the legal heir(s) or legal Representative(s).

The legal heir(s) or the legal representative(s) of such securities shall make an application to the DP in the form specified in Annexure O along with the following documents:-

- I) A copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer.
- II) A copy of the Succession certificate duly attested by a Notary Public or by a Gazetted Officer or an order of a court of competent jurisdiction where the deceased has not left a Will; or
- III) Copy of the Probate or Letter of Administration duly attested by a Notary Public or by a Gazetted Officer.

IV) In case the account of the claimant is not with the DP, copy of Client Master Report of the account of the claimant.

However, if the legal heir(s) or the legal representative(s) express inability to produce a copy of the Succession certificate duly attested by a Notary Public or by a Gazetted Officer or an order of a court of competent jurisdiction where the deceased has not left a Will; or a copy of the Probate or Letter of Administration duly attested by a Notary Public or by a Gazetted Officer and the market value of the securities held in each of the account of the deceased as on the date of application for transmission does not exceed Rs. 5,00,000 then the DP shall process the transmission request on the basis of the following documents:

- Request for transmission in Annexure O;
- Copy of the death certificate duly attested by a Notary Public or by a Gazetted Officer;
- Letter of Indemnity made on appropriate non judicial stamp paper;
- An Affidavit made on appropriate non judicial stamp paper; and
- No Objection Certificate(s) from all the legal heir(s) who do not object to such transmission.
- As an alternate to No Objection Certificate from all legal heir(s) who do not object to such transmission. A copy of Family Settlement Deed duly attested by a Notary Public or by a Gazetted Officer provided that the Family Settlement Deed clearly vest the securities in favour of the person seeking transmission in his/her name and vesting of securities in his/her name is not contingent upon any other onerous conditions in such Family Settlement Deed. Provided further that if the division of securities as per the Family Settlement Deed is amongst more than one person, then Family Settlement Deed can be considered as an agreement amongst the legal heirs for transmission of securities to each legal heir applying for transmission.

The DP shall ensure that the documents submitted by the legal heir(s) or the legal representative(s) are in order, satisfy itself about Identity of the claimant mentioned in the documents and shall then effect a transfer of the balances to the Client account of the legal heir(s) or the legal representative(s).

After effecting the transmission, the DP shall close the account of the deceased.

Transmission of Securities in case of Nomination

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

I) Transmission form signed by Nominee.

II) Original death certificate or a copy of the same (duly notarized/attested) issued by the competent authority.

III) Client Master Report if Nominee have DP account with any another DP.

IV) On completion of transmission DP shall close the account of the deceased CLIENT.

V) Transmission will be done to the surviving member/members only.

VI) 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: As per the amendments of NSDL Bye-Laws via circular number NSDL/POLICY/2023/0087 dated July 18, 2023, we will be accepting a digitally signed/ facsimile signature death certificate downloaded from the online portal of Government as a valid document and acceptance of electronic copy of digitally signed Client Master Report (CMR) of the target account for processing transmission/ closure requests.

OPERATIONAL GUIDELINES FOR TRANSMISSION OF SECURITIES IN JOINT DEMAT ACCOUNTS

As per NSDL circular nos. NSDL/POLICY/2023/0149 dated October 28, 2023, NSDL/POLICY/2022/025 dated February 28, 2022 and NSDL/POLICY/2022/053 dated April 08, 2022 regarding Operational guidelines w.r.t Mode of Operation in joint demat accounts we are enclosing hereunder the operational guidelines for transmission of securities in joint demat accounts.

1. 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 holders 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.

2. 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.

3. If case the first holder is deceased in the demat account:

a) 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.

b) 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. Participants are advised to review the details and update if any changes in the details.

c) Further, we shall update the Local address and correspondence address, Bank account details, signatory details, POA/DDPI details, etc. in the first holder details.

d) 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.

4. In case the second holder is deceased in the demat account:

a. In case joint demat account is having two holders and the second holder is deceased, the available details of second holder will be deleted.

b. In case joint demat account is having three holders, the deletion of name of second holder shall make third holder as second holder.

c. 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.

d. There will be no change in first holder details.

5.If case the third holder is deceased in the demat account:

a. There will be no change in the first and second holder details.

b. The available details of third holder will be deleted.

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

7.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).

8.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.

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

In this context, all Participants are hereby requested to take note of the following operational guidelines for Transmission of Securities in Joint Demat Accounts i.e. deletion of name.

CENTRALIZED MECHANISM FOR REPORTING THE DEMISE OF AN INVESTOR THROUGH KYC REGISTRATION AGENCIES (KRAS)

As per SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD1/P/CIR/2023/0000000163 dated October 03, 2023, a Centralized mechanism for reporting the demise of an investor through KRAs have been made effective from January 01, 2024.

As per the framework of the said circular, we shall meet all the obligations of a DP as per NSDL Circular NSDL/POLICY/2023/0140 dated October 04, 2023. We shall comply with the prescribed timelines and processes of making the required reporting to the relevant intermediaries.

The operating procedure w.r.t demat accounts is furnished below:

1. On receipt of intimation of demise of a demat account holder(s) from the notifier (Joint account holder(s) or nominee(s) or legal representative or family member), or on receipt of intimation through KRAs (unsolicited feeds) regarding KYC records which is 'Deactivated' or flagged off as "On-Hold-Demise intimation received", we shall suspend the demat account of deceased holder(s) for debit, under freeze reason code "09" "Account Holder related – Holder deceased" with remarks as 'SEBI Circular dated October 03, 2023'.

2. In case of mode of operation opted by the BO is Either or Survivor for demat accounts with joint holder/s, the transactions shall be allowed after deletion of name of the deceased holder.

3. After necessary verification, if KRAs update the KYC status as "Clear or Validated", on receipt of intimation from KRAs, we shall remove the suspension from the demat account.

FREEZING/UNFREEZING OF AN ACCOUNT

FREEZING OF AN ACCOUNT AND/OR ISIN AND/ OR SPECIFIC NUMBER OF SECURITIES UNDER AN ISIN

A Client may freeze its account and/or the ISIN and/or specific number of securities by making a request:

- ✓ In the form specified in Annexure P, to its DP; or
- ✓ Electronically, to its DP or to the Depository in the form and manner as may be prescribed by the Depository. Provided however that, the Client shall submit such a request to its DP or to the Depository, at least one clear working day prior to the date of freeze. (e.g.; if the Client wishes to freeze its account with effect from Friday, such instruction must be given latest by Wednesday).

The DP, before executing the instruction received from its Client into the DPM (DP), shall ensure that the form is duly filled in and the signature(s) of the Client(s) is/are valid.

The DP shall freeze the account of its Client and/or the ISIN and/or specific number of securities through the DPM (DP), on receipt of;

- ✓ Instructions received from its Client or
- ✓ Written instructions from the Depository; or
- ✓ Orders received from the Central or State Government, the Securities and Exchange Board of India; or
- ✓ Any order passed by a court, tribunal, or any other statutory authority.

The Depository shall freeze the account of a Client and/or the ISIN and/or specific number of securities through the Depository Module;

- ✓ On receipt of instruction from a Client or
- ✓ on receipt of orders received from the Central or State Government, the Securities and Exchange Board of India or any orders passed by a court, tribunal, or any other statutory authority; or
- ✓ At the request of a DP.

The Depository shall, on its own through the Depository Module, freeze the DP's own account and/or the ISIN and/or specific number of securities, to the extent of the securities held in the DP's name or advise the DP to do so through its DPM (DP) under the following circumstances:

- ✓ on the basis of the orders received from the Central or State Government or the Securities and Exchange Board of India or any court or tribunal or any other statutory authority in this regard; or
- ✓ on the basis of the orders passed by the Disciplinary Action Committee as set out in Chapter 11 of the Bye Laws; or
- ✓ The DP has become insolvent, bankrupt or in case the DP is a body corporate, it being wound up.

UNFREEZING OF AN ACCOUNT AND/OR ISIN AND/OR SPECIFIC NUMBER OF SECURITIES UNDER AN ISIN

The Client may unfreeze its account and/or the ISIN and/or specific number of securities frozen:

- ✓ Only by making such request in the form specified in Annexure P to its DP;
- ✓ Only by making a request electronically to its DP or to the Depository, as the case may be, in the form and manner as may be prescribed by the Depository. Provided however that, the Client shall submit such a request to its DP or to the Depository, at least one clear working day prior to the date of unfreeze. (e.g.; if the Client wishes to unfreeze its account with effect from Friday, such instruction must be given latest by Wednesday).

The DP, before executing the instruction received from its Client shall ensure that the form is duly filled in and the signature(s) of the Client(s) is/are valid.

The DP may unfreeze an account and/or the ISIN and/or specific number of securities, frozen through the DPM (DP) on the basis of instructions received from the Client or on receipt of written instructions, from the Depository or on receipt of order to that effect received from the relevant statutory authority.

The Depository may also unfreeze an account and/or the ISIN and/or specific number of securities, frozen through the Depository Module, on the basis of instructions from the Client or on receipt of orders received from the relevant statutory authority.

SUSPENSION OF A CLIENT ACCOUNT

A DP 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 DP 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 DP will change the account status in the DPM from "ACTIVE" to "SUSPENDED FORDEBIT" 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 DP will intimate the client about the suspension of its account. In case of clearing member client, the DP 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 DP records the reason for the status change as a directive from the concerned authority
- The DP will intimate the client about the revoking of the suspension.

CORPORATE BENEFITS / PUBLIC ISSUES

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

The Issuer or its Registrar & Transfer Agent shall intimate the Depository on the next day of communication to the relevant stock exchange where the eligible security is listed, of the corporate actions which would herein 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.

On receiving the intimation as stated above, the Depository shall inform all the DP about the corporate action.

DP must there after ensure that:

- i) Changes such as tax status, bank details, change of address, etc. in the Client/ Clearing Members/Clearing Corporations accounts are updated well in advance of the record date/book closure.
- ii) There are no balances lying in the CM Accounts on the EOD of the record date or the EOD of one business day prior to the commencement of book closure.
- iii) They remain connected till the EOD of the record date or the EOD of one business day prior to the commencement of book closure.

The Depository shall provide the details of the holdings in the accounts of the Clients/Clearing Members/Clearing Corporations electronically to the Issuer or its Registrar and Transfer Agent as of the relevant record date/book closure for the purpose of corporate actions and distribution of corporate benefits.

The Issuer or its Registrar and Transfer Agent may obtain the details of the tax status of Clients/Clearing Members/Clearing Corporations from the list of Clients/ Clearing Members/ Clearing Corporations provided by the Depository.

The Issuer or its Registrar and Transfer Agent shall, on the basis of the list provided by the Depository distribute dividend, interest and other monetary benefits directly to the Clients/Clearing Members/Clearing Corporations for onward distribution to the Clients. Corporate benefits availed by Clearing Member and Clearing Corporations shall be held in trust on behalf of beneficiary owners.

If the benefits are in form of eligible securities and the holders are holding the securities in electronic form, the Issuer or its Registrar & Transfer Agent shall credit the securities in electronic form to respective account unless otherwise opted by the holders. For those holders who hold the securities in certificate form, the Issuer or its Registrar & Transfer Agent may provide an option to such holders and if such holders desire to hold the eligible securities in electronic form, they shall do so by providing the details of their DP ID and the Client ID. Based on the option exercised by these holders, the Issuer or its Registrar and Transfer Agent shall credit the securities to the respective accounts.

In such a case, the Issuer or its Registrar and Transfer Agent shall provide to the Depository allotment details of the Clients/ Clearing Members/Clearing Corporations in an electronic form. On receipt of allotment details, the Depository shall cause necessary credit entries to be made in the accounts of Clients/ Clearing Members/Clearing Corporations on a date requested by Issuer or its Registrar and Transfer Agent (hereinafter referred to as execution date).

In case of records rejected by the Depository, the Issuer or its Registrar and Transfer Agent shall send the rectified records to the Depository within **thirty days** from the execution date. In case the Issuer or its Registrar and Transfer Agent fails to send the rectified records within thirty days from the execution date, it shall proceed to issue securities in the physical form in respect of the un rectified records.

PUBLIC ISSUES

If the newly created security is an eligible security, the Issuer or its Registrar and Transfer Agent shall provide an option to the beneficial owners to be allotted securities either in physical or electronic form. In respect of those beneficial owners who opt for electronic securities the Issuer or its Registrar & Transfer Agent shall obtain the DP Id and beneficial owner's account number to which the securities are to be credited. In case the beneficial owner does not indicate any choice, the Issuer or its Registrar & Transfer Agent shall issue the securities in a physical form.

The Issuer or its Registrar & Transfer Agent shall provide to the Depository, allotment details of all beneficial owners in an electronic form.

On receipt of allotment details, the Depository shall cause necessary credit entries to be made in the accounts of the beneficial owners on a date requested by Issuer or its Registrar & Transfer Agent (hereinafter referred to as Execution date).

In case of records rejected by the Depository, the Issuer or its Registrar and Transfer Agent shall send the rectified records to the Depository within **thirty days** from the execution date. In case the Issuer or its Registrar and Transfer Agent fails to send the rectified records within **thirty days** from the execution date, it shall proceed to issue securities in the physical form in respect of the unrectified records.

HANDLING OF CLIENTS SECURITIES – CLIENT UNPAID SECURITIES PLEDGE ACCOUNT

We shall implement the procedure prescribed by NSDL Circular issued from time to time for dealing with the unpaid securities in Client Unpaid Securities Account (CUSA) / Client Unpaid Securities Pledge Account (CUSPA). All unpaid securities will be auto pledged from clients' demat account as per the procedure laid down by NSDL.

If the client fulfills its funds obligation within five trading days after the payout, TM/CM shall release the pledge so that the securities are available to the client as free balance.

If the client does not fulfill its funds obligation, TM / CM shall dispose off such unpaid securities in the market within five trading days after the pay-out.

ADOPTION OF CLOUD SERVICES BY SEBI REGULATED ENTITIES (RES)

We shall implement the procedure prescribed by SEBI / NSDL Circular issued from time to time for adoption of cloud-based services. Such process will include periodic submission to be made to the relevant authorities with regards to the implementation of relevant guidelines. Renewal of agreements with the service providers as per the dynamic norms. Adoption of guidelines issued by CERT-IN from time to time and all other relevant procedures prescribed by the relevant authorities.

SUBMISSION OF CHARGE STRUCTURE IN ELECTRONIC FORM THROUGH E-PASS

We as a DP always adhere to the regulatory requirements prescribed by the Regulators and other Market intermediaries. Accordingly, we are submitting our charge structure on the relevant portals on an annual basis. Upon recent introduction of the same on NSDL's E-PASS portal, we shall make the submission of the same as per the prescribed guidelines.

IMPLEMENTATION OF SECTION 12A OF THE WEAPONS OF MASS DESTRUCTION AND THEIR DELIVERY SYSTEMS (PROHIBITION OF UNLAWFUL ACTIVITIES) ACT, 2005

We as a DP, being a part of Nation Building Infrastructure, duly realize the importance of our role in protecting the national security of our country. Accordingly, we will take all such desired steps which are necessary for keeping the nation's security as our utmost priority. Therefore, we will implement all such actionable from our end as may be prescribed by the relevant authorities from time to time including the Implementation of Section 12A of The Weapons of Mass Destruction & their delivery systems (Prohibition of Unlawful Activities) Act, 2005

**UPSTREAMING OF CLIENTS' FUNDS BY STOCK BROKERS (SBS) / CLEARING MEMBERS (CMS) TO
CLEARING CORPORATIONS (CCS)**

SEBI, through various circulars issued from time to time, has given necessary directions/guidelines to stock brokers (SBs)/clearing members (CMs), to ensure orderly functioning of the securities market and to protect the interest of investors in securities market.

In this regard, with a view to safeguard clients' funds placed with SBs/CMs, it has been decided to require the upstreaming of all client funds received by SBs/CMs to the Clearing Corporations (CCs).

As per the framework, no clients' funds shall be retained by SBs/ CMs on End of Day (EoD) basis. The clients' funds shall all be upstreamed by SB/ CMs to CCs only in the form of either cash, lien on FDR (subject to certain conditions enumerated below), or pledge of units of Mutual Fund Overnight Schemes (MFOS).

However as per the amendment via SEBI Circular Number SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/110 dated June 30, 2023 the following phenomenon is applied:

SBs/CMs may receive funds from clients beyond the prescribed cutoff time for upstreaming subject to the condition that there shall not be any further movement of funds from that account (i.e., a debit freeze) till the opening of upstreaming window on the next day. Further, stock exchanges shall ensure that such funds remaining in bank accounts of SB/CM are minimal and are for legitimate purposes.

We as a DP shall implement all the guidelines as may be required from our end to implement the prescribed process of upstreaming and down streaming of client funds.

All demat accounts who have not submitted their choice of nomination shall be frozen as per the applicable deadlines prescribed from time to time.

Applicable circulars to be followed by the DP with regards to implementation of the said mechanism are as under:

2023-0067 dated 13-June-2023

2023-0068 dated 14-June-2023

2023-0077 dated 30-June-2023

2023-0080 dated 30-June-2023

2023-0081 dated 30-June-2023

2023-0083 dated 06-July-2023

REPORTING OF ANY INDICTMENT OR ORDER PASSED BY ANY REGULATORY AUTHORITY IN ELECTRONIC FORM THROUGH E-PASS.

With Reference to NSDL circular number NSDL/POLICY/2023/0157 dated November 08, 2023 we shall bring to the notice of the Depository, any indictment or any other order that may have been passed against us by any regulatory authority within seven days from the date of such order or indictment.

SUBMISSION OF VAPT COMPLIANCE & REVALIDATION REPORT IN ELECTRONIC FORM THROUGH EPASS PORTAL.

With Reference to NSDL circular number NSDL/POLICY/2024/0148 dated October 10, 2024 we shall submit VAPT report through online E-Pass Portal.

FACILITY FOR SUBMISSION OF INSPECTION RELATED COMPLIANCE THROUGH NSDL E-PASS PORTAL.

With Reference to NSDL circular number NSDL/POLICY/2024/0149 dated October 11, 2024 we shall submit all inspection related compliance through online E-Pass Portal.

ANTI MONEY LAUNDERING ('AML')

Money Laundering (ML) may be defined as cleansing of dirty money obtained from legitimate or illegitimate activities including drug trafficking, terrorism, organized crime, fraud and many other crimes with the objective of hiding its source and rendering it in legally usable form. It is any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. The process of money laundering involves creating a web of financial transactions so as to hide the origin of and true nature of these funds.

To combat money-laundering activities, the Government of India enacted the Prevention of Money Laundering Act, 2002 (hereinafter referred to as the "Act") on January 17, 2003.

The basic objective of the Act is three-fold, viz.:

- ❖ To prevent, combat and control money laundering.
- ❖ To confiscate and seize the property obtained from the laundered money.
- ❖ To deal with any other issue connected with money laundering in India.

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, and Government of India.

APPLICABILITY ON:

1. Every Banking Company
2. Financial Institutions a) Chit Funds b) Co-Operative Banks c) Housing Financing Institution D) Non Banking Financial Company
3. Intermediary a) Stock Broker b) Sub Broker c) Share Transfer Agent d) Banker to an Issue e) Trustee to a trust deed f) Registrar to an Issue g) Merchant Banking h) Underwriter i) Portfolio Manager j) Investment Advisor K) Any other intermediary associated with securities market and registered under section 12 of the SEBI Act.

As per provision of section 2(n) of the Act, term "Intermediary" means:

"A stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

DP should develop written guidelines with respect to AML which should contain the following:

- Policy for acceptance of clients
- Procedure for identifying the clients
- Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR)

A separate policy & procedure shall be made for PMLA & AML as per SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024

The DP shall verify the transaction alerts generated by NSDL on its i-assist platform on monthly basis and evaluate the same. Post evaluation, a report of the same will be submitted to the Principal Officer of the entity which in turn will decide the instances which are to be reported to the FIU.

DORMANT ACCOUNT AND ALERTS GENERATED

As per SEBI circular no. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/18 dated March 20, 2024:

- An inactive/dormant account refers to an account where no transaction has taken place for a continuous period of 12 months.
- Further, a credit in the demat account through purchase of securities and voluntary corporate action (such as subscribing to rights issues/ systematic investment plans (SIPs) of mutual funds, etc.) may be considered as a transaction for assessing the dormancy. However, any credit due to involuntary corporate action (such as bonus, split, etc.) may not be considered as transaction for assessing the dormancy.

Accordingly, an alert will be generated for the following instruction from the dormant account viz. Account Transfer (Debits), Inter depository (Debits), Remat/Redemption, Pledge, NDU (Hold)

Further, if a request for the issuance of a DIS Booklet or instructions for the transfer of securities is received from dormant account, we shall follow the procedure outlined in paragraphs 1.12.4 and 1.12.8 of the SEBI Circular dated March 20, 2024.

The DIS booklet will be issued only on the strength of the DIS instruction request slip (contained in the previous booklet) duly complete in all respects, unless the request for fresh booklet is due to loss, etc. Further, in case the request for issuance of the DIS booklet is received in an inactive / dormant account, the DIS booklet shall be delivered at the registered address of the BO as per our records. This shall help ensure the genuineness of the BO's request for issuance of DIS. Such issuance of DIS shall be authorized by the Compliance Officer or any other designated senior official.

We shall mandatorily verify with a BO before acting upon the DIS, in-case of an inactive / dormant account, whenever any security in such account is transferred at a time. Such verification shall require a recorded phone call on registered number of BO by the authorized official of the DP and shall be additionally authorised by the Compliance officer or any other designated senior official. The authorized official verifying such transactions with the BO, shall record the details of the process, date, time, etc., of the verification on the instruction slip under his/her signature.

The demat account of client who has not executed any of the following transaction in any of the ISINs for last 12 months through manual data entry in the DPM or uploading the instructions through Back-office system is marked as dormant account.

- Account Transfer (Debits and Credits)
- Inter depository Transfer (Debits and Credits)
- Corporate Action (i.e., CA Type as IPO, FPO, ESOP, Allotment (Debt Instruments), Details,
- Preferential Allotment, Redemption – Call \ Put Option, Buy Back, Incorporation of Lock-in
- Mutual Fund, Offer for Sale, Commercial Paper)
- Demat \ Mutual Fund Conversion
- Remat \ Repurchase \ Mutual Fund Reconversion \ Mutual Fund Redemption
- Pledge \ Hypothecation Creation \ Closure \ Invocation
- Margin Pledge Creation \ Closure \ Invocation 3NDU (Hold) Creation \ Closure

ACCOUNT CLOSURE

A Client desiring to close an account shall make an application in the form specified, duly filled & signed by all the account holder(s) along with duly certified (signed and stamped) Client Master Report (CMR) obtained from the target DP with whom the Client has opened a new account or maintains an account. The DP shall ensure that the form is complete and the signature of the Client is valid.

In case of inter-depository transfers, apart from what has been stated above, the Client should submit the CMR in a crystal format duly certified (signed and stamped) by the target DP or if CMR in crystal report format is not available, the target details should be certified (signed and stamped) by the other depository. Further, the Client surrenders all unused delivery instruction slips (DIS) to the DP.

DP should verify the documents submitted by the Client and if found in order, the DP shall affect the transfer of securities.

Based on the instructions of the Beneficial Owner, the DP shall initiate the procedure for transferring such security balances or rematerialize such security balances within a period of thirty days as per procedure specified from time to time by the depository. Provided further, closure of demat account shall not affect the Rights, liabilities and obligations of either the beneficial owner or the DP and shall continue to bind the parties to their satisfactory completion.

After transferring the securities, the serial number(s) pertaining to unused DIS should be permanently blocked in the back office system of the DP and the account of the Client should be closed. In case the DP is unable to close the account due to pending demat / remat requests, ISIN in suspended status, fractional position or due to open pledges etc., the DP should freeze the account i.e. 'suspended for debit and credit'.

As, Securities and Exchange Board of India (SEBI) has vide its circular no. MRD/DoP/Dep/CIR-22/05 dated November 9, 2005 decided that "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 Client Account/s at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the Client Account at transferor DP is a joint account, the Client Account at transferee DP should also be a joint account in the same sequence of ownership".

The DP shall have the right to close the demat account of the Beneficial owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the beneficial owner as well as to the depository.

In case the account closure is initiated by us, we shall capture the date of dispatch of closure notice sent to Beneficial owner in Local DPM along with the reason for account closure.

FACILITY FOR ONLINE OPENING & CLOSURE OF ACCOUNT

To keep up with the pace of fast-growing technology, we as a DP are offering online account opening and closure facilities for our clients. Whereas we follow all the prescribed guidelines for the said procedures, below mentioned are some the steps followed by us:

Express consent of the investor before undertaking online KYC

It is ensured that live photograph of the client has been captured, with time stamping, geo-location tagging and liveness check.

We always ensure that we have inserted cropped signature (cropped from a signed cancelled cheque or signature on a white paper or signature made on the screen of a device) of the BO in the place holders of the KYC form and displayed it to the BO before e-signing the document by BO or has obtained scanned copy/ photograph of the KYC form from the BO with his wet signature under e-sign.

We mandatorily verify of the e-sign of the client (BO) on the basis of Name, Gender, Year of Birth mentioned in the e-sign certificate.

We verify the bank account of client through penny drop mechanism. In case the same is not verified through penny drop mechanism, we obtain a signed cancelled cheque as a photo/scan of the original under e-sign of the BO

Where the investor has given address other than as given in the OVD and intimation for account opening has returned undelivered due to reasons such as wrong / incorrect address, addressee not available etc, the account is immediately closed / suspended.

If deemed OVD has been accepted as proof of address, and updated OVD has not been received within a period of three months, the concerned account has been freezed and same has been intimated to NSDL

In addition to the online account opening facility, we also provide online account closure facility to our clients wherein the can submit their account closure request through our website.

We shall inform our clients regarding the availability of the facility for online closure of demat accounts through emails, SMS, weekly / fortnightly / monthly newsletters etc. The procedure for online closure of demat accounts shall be informed in such communications.

Superseding the above guidelines, we shall abide by all the guidelines for online closure of demat accounts as mentioned in NSDL Circular NSDL/POLICY/2024/0136 dated September 24, 2024.

SPEED-E & IDEAS

SPEED-E

NSDL launched **SPEED-e** (pronounced as speedy) in September, 2001. Any DP of NSDL can subscribe to **SPEED-e**, the common infrastructure of NSDL. **SPEED-e** enables demat account holders (including Clearing Members) to submit delivery instructions directly on the Internet through **SPEED-e** website <https://eservices.nSDL.com>. **SPEED-e** is available only to those DP who have subscribed to it and the Users sign an agreement with the DP.

A demat account holder will have the option of accessing **SPEED-e** either as a Password User or as a Smart Card / e-Token User. A Clearing Member must be a Smart Card / e-Token User to be able to access **SPEED-e**. Password Users can debit their demat accounts only in favour of specified Pre-Notified Clearing Member accounts (up to three), while Smart Card / e-Token User can submit instructions in favour of any number of accounts.

The most important benefit of **SPEED-e** is the convenience of submitting delivery instructions. You can access the **SPEED-e** website from anywhere in the world at any point of time, check balances in your account, submit the instructions and track its status. **SPEED-e** eliminates the requirement of having to give the delivery instructions in paper form. Further, if you are a smart card user, you get an added benefit of freezing account(s) / ISIN(s) and / or specific quantity of securities under an ISIN through **SPEED-e**, which cannot be unfrozen even by your DP.

We shall abide by the submission deadlines as mentioned in the NSDL Circular NSDL/SPEED-e/POLICY/2024/0008 dated September 13, 2024 and NSDL/SPEED-e/POLICY/2024/0009 dated September 16, 2024.

IDEAS:

IDeAS (Internet-based Demat Account Statement) is the facility for viewing balances and transactions in the demat account updated on an online basis with a delay of maximum 30 minutes. This facility is available to the Users of **SPEED-e**, Clearing Members who have subscribed to **IDeAS** and to those clients whose DP are registered for **IDeAS**. A demat account holder or a Clearing Member will have the option to access **IDeAS** either as a Password or a Smart Card / e-Token User.

NSDL has launched a facility called **IDeAS** from January 1, 2004 for investors to view balances and transactions in demat accounts updated on an online but not real time basis. This facility is available to all the clients including Clearing Members (CMs) who have opened an account with any of the DP under NSDL system.

Features:

- BOs (Beneficial owners)
 - ✓ Clients can view latest balances along with the value based on the previous day closing price in their demat account. *
 - ✓ Client can view transactions that have taken place in their demat accounts during the last 30 days.

- ✓ Clients can download month-wise statement of transaction for the previous months (maximum 12 months) bearing NSDL's digital signature, which can be verified by using a Signature Verification Utility. The said signature verification utility and
- ✓ detailed procedure regarding installation of Signature Verification Utility is available for download at <https://eservices.nsdl.com> (i.e. Click the hyperlink **download** under New Users / IDeAS).
- ✓ Clients can access **IDeAS** by password or smart card / e-Token.

➤ Clearing Members (CMs)

CMs will be able to view and download the latest balances and transactions that have taken place in their pool accounts in respect of settlements for the current pay-in date, previous four and next four pay-in dates.

Other features

- ✓ View ISIN-wise positions / transactions for a given market type and settlement number.
 - ✓ View Delivery-out instructions which are in 'overdue' status, for a given market type and settlement number.
 - ✓ Download transactions in the Pool Account and import into back-office system to determine shortages for follow-up with Clients.
-
- ✓ Download ISIN master to keep the back-office system up-to-date.

CONSOLIDATED ACCOUNT STATEMENT (CAS)

CAS is a single statement of all your investments in the securities market. CAS includes investments in equity shares, preference shares, mutual funds units, sovereign gold bonds, corporate bonds, debentures, securitized instruments, money market instruments and government securities held in demat. It also includes details of your investment in mutual fund units which are kept in statement or folio form with different mutual fund companies. All investments held in single or joint names with you as the sole/first holder are a part of the CAS.

CAS is part of the overall vision to enable all financial assets to be held electronically in a single demat account, which was articulated by the Hon'ble Finance Minister in his budget speech of July 2014. As a step in this direction, SEBI has introduced this Consolidated Account Statement for all securities assets by consolidating demat accounts and mutual fund folios.

CAS offers you unparalleled convenience in keeping track of your investment portfolio. You can easily monitor the investments you hold, their value and portfolio composition. Since it comes from the depository directly, CAS reflects true status of your investments. It will help you in developing strategy to manage your investments better. e-CAS or electronic version of CAS, is even better in terms of security and ease in storage and retrieval.

SEBI Master Circular on Depositories dated October 06, 2023 specifies the guidelines for issuance of CAS by the Depositories to its account holders.

The account holder might select the option for issuance of CAS either in physical or electronic mode. However, taking into consideration the digital acceptance of various communication by the clients, SEBI vide its circular reference SEBI/HO/MRD-PoD2/CIR/P/2024/93 dated July 01, 2024 has specified the following guidelines.

Considering the increasing reach of digital technology, electronic mode now being the preferred mode of communication and as a green initiative measure and to streamline the regulatory guidelines on mode of dispatch of account statements, it has been decided to revisit the regulatory provisions and provide for email as default mode of dispatch for Consolidated Account Statement (CAS) by Depositories, Mutual Fund – Registrar and Transfer Agents (MF-RTAs) and holding statement by Depositories Participant (DP).

Accordingly, we as a DP have implemented the above mode of communication since August 01, 2024.

BUSINESS CONTINUITY PLAN

DP at Vedika Securities Private Limited is connected to NSDL through leased line service of AIRTEL. The service provided by the operator is satisfactory. But during the period when connectivity to NSDL is lost due to technical fault either from AIRTEL or from NSDL itself, we have alternate arrangement for the connectivity. After lodging the complaint and receiving the Token No. for the same, we connect to NSDL via internet either through Dongle or through our Broadband service used by us in our back office with prior approval of NSDL. When the connectivity is restored, we again shift to AIRTEL's Lease line.

PASSWORD POLICY

Various types of User Id & Passwords are required for different type of activities in the DP division (viz. Local DPM, E-DPM, I-ASSIST, SPEED-E etc.). The passwords for all these software are maintained by the Head of DP Division, and access for the same is provided only to the authorized personnels having access only to him as well as the Compliance Officer. We also ensure that the 'Data-in motion and Data-at-rest are always kept in encrypted form by using strong encryption methods as per the Regulatory Requirements.

INSURANCE

Vedika Securities Private Limited, as a DP, is insured against various risks viz. Infidelity of Employees, Electronic and Computer Crime and Professional Indemnity, via NSDL for which premium is paid annually.

CLIENT SERVICING

Client servicing involves the following processes:

- Transaction statement to be given at least once in 30 days
- Allotment details in case of primary market issues.
- Non-monetary benefits such as bonus, conversions etc.
- Transfers rejected / failed
- Transfer requests pending execution/non execution.
- Confirmed dematerialisation / dematerialization requested
- Suspension / freezing / defreezing of the account.

Queries on Holding and Transaction

To know about their holding and transaction a client can call us at our helpdesk. Numbers of our help desk is circulated in our depository books and statements. They are free to make their queries by calling us.

On call the client has to verify certain details as mentioned below:

- ✓ Address
- ✓ PAN Number
- ✓ Bank Account Number

Information on overdue/failed instructions

Those instructions that have been given for execution by the clients and have failed or are in an overdue status are informed to the clients at the day end after all the instructions are processed.

This information is passed to the client over a recorded telephone line and a record for the same is maintained in an "Overdue/ Failed Instruction Register".

STAMP DUTY COLLECTION FOR OFF-MARKET

As per Circular No.: NSDL/POLICY/2020/0002 dated January 6, 2020 NSDL informed the detailed procedure/guidelines for collection of stamp duty in case of off-market involving consideration and pledge invocation before executing the transaction in the NSDL system. The detailed procedure/guidelines are as follows:

- i) Stamp Duty 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.

- ii) The stamp duty will be collected on the “Consideration Amount” captured in NSDL system as mentioned on the DIS and Pledge Invocation Slips.

- iii) Rate of stamp duty is specified in Schedule I of the Indian Stamp Act, 1899. DPs are directed to refer the Schedule for the rates.

- iv) For all off-market transfers for reason other than ‘Sale’ and ‘Commercial Paper Issuance’ in the DIS, client has to either provide a declaration that transaction is ‘Without Consideration’ or consideration amount should be specified.

- v) Stamp Duty can be paid either by the client or by the depository participant on behalf of its client.

- vi) Off-Market ‘Sale’ instruction gets “settled” only if stamp duty payment is done successfully to NSDL.

Filling of DIS by Client:

- a) If consideration is involved in off-market then in the ‘consideration’ field of the DIS the client can specify ‘As per Annexure’ and it will be necessary to fill up the Annexure to DIS.

- b) 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.

- c) If the consideration is paid in part or in installments, full consideration amount should be mentioned in the Annexure to DIS and stamp duty shall be remitted on the entire consideration.

- d) If consideration is not involved in the off-market transfer then client(s) can specify “Without Consideration” in the consideration field of DIS.

- e) In case of reason code ‘Sale’ & ‘Commercial Paper Issuance’ it will be necessary to provide the consideration details.

We are thus following the above-mentioned procedure from January 9, 2020.

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.

REDRESSAL OF INVESTOR GRIEVANCE

The DP shall redress the grievances of Clients within twenty one days of the date of receipt of the complaint and keep the depository informed about the number and the nature of redressal.

The Grievance Redressal Mechanism should be printed on the inside back cover of the Delivery Instruction Form issued by the DP.

The DP shall submit the information about the number of complaints received from Clients during the month, complaints redressed during the month, complaints remaining unredressed, their nature and status thereof and the steps taken by the DP for redressal thereof, before the 10th day of every succeeding month. If the DP has not received any grievance/complaint in a given month, a NIL report should be submitted to NSDL.

The DPs shall take adequate steps for redressal of grievances within 21 days from the date of receipt of the complaint and keep the investor/Depositories duly informed of the action taken thereon. Failure to comply with the said requirement will render the DP liable for penal action.

As per NSDL Circular No NSDL/POLICY/2023/0161 dated November 13, 2023, we shall also report the grievances directly received from clients and redressed during a particular month.

Both the above reporting is to be made on NDSL E-Pass System within 10th of the following month.

The DPs shall designate an exclusive EMAIL ID of the Grievance Redressal Department or Compliance Officer for the purpose of registering complaints of investors and for taking necessary follow-up actions. This exclusive email ID should be prominently displayed on the DP's **website** and in the various materials / pamphlets / advertisement campaigns initiated by the DP for creating investor awareness. DPs shall prominently display in their office basic information, as per SEBI Circular, about the grievance redressal mechanism available to investors.

SEBI vide its circular no. SEBI/HO/MIRSD/DOP/OW/P/2021/37347/1 dated December 15, 2021 has issued guidelines regarding Investor Charter and disclosure of Investor Complaints by Depository Participants on their websites. In abovementioned circular SEBI has directed that Participants are advised to bring the Investor Charter for Depositories and Depository Participants along with the information to be provided in the links of the charter, to the notice of their clients (existing as well as new clients) through publishing the Investor Charter on their respective websites, making them available at prominent places in the office, provide a copy of Investor Charter as a part of account opening kit to the clients, through e-mails/ letters etc. Additionally, in order to bring about transparency in the Investor Grievance Redressal Mechanism, it has been decided that all the DPs shall disclose on their respective websites, the data on complaints received against them or against issues dealt by them on a monthly basis and redressal thereof, latest by 7th of succeeding month, as per the specified format. All such details have been provided by us as per the Regulatory requirements. As per latest SEBI Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/66 dated May 29, 2024 and subsequent NSDL Circular NSDL/POLICY/2024/0154 dated October 16, 2024, the revised Investor Charter has been introduced and duly implemented by us. As per NSDL Circular NSDL/POLICY/2024/0089 dated June 25, 2024, Investor Charter are to be published on our website.

INTRODUCTION OF ONLINE RESOLUTION OF DISPUTES IN THE INDIAN SECURITIES MARKET

SEBI vide its circular number SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023 and SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/191 dated December 20, 2023 and SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated December 28, 2023 has introduced a mechanism of Online Dispute Resolution Portal (ODR). We as a depository, shall abide by all the requirements of the said mechanism. Detailed circulars regarding the same can be obtained from www.sebi.gov.in. We shall also follow the mechanisms to implemented pursuant to the linking of SCORES Platform with ODR Portal.

INFORMATION/ DOCUMENTS TO BE SUBMITTED TO DEPOSITORY

Sr.No	Particulars	Periodicity for submission of reports	Due dates for receipt by Depository
1	BO Grievances Report and Grievance received directly from the clients	Monthly	10th of the following month
2	Internal Audit Reports (IAR) and Concurrent Audit Report (CAR) of risk prone areas	Half yearly	15th May for half year ended 31st March & 15th November for half year ended 30 th September
3	Audited Networth Certificate	Yearly	30th September, after end of each financial year
4	Audited Financial Statements	Yearly	30th September, after end of financial year
5	Submission / Dissemination of DP Tariff / Charges structure	Yearly	On or before 30th April every year and as and when tariff structure is revised. As per NSDL Circular reference number NSDL/POLICY/2023/0158 dated November 09, 2023, the said reporting is also to be made through E-Pass Portal.
6	Compliance Officer Details	If new officer appointed or any change in the office	Immediately
7	Compliance Certificate	Half yearly	Before 31st July for the half year period from January to June & 31 st January for the half year period from July to December
7	Number of Suspicious Transaction Report (STR) filed directly with FIU-IND during a given month	Monthly	Within 7 days of the following month. (Nil report need not be submitted)
8	Risk Assessment Template	Half ⁹⁴ yearly	Before 20 th Oct for the

			half year period from April to September & 20 th April for the half year period from October to March.
9	Artificial Intelligence I/Machine Learning Reporting Form (if offering or using such technologies as defined)	Quarterly	By 15 th of the following month By email at ParticipantInterface@nsdl.co.in As per Circular No. NSDL/POLICY/2019/0016 dated March 27, 2019
10	Cyber Security & Cyber Resilience framework of Depository Participants	Quarterly	By 15 th of the following month. By email at dpinfosec@nsdl.co.in Circular No. NSDL/POLICY/2019/0039 dated July 9, 2019.
11	Annual System Audit Report	Yearly	Before 30 th June of every year through ePASS.
12.	Surveillance Obligation for Depository Participants	Quarterly	By 15 days of the following Month through ePASS NSDL/POLICY/2024/0146 dated October 03, 2024

INFORMATION/ DOCUMENTS TO BE SUBMITTED TO FIU-IND

Sr. No	Particulars	Periodicity for submission of reports	Due dates for submitting reports
1	Suspicious Transaction Report (STR)	Fortnightly – on receiving alerts from Depository or whenever alerts are generated by DP or whenever suspicious transactions are noticed by DPs	To be submitted within 7 days of discovering the suspicious transaction to FIU IND, New Delhi. As per NSDL Circular NSDL/POLICY/2023/0153 dated November 08, 2023, the said reporting will be made online through EPass Portal.
2.	NPO transaction reports (NTRs)	Monthly	15 th day of the succeeding month. transactions involving receipts by Non-Profit

			Organisations of value more than Rs. 10 Lakhs or its equivalent foreign currency. NSDL/POLICY/2024/0166 dated November 07, 2024
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RELEVANT CIRCULARS FOR ONLINE DISPUTES RESOLUTION PORTAL

SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023

SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023

SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 updated on August 04, 2023

SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023

CYBER SECURITY AND CYBER RESILIENCE FRAMEWORK

DPs should take note of the contents of SEBI circular no. CIR/MRD/DP/13/2015 dated July 06, 2015 regarding Cyber Security and Cyber Resilience Framework of Stock Exchanges, Clearing Corporation and Depositories (refer Annexure-A).

As stated in point no.13 of the aforementioned SEBI circular, DPs may also adopt similar standards of information security.

SEBI vide its circular have appraised regarding Cyber Security Advisory w.r.t. Distributed Denial of Service (DDoS) attacks on system of intermediaries, informed that as financial services is a critical information infrastructure, it has been observed that it is one of the primary targets of cyberattacks and recently one of the major intermediary has reported multiple DDoS attacks on its systems. In order to ensure continuous availability of services and to prevent cyber-attacks, We as a Depository Participants always ensure the following:

1. Systems to be put in place for creating a robust cyber security and cyber resilience framework in order to counter various types of cyber-attack.
2. Review the cyber security safeguards put in place, and any gaps found should be fixed on priority.
3. Ensure adequate safety and security measures (like intrusion detection/prevention system, antivirus, firewall, etc.) are in place to protect the critical data, infrastructure and applications.
4. Review the communication links provisioned for trading, communications and other services exposed to the customers and partners on the internet /private networks. Ensure that all the internet links and services are adequately protected from cyber-attacks including DoS / DDoS attacks.
5. Continuously monitor the applications and services for their availability and response time.
6. Any cyber security incident is to be promptly reported to the relevant authorities.

As per NSDL Circular No. NSDL/POLICY/2023/0114 dated September 01, 2023,

We shall report all Cyber-attacks, threats, cyber-incidents and breaches experienced by us within 6 hours of noticing / detecting such incidents or being brought to notice about such incidents.

We shall also report such incidents to the Indian Computer Emergency Response team (CERT-In) in accordance with the guidelines / directions issued by CERT-In from time to time.

We shall implement all the guidelines as prescriber by the Securities and Exchange Board of India (SEBI) 'Cyber security and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)' vide circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 and SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/184 dated December 31, 2024.

**IMPLEMENTATION OF THE MULTILATERAL COMPETENT AUTHORITY AGREEMENT (MCAA) AND
FOREIGN ACCOUNTS TAX COMPLIANCE ACT (FATCA)**

DPs should take note of the contents of SEBI circular no. CIR/MIRSD/2/2015 dated August 26, 2015 regarding Implementation of the Multilateral Competent Authority Agreement and Foreign Accounts Tax Compliance Act [refer Annexure - A].

Department of Revenue –Ministry of Finance has communicated the extension of the due date for the filling of statement of reportable account by a prescribed reporting financial institution under section 285BA of Income tax Act pertaining to calendar year 2014 from August 31, 2015 to September 10, 2015 [refer Annexure - B].

We shall implement SEBI circular no. **CIR/MIRSD/3/2015** dated **September 10, 2015** regarding **Reporting Requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) - Guidance Note** [refer-Annexure-A] along with SEBI Circular Number SEBI/HO/MIRSD/SECFATF/P/CIR/2024/12 dated February 20, 2024 regarding 'Centralization of certifications under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) at KYC Registration Agencies (KRAs).

The Guidance note as mentioned in the SEBI Circular is available in the below mentioned link:
http://www.incometaxindia.gov.in/communications/notification/guidance_notes_on_implementation_31_08_2015.pdf

The financial institutions are advised that all efforts should be made by the financial institutions to obtain the self-certification. The account holders may be informed that, in case self certifications are not provided till 30 April 2017, the accounts would be blocked, which would mean that the financial institution would prohibit the account holder from effecting any transaction with respect to such accounts. The transactions by the account holder in such blocked accounts may, thereafter, be permitted once the self-certification is obtained and due diligence completed.

RECORD KEEPING

DP shall maintain the following records relating to its business for a period of Eight years:-

I) Delivery/Receipt Instructions given by its Clients.

II) 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;
- ✓ Unfreezing of accounts with the DP.

III) Copies of correspondence from the Clients on the basis of which Clients details were updated in the DPM;

IV) Record of all actions taken on the exception reports, generated by the system;

V) A register showing details of grievances received from the Clients and their present status. The following details may be specified in this regard:-

- ✓ Name of the Client;
- ✓ Reference number of the Client;
- ✓ Date;
- ✓ Particulars of complaints;
- ✓ Actions taken by the DP;

VI) If the matter is referred to arbitration, then the particulars including the present status thereof.

VII) 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;

VIII) Instructions from the clearing member authorising the transfer of securities from the pool account of the clearing member to the accounts of its clients

IX) The forms received in respect of pledge of securities;

X) The forms received in respect of transmission of securities

XI) The forms received in respect of securities lending.

XII) Record of serial numbers of the instruction forms for debit or pledge of securities

The following records pertaining to dematerialisation and rematerialisation of securities shall be kept by the DP until the process of dematerialisation or rematerialisation is completed:-

- Dematerialisation request form (DRF and DRF-GS) filled by the Client;

- Certificate details of securities sent for dematerialisation;
- 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;
- Objection memo and certificate details of the rejected securities against the DRN;
- Rematerialisation Request Form (RRF and RRF-GS) submitted by the Client
- 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.

The above requirements relating to maintenance of records shall apply not only to the records of the DP's principal office but also any branch office and to any nominee company owned or controlled by the DP for the purpose of conducting the business of the DP relating to the operations of the Depository.

MANNER OF KEEPING RECORDS

The records specified in above may be maintained either in physical or in electronic form. Where the records are kept by the DP in electronic form, it shall do so with the prior approval of the Depository and shall ensure that the integrity of the data processing systems is maintained at all times and take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and ensure that sufficient backup of records is available at all times at a different place. However, the prior approval of the Depository is not required if the DP has been permitted to receive instructions from the Client in an electronic form in the manner specified.

CODE OF CONDUCT

DP shall, at all times, abide by the Code of Conduct as specified

1. DP shall make all efforts to protect the interest of investors.
2. DP shall endeavor to:
Render the best possible advice to the clients having regard to the client's needs and the environments and his own professional skills.
Ensure that all professional dealings are affected in a prompt, effective and efficient manner.
Inquiries from investors are adequately dealt with Grievances of investors are redressed without any delay.
3. DP shall maintain high standards of integrity in all its dealings with its clients and other intermediaries, in the conduct of its business.
4. DP shall be prompt and diligent in opening of a Client account, dispatch of the DRF, RRF and execution of debit instruction slip and in all the other activities undertaken by him on behalf of the Clients.
5. DP shall endeavor to resolve all the complaints against it or in respect of the activities carried out by it as quickly as possible, and not later than one month of receipt.
6. DP shall not increase charges/ fees for the services rendered without proper advance notice to the Clients.
7. DP shall not indulge in any unfair competition, which is likely to harm the interests of other participants or investors or is likely to place such other participants in a disadvantageous position while competing for or executing any assignment.
8. DP shall not make any exaggerated statement whether oral or written to the clients either about its qualification or capability to render certain services or about its achievements in regard to services rendered to other clients.
9. DP shall not divulge to other clients, press or any other person any other information about its client which has come to its knowledge except with the approval / authorisation of the clients or when it is required to disclose the information under the requirements of any Act, Rules or Regulations.
10. DP shall co-operate with SEBI as and when required.
11. DP shall maintain the required level of knowledge and competency and abide by the provisions of the Act, Rules, Regulations, circulars and direction issued by SEBI. The DP shall also comply with the award of the Ombudsman passed under the SEBI (Ombudsman) Regulations, 2003.
12. DP shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Board.
13. DP shall not neglect or fail or refuse to submit to SEBI or other agencies with which it is registered, such books, documents, correspondence and papers or any part thereof as may be demanded/ requested from time to time.
14. DP shall ensure that SEBI is informed promptly about any action, legal proceedings etc, initiated against it in respect of material breach or noncompliance by it, of any law, Rules, Regulations, directions of SEBI or of any other regulatory body.
15. DP shall maintain proper inward system for all types of mail received in all forms.
16. DP shall follow the maker-checker concept in all of its activities to ensure the accuracy of the data and as a mechanism to check unauthorized transaction.

17. DP shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. DP shall ensure that for electronic records and data, up-to-date back up is always available with it.
18. DP shall provide adequate freedom and powers to its compliance officer for the effective discharge of his duties.
19. DP shall ensure that it has satisfactory internal control procedures in place as well as adequate financial and operational capabilities which can be reasonably expected to take care of any losses arising due to theft, fraud and other dishonest acts, professional misconduct or omissions.
20. DP shall be responsible for the acts or omissions of its employees in respect of the conduct of its business.
21. DP shall ensure that the senior management, particularly decision makers, has access to all the relevant information about the business on a timely basis.
22. DP shall take appropriate steps to implement proper internal control mechanism to avoid instances of non compliances.
23. DP shall ensure that good corporate policies and corporate governance are in place.

RISK MANAGEMENT

While operation involved in a depository services managing the risk is one of the priority agendas concerned for the department. In order to manage the same we have implemented the following risk management system.

- All users logging on to the back office as well as the NSDL DPM system have been give a separate USER Id and a password which is confined to the user and the machine
- All users have been given specific rights beyond which the user cannot operate or even view the database.
- A specific audit trail is checked daily from the NSDL DPM System on a test check basis.
- The back office also provides us a specific audit trail for the purpose of DIS executions.
- The users have been given rights of operation only for those menus where the job of the user has been described.
- All computers are on a locked mode if the user is not working on the Desktop.

These are some risk management techniques adopted to ensure safety to prevent mishaps.

END OF DAY PROCESSES

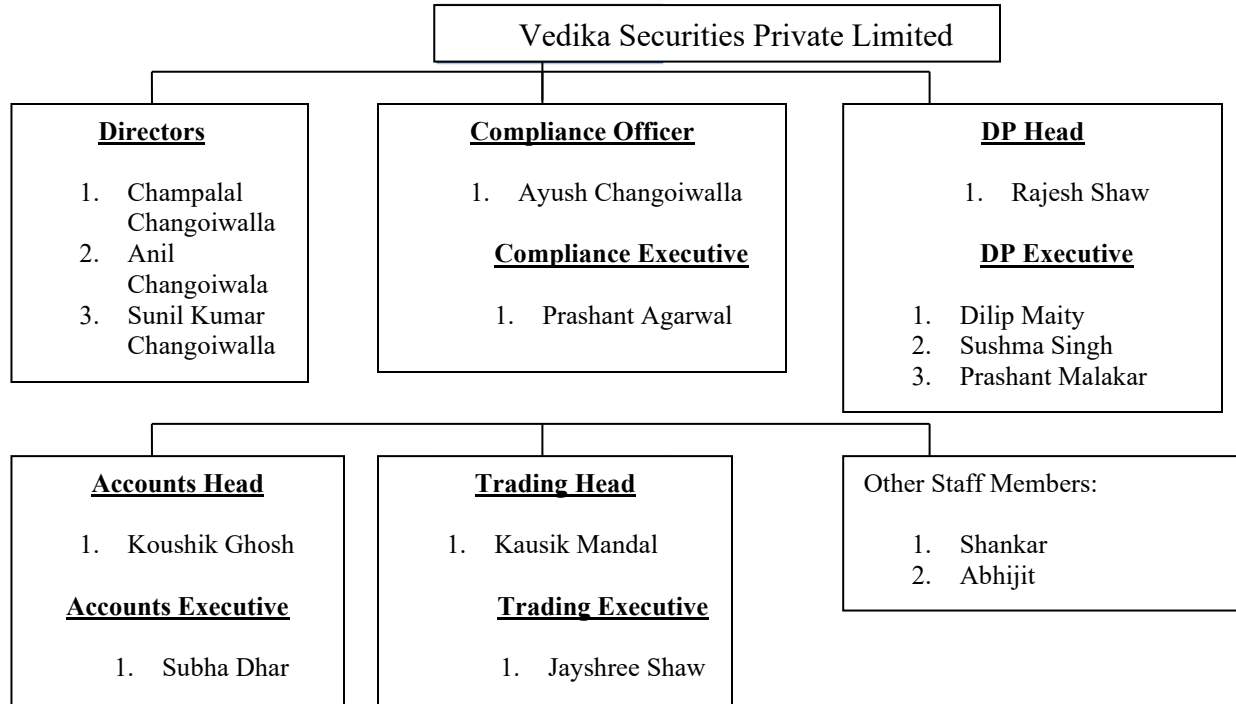
At the day end the DP staff needs to conduct the following processes.

- Intimate Clients about failed and overdue instructions.
- Reconcile - Total requests received during the day should reconcile with the requests confirmed, rejected and pending (Account Opening, Account maintenance, Dematerialisation, Instructions slips, Transmission, Pledge, unpledge, invocation, Rematerialisation, Account Closure, Freeze, unfreeze.
- Prepare an MIS for the Day.
- Reconcile stationery.

ABOUT WEBSITE

Vedika Securities Private Limited has its website (vedikasecurities.net) having the details about the company and also links to various information or developments relating to Securities Market. The Client can also enter the back-office system through his/her allotted User Id & Password. Thus, he/she gets all information relating to his/her holding statement, transactions, outstanding balance etc. on real-time basis.

ORGANIZATION CHART



Note: - All procedures of DP are done on Maker & Checker policy where Executive 1 & 2 acts as maker & Head of the DP Department as checker. In case of additional checker required for high value transactions, the same is done by the compliance Officer or Higher Authority.

Last Update Date: 13th January 2026

Updated By: **Rajesh Shaw**

Approved By: **Ayush Changoiwalla**

ANNEXURES:

Our Policies:

1. PMLA, AML & CFT POLICY
2. POLICY ON INTERNAL CONTROL
3. RISK MANAGEMENT POLICY
4. SURVEILLANCE POLICY
5. CYBER SECURITY POLICY
6. POLICY FOR VOLUNTARY FREEZING/UNFREEZING OF TRADING ACCOUNTS BY CLIENTS.