

Circular No.: NSDL/POLICY/2024/0055

May 02, 2024

Subject: Amendments to Bye Laws and Business Rules of NSDL w.r.t AIF units in Demat form.

Attention of Participants is invited to SEBI Circular no. SEBI/HO/AFD/PoD1/CIR/2023/96 dated June 21, 2023 regarding “*Issuance of units of AIFs in dematerialised form*” (Ref: NSDL Circular No. NSDL/POLICY/2023/0072 dated June 22, 2023).

In this regard, Participants are hereby informed that the following amendments have been made to the Bye Laws and Business Rules of NSDL.

1. Insertion of new Bye Law **9.19** and insertion of new Business Rule **12.21** (enclosed as **Annexure A**)
2. Amendment in Business Rule **11.7** (enclosed as **Annexure B**)
3. Amendment to **Form 2** of the Business Rules. (enclosed as **Annexure C**)

Participants are requested to take note of the above and ensure compliance.

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

**Rakesh Mehta
Vice President**

Enclosure: Three

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month	Through e-PASS	1. Para 20 of NSDL Master Circular for Participants on 'Grievance Redressal' chapter. 2. Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) (Annually)	Within three months of the end of the financial year	Through e-PASS	Circular No.: NSDL/POLICY/2024/0003 dated January 05, 2024
Internal/ Concurrent Audit Report (Half yearly)	By May 15 th	Through e-PASS	Para 20.4 of NSDL Master Circular for Participants on 'Internal Controls/Reporting to NSDL/SEBI' chapter and Circular No.: NSDL/POLICY/2024/0042 dated April 08, 2024

**National Securities Depository Limited**

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Annexure A

Byelaws:

9.19 TRANSACTIONS IN UNITS OF ALTERNATIVE INVESTMENT FUNDS (AIF) UNDER “RESTRICTED TRANSFERABILITY”

9.19.1 If an AIF intends to restrict the off-market transfers and/or creation of pledge/margin pledge and/or hold under Non-Disposal Undertakings/Agreement (NDU) in units of AIF, it shall request Depository as per the procedure specified in the Business Rules.

Business Rules:

12.21 TRANSACTIONS IN UNITS OF ALTERNATIVE INVESTMENT FUNDS (AIF) UNDER “RESTRICTED TRANSFERABILITY”

12.21.1 An AIF intending to restrict off-market transfers and /or creation of pledge/margin pledge and/or hold under Non-Disposal Undertakings/Agreement (NDU) in the units of AIF, it shall do so by submitting a request to the Depository.

12.21.2 The Depository shall restrict the transferability in the units of AIF in respect of transactions as mentioned under the Rule 12.21.1 on receipt of request from an AIF.

12.21.3 The Depository shall remove the restriction of transferability in units of AIF, which is restricted under the Rule 12.21.2, on receipt of request from an AIF.

12.21.4 The request for transfer of units of AIF through off-market transfers and/or creation of pledge / margin pledge and/or hold under Non-Disposal Undertakings/Agreement (NDU) in units of AIF which is under “Restricted Transferability” shall be processed only after the approval of AIF/manager of the AIF



Annexure B

Business Rules:

11.7 CONVERSION OF MUTUAL FUND/ ALTERNATIVE INVESTMENT FUND (AIF) UNITS REPRESENTED BY STATEMENT OF ACCOUNT INTO DEMATERIALIZED FORM THROUGH A PARTICIPANT

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

11.7.2 The Client submitting the Conversion Request Form shall declare to the Participant that the units sought to be held in dematerialised form are in the name of the client itself and are not already dematerialised and no certificates are issued against these units.

11.7.3 The Participant shall first ensure that the mutual fund/AIF units submitted by its Client for conversion belong to the list of securities admitted by the Depository as eligible to be held in dematerialised form.

11.7.4 The Participant shall ensure that the Conversion Request Form submitted by its Client is completely filled and duly signed.

11.7.5 The Participant shall verify the name and the pattern of holding of the Client's account with the name and the pattern of holdings as mentioned on the Statement of Account and Conversion Request Form.

11.7.6 The Participant shall intimate the Conversion Request to the Depository within five days from the date of accepting the same from its Client by initiating the request in the DPM system.

11.7.7 Upon receipt of electronic conversion request from the Depository, the Issuer or its Registrar and Transfer Agent shall after due verification including the verification of signature of Clients from the DPM (SHR) system with their records, confirm the conversion request to the Depository for credit of the units into the account of the Client within two days from the date of receipt of request.

11.7.8 In case any objection memo has been received for such units from the Issuer or its Registrar and Transfer Agent, the Participant shall facilitate the correction of such objections in a timely basis.




11.7.9. In case of conversion of Alternative Investment Fund (AIF) units represented by Statement of Account (SoA) into dematerialized form, clients may also submit the request to the Alternative Investment Fund (AIF) / Investment Manager (IM) / Registrar and Transfer Agent (RTA).

11.7.10 The AIF shall verify the name and the pattern of holding of the Client's account with the name and the pattern of holdings as mentioned on the Statement of Account.

11.7.11 After verification of requests, AIF/IM/RTA shall credit the units through corporate action to the demat account of the unit holder(s).



Annexure C
FORM 2

DP Logo	FORM 2 - CONVERSION REQUEST FORM FOR MUTUAL FUND /ALTERNATIVE INVESTMENT FUND UNITS REPRESENTED BY STATEMENT OF ACCOUNT										 NSDL Technology, Trust & Reach									
	Instructions: (1) To be submitted in duplicate for acknowledgment. (2) In case the space is found to be insufficient, an annexure containing the said details in the same format may be attached.																			
Participant Name										Serial No.										
Participant Address										DP ID	I	N								
Date	D	D	M	M	Y	Y	Y	Y	Y	Client ID										
I/We request you to convert the following units represented by statement of account issued by the Issuer into my/our aforementioned account as per the details given below:																				
Tick Any One																				
<input type="checkbox"/>	All Folios as per My NSDL Consolidated Account Statement		CRN (to be filled by DP)																	
<input type="checkbox"/>	Folio Based Conversion		Sr. No	Mutual Fund / Alternative Investment Fund Name	Folio Number				CRN (to be filled by DP)											
<input type="checkbox"/>	ISIN Based Conversion		Sr. No	Folio Number	ISIN	Security Description	Fill Any One		CRN (to be filled by DP)											
							All Quantity	Specific Quantity												
							<input type="checkbox"/> ALL													
							<input type="checkbox"/> ALL													
							<input type="checkbox"/> ALL													
							<input type="checkbox"/> ALL													
Declaration: I/We hereby declare that the above mentioned units/folio are registered in my/our name and are not already dematerialised and no certificates have been issued against these units/ units held in these folios. I/We also hereby declare that the units requested by me/us for conversion into dematerialised form are free from any lien or charge or encumbrance and represent the bonafide units of the Issuer to the best of my/our knowledge and belief.																				
Signature(s)					Sole/First Holder					Second Holder					Third Holder					

