

**EXTRACTS OF THE MINUTES OF THE 84<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF NATIONAL SECURITIES DEPOSITORY LIMITED HELD ON WEDNESDAY, NOVEMBER 01, 2023 AT 12:27 P.M. AT BOARD ROOM, 5<sup>TH</sup> FLOOR, TRADE WORLD, 'A' WING, KAMALA MILLS COMPOUND, SENAPATI BAPAT MARG, LOWER PAREL, MUMBAI - 400013.**

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➤ **Circular resolutions passed through circulation since last Board Meeting:**

**Circular Resolution approved on October 18, 2023:**

**To revise the penalty actions for non-compliances by DPs for not converting eligible demat accounts into BSDA**

**“RESOLVED THAT the Board** be and is hereby approved the amendment to Business Rule 18.1.1 by inserting the new penalty head based on the recommendation of Regulatory Oversight Committee and accorded its consent for onward submission to SEBI.

**RESOLVED FURTHER THAT** the Managing Director & Chief Executive Officer, Executive Directors, Compliance Officer, Chief Regulatory Officer, and Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

➤ **Introduction of a new penalty head for provision to be made for non-compliances by Depository Participants (DPs) for non-submission of response within stipulated time for the surveillance alerts shared by depository**

The Board was informed that currently there was no specific penal provision against DPs for non-submission of responses for the surveillance alerts shared by depository within stipulated time in accordance with point no. 4 (d) of NSDL circular dated July 15, 2021 on Surveillance Obligations for DPs. As both the Depositories had adopted a uniform penalty structure for DPs, the proposed new penalty head was in-principle agreed to between both depositories.

The Board was then briefed on the following new penalty head and amount, introduction of new penalty head in Business Rule 18.1.1 and amendment to the provision of Chapter 18.1 of Business Rules of the Company.

Sr. No.	Nature of non-compliance	Proposed Penal Action (in ₹)/ Action
1.	DP has not submitted response for the surveillance alerts shared by depository within stipulated time.	₹200 per alert plus additional ₹500 for any delay per fortnight.  If total monetary penalty imposed under this head is more than or equal to ₹1,00,000/- during last consecutive six months, matter would be referred to Member Committee.

The Board, after deliberations, approved the introduction of new penalty, amendment in the business Rule 18.1.1 for incorporating the aforementioned penalty.

➤ **Amendment in Business Rules relating to the Investor grievance redressal timelines**

SEBI had amended the SEBI (Depositories & Participants) Regulations, 2018 and revised the timeline for resolution of Investor Grievance by Depositories, Depository Participants (DPs) and Registrar and Transfer Agents (RTAs) from 'thirty days' to 'twenty one' days. Further, the change in regulation 7(g) related to Depository were noted whereas with respect to changes in regulation 72 for Issuer/RTA, the same was being examined and proposed amendments shall be made separately.

In view of aforesaid amendment, it was proposed to amend the Clause 29 of Rule 18.1.1 and Clause 24 of Business Rules related to DPs.

The Board, after deliberations, approved the amendment to Clause 29 of Rule 18.1.1 and Clause 24 of Business Rules related to DPs.

➤ **Amendments to existing NSDL Bye Law 13 and 14 and NSDL Business Rule 19 pursuant to said SEBI Master Circular dated July 31, 2023**

The Board was apprised that SEBI introduced ODR mechanism for resolution of complaints/ disputes between investors/ clients and listed companies (including their registrar and share transfer agents) or any of the specified intermediaries / regulated entities in securities market. To give effect to this, it was necessary to amend the Bye-laws 13 and 14 and the Business Rule 19.

The Board approved the amendments by replacing existing Bye Law 13 and 14 with new Bye Law 13 and existing Business Rule 19 with new Business Rule 19.