

# NSDL Update

## July 2023

### News

## 1. Amendments to NSDL Bye-Laws and Business Rules regarding penalties on Issuers and RTAs

NSDL has amended its Bye-Laws and Business Rules regarding penalties on Issuers and RTAs w.r.t imposition of penalties as prescribed in Bye-Law 11.8 and Chapter 18.2 of NSDL Business with immediate effect.

Reference: Circular No. [NSDL/POLICY/2023/0084](#) dated July 10, 2023 available on [NSDL website](#).

## 2. Implementation of circular on upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)

1) SEBI has specified the framework for upstreaming of clients' funds by SBs/CMs to CCs, which inter-alia states the following:

*"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)."*

2) In view of the representations received from various stakeholders viz. MIs, stock brokers, and associations, while the SBs/CMs shall adhere to the basic requirement of upstreaming of clients' funds to CCs, as stated in clause 1 above, the provisions of the circular stand modified as under:

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Performance Summary	
Particulars	As on June 30, 2023
Investor Accounts	3,23,42,936
Participants	284
Participant service centres	59,682
Demat Custody	₹ 337.39 Lakh Crore
Settlement Value	₹ 5.67 Lakh Crore
Companies available for demat	41,855
Number of Instruments	
Certificates of Deposit	327
Commercial Paper	1,778
Debentures/Bonds	21,513
Securitized Instruments	3,908

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2.1.Clause 3.C.V of the circular may be read as follows:

*"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."*

2.2.Clause 3.A.I.d of the circular may be read as follows:

*"The tenor of such FDRs shall not be more than one year and one day; and the FDRs should be pre-terminable on demand."*

2.3. It is clarified that existing FDRs (created out of clients' funds and having tenor of more than one-year) created prior to issuance of the circular shall be allowed to be grandfathered till maturity. Such FDRs at the time of renewal shall meet the conditions specified at clause 3.A.I of the circular.

2.4.The provisions of the circular stated at clause 3.C.II, 3.C.III, 3.C.V, 3.C.IX, 3.C.XI shall come into effect from September 01, 2023.

Reference : Circular No. [NSDL/POLICY/2023/0083](#) dated July 06, 2023 available on [NSDL website](#).

### **3. Changes in file format in respect of Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)**

NSDL has provided a facility in INVESTOR portal to upload margin pledge instructions file to initiate a margin pledge of MFOS Unit(s) from TM/CM's 'Client Nodal MFO Account' in favour of 'TM – Client Securities Margin Pledge Account' or 'TM/CM – Client Securities Margin Pledge Account' and view the uploaded instruction file status.

In this regard, the changes in following file format in respect of the back-office interface with SPEEDe systems is prescribed in Annexure A of this circular.

- Margin Pledge transaction data upload (INVESTOR portal)

Participants are advised to make necessary changes in their back-office system and inform their TMs/CMs to ensure that only subscription/redemption transactions of MFOS units shall take place in "Client Nodal MFOS Account" as per guidelines issued by SEBI.

Reference : Circular Nos. [NSDL/POLICY/2023/0080](#) and [NSDL/POLICY/2023/0081](#) dated June 30, 2023 available on [NSDL website](#).

### News

#### 4. Suspension of demat accounts in case of non-compliance with PAN Linking with Aadhaar

1) As a mandatory update of certain attributes of KYC of clients, it was mentioned that *"In case PAN is not seeded with Aadhaar before June 30, 2023, it will not be considered as a valid PAN"*.

2) Accordingly, NSDL has suspended the non-compliant demat accounts on July 8, 2023, considering the data available in the DPM as on July 06, 2023 (where PAN flag is updated as 'A' i.e., 'PAN verified and not seeded with Aadhaar' for sole or any joint account holder). No action w.r.t. suspension of non-compliant demat account is required to be taken by the Participants at their end for such non-compliant demat accounts. List of non-compliant demat accounts is being made available on NSDL iAssist portal periodically with file name as 'List of accounts where PAN is not linked with Aadhaar' to Participants for their review and taking up with concerned clients.

#### Procedure for removal of suspension of demat accounts is as under:

3) If any demat account holder approaches Participant for removal of suspension later, then Participant is required to verify that PAN is indeed linked with Aadhaar for sole / all the eligible joint holders as per procedure specified by NSDL.

4) After verification, Participant may update the PAN flag in the concerned demat account and remove suspension of demat account at Participants end. Such update in PAN flag in demat account may be undertaken by Participant suo-moto also after necessary verification.

While opening new demat accounts after June 30, 2023, Participants are advised to ensure that PAN provided by the applicant is verified and is linked with Aadhaar in respect of all eligible persons.

Reference : Circular No. [NSDL/POLICY/2023/0079](#) dated June 30, 2023 available on [NSDL website](#).

#### 5. Trading supported by Blocked Amount in Secondary Market

- SEBI has decided to introduce a supplementary process for trading in secondary market based on blocked funds in investor's bank account, instead of transferring them upfront to the trading member, thereby providing enhanced protection of cash collateral. The said facility shall be provided by integrating Reserve Bank of India (RBI) approved Unified Payments Interface (UPI) mandate service of single-block-and-multiple-debits with the secondary market trading and settlement process and hereinafter referred as 'UPI block facility'.
- Under the proposed framework, funds shall remain in the account of client but will be blocked in favour of the clearing corporation ('CC') till the expiry date of the block mandate or till block is released by the CC, or debit of the block towards obligations arising out of the trading activity of the client, whichever is earlier. Further, settlement for funds and securities will be done by the CC without the need for handling of client funds and securities by the member.
- Further, while a UPI block upon creation shall be considered towards collateral, the same shall also be available for settlement purposes. For the clients who prefer to block lump sum amount, their block can be debited multiple times, subject to available balance, for settlement obligations across days.

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**Reference :** Further details is mentioned in circular No. [NSDL/POLICY/2023/0074](#) dated June 27, 2023 available on [NSDL website](#).

#### 6. Issuance of units of AIFs in dematerialised form

a) As per SEBI (Alternative Investment Funds) Regulations, 2012 which has been amended, in terms of Regulation 10(aa) of AIF Regulations, AIFs shall issue units in dematerialised form subject to the conditions specified by SEBI from time to time.

b) In this regard, the following is specified:

- All schemes of AIFs shall dematerialise their units in the following time frame:

Particulars	Schemes of AIFs with corpus $\geq$ Rs 500 Crore	Schemes of AIFs with corpus < Rs 500 Crore
<b>Dematerialisation of all the units issued</b>	Latest by October 31, 2023	Latest by April 30, 2024
<b>Issuance of units only in dematerialised form</b>	November 01, 2023 onwards	May 01, 2024 onwards

- The requirement of dematerialisation of units of AIFs as specified above, shall not be applicable for schemes whose tenure (excluding permissible extensions in tenure) ends on or before April 30, 2024.
- The terms of transfer of units of AIF held by an investor in dematerialized form shall continue to be governed by the terms of private placement memorandum ('PPM'), agreements entered between the AIF and the investors and any other fund documents.

**Reference :** Further details is mentioned in Circular No. [NSDL/POLICY/2023/0072](#) dated June 22, 2023 available on [NSDL website](#).

### Key Information for Investors

#### Investor Grievance Redressal Mechanism

1. SEBI Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System (SCORES) platform dated November 7, 2022. Investors can access the master circular with the below link.

[SEBI | Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System \(SCORES\) platform](#)

2. We encourage investors to Read 'Investor Charter' at [https://nsdl.co.in/publications/investor\\_charter.php](https://nsdl.co.in/publications/investor_charter.php)

3. **Online web-based complaints redressal system** of NSDL can be accessed via link <https://nsdl.co.in/nsdlnews/investors.php> (Post your complaints/queries to NSDL)

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#### 4. SEBI Circular on Comprehensive guidelines for Investor Protection Fund and Investor Services Fund

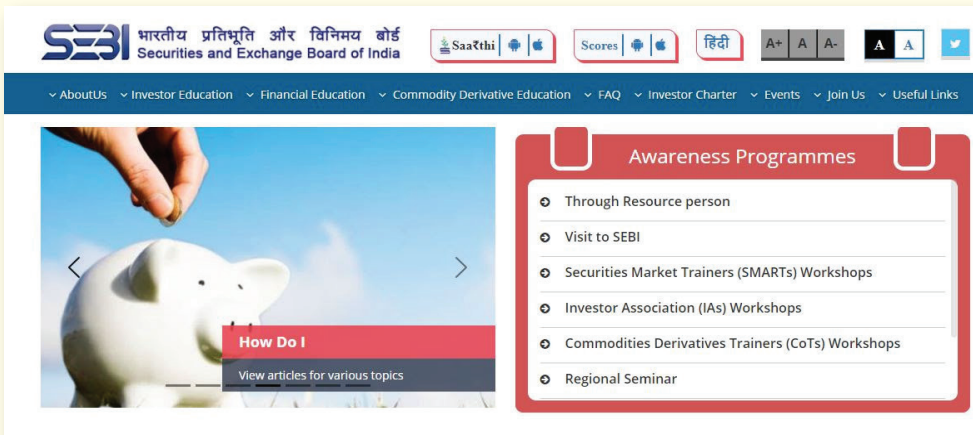
SEBI has issued revised Comprehensive guidelines for Investor Protection Fund and Investor Services Fund at Stock Exchanges and Depositories vide its Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81 dated May 30, 2023.

5. Lodge your complaint with SEBI at [www.scores.gov.in/](http://www.scores.gov.in/) or SEBI Mobile App - SCORES

- **SEBI Toll free helpline** - 18002667575 / 1800227575
- **NSDL helpline** - 022-48867000 / 022-24997000
- **NSDL email for grievance** - [relations@nsdl.com](mailto:relations@nsdl.com)
- **NSDL email for other information** - [info@nsdl.com](mailto:info@nsdl.com)

For more information, Investors may refer the SEBI Circular in the following link:  
[https://www.sebi.gov.in/legal/circulars/may-2023/comprehensive-guidelines-for-investor-protection-fund-and-investor-services-fund-at-stock-exchanges-and-depositories\\_71925.html](https://www.sebi.gov.in/legal/circulars/may-2023/comprehensive-guidelines-for-investor-protection-fund-and-investor-services-fund-at-stock-exchanges-and-depositories_71925.html)

6. Visit the SEBI investor website at <https://investor.sebi.gov.in/>



For Securities admitted for dematerialisation during June 2023,  
visit [https://nsdl.co.in/securities\\_admitted\\_for\\_dematerialisation.php](https://nsdl.co.in/securities_admitted_for_dematerialisation.php)

For List of Companies which changed Name during June 2023,  
visit <https://nsdl.co.in/list-comchange.php>

### Forthcoming Compliance

Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By the 10 <sup>th</sup> of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Compliance Certificate (half yearly)	July 31	Through e-PASS	Circular No. NSDL/POLICY/2020/0152 dated November 19, 2020

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### Performance Summary

Investors	
Month - Year	No. of Accounts (Lakh)
June - 2021	225.09
June - 2022	280.02
June - 2023	323.42

Participants			
Month-Year	No. of Participants	Service Centres	Cities/Towns
June - 2021	278	36,113	1,984
June - 2022	277	57,140	2,035
June - 2023	284	59,682	2,039

Dematerialisation		
Month - Year	No. of Dematerialised Securities (Crore)	Value of Dematerialised Securities (₹ Crore)
June - 2021	2,59,395	2,67,41,904
June - 2022	2,90,646	2,85,16,153
June - 2023	3,32,867	3,37,39,255

Settlement		
Month - Year	Quantity of Shares settled in Dematerialized Form (Crore)	Value of Shares settled in Dematerialized Form (₹ Crore)
June - 2021	2,288	4,51,980
June - 2022	1,223	3,86,925
June - 2023	1,687	5,67,977

### Companies

Equity	
Month - Year	No. of Companies Operational
June - 2021	34,888
June - 2022	38,464
June - 2023	41,855

Debentures/Bonds			
Month - Year	No. of Issuers	No. of active instruments	Demat Value (₹ Crore)
June - 2021	3,265	18,527	37,54,834
June - 2022	3,591	19,512	38,57,094
June - 2023	3,905	21,513	42,64,341

Securitised Instruments			
Month - Year	No. of Issuers	No. of active instruments	Demat Value (₹ Crore)
June - 2021	2,831	3,490	2,96,075
June - 2022	2,906	3,565	3,14,747
June - 2023	3,117	3,908	3,36,640

Commercial Paper			
Month - Year	No. of Issuers	No. of active instruments	Demat Value (₹ Crore)
June - 2021	318	1,595	5,02,080
June - 2022	288	1,592	4,53,531
June - 2023	274	1,778	4,69,997

Certificates of Deposit			
Month - Year	No. of Issuers	No. of active instruments	Demat Value (₹ Crore)
June - 2021	24	145	86,555
June - 2022	27	243	2,50,545
June - 2023	34	327	3,75,068



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### Corporate Action Statistics - June 2023

Sr. No.	Description	During June 2023		For F.Y. 2023 - 24 (Upto June 2023)	
		No. of Allottees	No. of Securities	No. of Allottees	No. of Securities
1	Equity Shares	6,50,867	19,03,48,83,620	20,97,902	68,78,86,23,970
2	Preference Shares	129	1,42,82,29,696	14,718	10,41,92,47,400
3	Bonds	9,221	2,63,89,86,263	36,200	32,75,08,63,409
4	Commercial Papers	790	30,09,611	2,377	78,98,890
5	Certificates of Deposit	303	14,67,700	1,127	49,41,210
6	Securitized Instruments	152	20,92,84,59,244	403	64,31,33,94,472
7	Mutual Fund Units	4,07,928	30,51,41,104	13,01,456	1,61,05,99,232
8	Government Securities	1,188	1,31,24,135	32,287	6,14,33,273
9	Warrants	58	70,31,99,701	1,243	3,61,73,94,747
10	Mutual Fund Units (Trase)	1,18,971	70,10,97,899	3,53,476	3,29,56,75,966
11	Infrastructure Investment Trust	28	1,19,60,45,000	46	2,12,14,83,644
12	Alternative Investment Fund	3	3,70,075	3	3,70,075
13	Real Estate Investment Fund	0	0	10,365	1,69,49,36,705
14	Rights Entitlements	58,242	18,89,31,260	94,992	38,45,74,498
	<b>Total</b>	<b>12,47,880</b>	<b>47,14,29,45,308</b>	<b>39,46,595</b>	<b>1,89,07,14,40,491</b>

#### Update your email ID & income range in your demat account

Be a Surakshit, Samajhdar aur Atmanirbhar Niveshak



#### Update your email ID & income range in your demat account

Dear Investor,

If your demat account has been frozen due to non-update of email ID and income range, kindly update the details in **3 easy steps**

**Step 1** - Visit <https://eservices.nsdl.com/kyc-attributes/#/login>, Enter DP ID, Client ID & PAN. Submit OTP

**Step 2** - Update email ID / income range

**Step 3** - e-Sign



Scan to know the procedure



Or

• Download NSDL Speede Mobile App to update your email ID & income range



Play Store



App Store

Or

• Visit your Depository Participant (DP) to update email ID and income range

[www.nsdl.co.in](http://www.nsdl.co.in)

Follow us on:

#### Hurry!! Nominate Your Loved Ones in your demat account by September 30, 2023

Nominate Karo - Surakshit, Samajhdar, aur Atmanirbhar Niveshak Bano !



Hurry!! Last date is  
**30<sup>th</sup> September, 2023**

#### NOMINATE YOUR LOVED ONES TODAY!!

Opting-in/Opting-out of nomination is mandatory in your Demat Account to avoid your account becoming inactive



SCAN TO KNOW MORE



SCAN TO NOMINATE ONLINE\*

\*Applicable to single demat account holder (Resident Individual) who have not opted-in/opted-out for Nomination in their demat account.

[www.nsdl.co.in](http://www.nsdl.co.in)

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### Be Vigilant! Invest through a SEBI registered Intermediary

Do Not Fall Prey To Stock Tips, Hot Picks etc. Circulated on Twitter, Instagram, WhatsApp, Telegram, Unsolicited SMS, YouTube Channels etc.



*Be a Prudent Investor – Consult a SEBI Registered Investment Advisor and Do Your Own Homework Before Investing*

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