



CIRCULAR

CIR/MRD/DP/ 01/2014

January 07, 2014

To,

The Depositories,

Dear Sir / Madam,

Sub: Delivery Instruction Slip (DIS) Issuance and Processing

1. SEBI had earlier issued circular SEBI/MRD/Dep/Cir-03/2007 dated February 13, 2007 and SEBI/MRD/Dep/Cir-3/2008 dated February 28, 2008 on safeguards to address the concerns of the investors on transfer of securities in dematerialized mode.
2. In order to safeguard the interest of the investors, it has been decided to strengthen the supervisory and monitoring role of the depositories and their participants with respect to issuance and processing of Delivery Instruction Slips (DIS). The issue was examined by the Depository System Review Committee and based on their recommendations the depositories are advised to put in place the following measures:

Standardization of DIS

3. Depositories shall ensure that the DIS is standardized across all DPs in terms of:
 - a. Serial Numbering of Delivery Instruction Slips so as to enable system level checks by the depositories
 - b. Layout and size of DIS so as to facilitate scanning and easy retrievability of records.
4. The DIS must bear a pre-printed serial number, DP ID, and a pre-printed/pre-stamped Beneficial Owner (BO) ID. The depositories shall prescribe a standard method of serial numbering and ensure that serial numbers issued by a DP are unique within the DP-ID.
5. DPs shall ensure that:
 - a. same DIS shall not be used for giving both market and off-market instructions.
 - b. a single DIS shall not be used for transactions with multiple execution dates.



Monitoring of DIS

6. Upon issuance of DIS booklets or loose slips to BO, the DPs shall make available immediately the following details of the DIS to the depository system electronically:
 - a. the DIS serial number,
 - b. BO ID,
 - c. date of issuance, and
 - d. any other relevant detail as decided by the depository.
7. At the time of execution of DIS, DPs shall enter the serial number of DIS in the depository system for validation. The depositories shall make provisions in their systems to facilitate the same.
8. In respect of all the transfer instructions on a DIS, Depositories shall validate the serial number of DIS and shall ensure that no instructions accompanied by a used DIS or unissued DIS are processed.

Scanning of DIS

9. DPs shall scan every DIS executed during a day along with all Annexures/ Computer printouts, if any, by the end of the next working day in the manner specified by the depository.
10. The depositories shall ensure that their DPs have adequate infrastructure, systems and processes to implement scanning, storage and transfer of the scanned DIS in the manner specified by the depositories.
11. The depositories shall ensure that the systems set up by the DPs maintain proper records of all scanned DIS images including audit trails for changes made, if any and put in place adequate checks and procedures to prevent unauthorized changes to scanned DIS.
12. Depositories shall utilize the archived scanned images for off-site inspection.
13. Provisions of this circular shall not be applicable for the instructions received from the clients by the DPs electronically in a manner approved by the Depository.
14. The provisions of this circular shall come into effect six months from the date of issue. Once a new DIS booklet is issued to a BO as per provisions of this circular, old DIS issued to such a BO shall not be accepted by the DP. All DIS issued prior to this circular shall be phased out within a period of 2 years from the date of this circular. The measures listed above under the head 'Monitoring of DIS' shall be made applicable to the DIS issued as per the provisions of this circular.



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Securities and Exchange Board of India

15. The Depositories are advised to:-

- a) take necessary steps and put in place necessary systems for implementation of the above.
- b) make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary ;
- c) bring the provisions of this circular to the notice of their DPs and also to disseminate the same on their website; and
- d) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.

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

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