

1. Amended Rules 5.3, 12.1.4 (*Renumbered Rule*), 12.8.3, 14.3.1, 18.1.1 [Sr. No. I (1)], 18.1.1 [Sr. No. I (2)], 22.4 and deleted Rule 18.1.1 [Sr. No. I (9)].

### 5.3. FEES AND CHARGES

The Participant shall have the discretion to charge any fees to its Clients. Further, the Participant may charge different types of fees to its various Clients. In the event of the Client committing a default in the payment of any of the charges within a period of thirty days from the date of demand, without prejudice to the right of the Participant to close the account of the Client, the Participant may charge interest @ not more than 24% p.a. or such other rate as may be specified by the Executive Committee from time to time for the period of such default.

Provided further that the Participant shall file the charge structure every year, latest by 30th April, with the Depository and also inform the depository the changes in their charge structure as and when they are effected.

12.1.4 The Participant shall open/activate Client account of a beneficial owner in the Depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by SEBI from time to time and ~~When~~ when the application referred to above has been found to be valid and accepted by the Participant ~~and after the agreement specified under Annexure B of the Bye Laws has been signed~~, the Participant shall enter the data (on the application form) into the DPM (DP) and activate the Client account.

12.8.3 The Participant shall execute the request for closure into the DPM (DP) within 30 ~~7~~ days from the date of receipt of request for closure.

Provided that in case there are pending dematerialization requests or securities that cannot be transferred or rematerialized due to any restrictions such as lock-in securities or ISIN is frozen, the Participant shall execute the request for closure for the remaining securities, if any.

14.3.1 The Participant shall furnish a statement of accounts including transaction statement and holdings statement to every Client, who has opened an account with it, giving the details of the security-wise transactions and balances, in the accounts of the Clients. Such a statement shall be furnished to the Clients at monthly intervals and to the Clients opting for Basic Services Demat Account at quarterly intervals unless the Client and the Participant have agreed for provision of such statements at shorter intervals. ~~However, if there is no transaction in the account, then the Participant shall provide such statement to the Client on an annual basis.~~ A specimen of such statement is given in Annexure V.

Provided however, ~~if there is that in respect of accounts with no transaction in the account, or if the balance has become and Nil balance, during the year, the Participant shall send one such statement shall be sent to the Client in physical form statement of holding on an annually basis to such Clients and shall resume sending the transaction statement as and when there is a transaction in the account.~~

## 18.1

18.1.1. The Depository may impose a penalty on the Participant to the extent indicated for non compliance as described below:

Sr. No.	Nature of Non-compliance	Penal Action in ₹ / Action
I	<b>Operational deviations</b>	
1.	<del>Accounts operated with an unsigned agreement/</del> Account opened without obtaining adequate proof of identity or any other document - as prescribed under guidelines of NSDL/SEBI/PMLA/Account opened without obtaining adequate proof of address as prescribed under guidelines of NSDL/SEBI/PMLA or adequate proof of address not collected for change of address as prescribed under guidelines of NSDL/SEBI/PMLA. Record of in-person	₹ 2500 per account. If such deviation is observed in two consecutive inspections, penalty would be ₹.5000 per account. If such deviation is observed in three consecutive inspections, matter would be referred to Disciplinary Action Committee.

	verification not maintained as prescribed under guidelines of NSDL/SEBI/PMLA.	Depository to refer the matter to Disciplinary Action Committee if total penalty imposed in one inspection under this head exceeds ₹ 50000.
2.	Supplementary agreement executed or undertaking/letter obtained or any modification made in any document which has clauses contradictory to <u>SEBI/Depository prescribed guidelines agreement</u> —or Power of attorney executed in favour of Participant in contradiction to <u>SEBI/Depository prescribed guidelines</u> .	₹ 1000 per occasion.
9.	<del>Alterations in the contents of agreements as prescribed by Depository.</del>	<del>₹ 100 per occasion.</del>

22.4 The Participant shall close all zero balance Client accounts held with it after giving a notice in writing of not less than thirty days to the Beneficial Owner as well as to the Depository, ~~in accordance with of the 8 of the agreement entered between the Participant and Client.~~

## 2. New Rules 6.6, 12.1.3, 14.3.2, 14.3.3, 14.3.4 and Annexure X

6.6 The Participant shall have a right to provide such information related to the Client's account as may be requested by the National Securities Depository Limited from time to time.

12.1.3 Participant shall provide a copy of Rights and Obligations Document as specified at Annexure X to the Client and shall obtain an acknowledgement for the same. Participant may provide copy of Rights and Obligations Document to the Client in electronic form, if opted by the Client.

14.3.2 The Participant may provide statement of accounts including transaction statement and holdings statement to the Clients in electronic form, if opted by the Client. However, if Client is desirous of receiving such statements in physical form, Participant shall be duty bound to provide the same.

Provided that if a Participant does not have the facility of providing the such statements in the electronic mode, then the Participant shall be obliged to forward such statement in physical form.

14.3.3 For providing statement of accounts including transaction statement and holdings statement in electronic form, the Participant must ensure that:

- i. Such statement must be digitally signed in accordance with Information Technology Act, 2000.
- ii. Such statement is provided to the Client in physical form if the Participant is not able to provide such statement to its Clients by email or on website due to any reason (including bounced emails).
- iii. Such statement should be password protected if the Participant is providing the same through email.
- iv. If the Participant is providing such statement through website:
  - a) Implement Secure Socket Layer (SSL) security for Internet facility featuring site authentication, encrypted communication and appropriate Client authentication so as to restrict the access of such statement only to the Client.
  - b) Such statement should be made available on the website for a period of atleast 12 months.

14.3.4 Participant or Client can terminate such arrangement by giving 10 days prior notice.

## **Annexure X**

### **Rights and Obligations of the Beneficial Owner and Depository Participant**

#### **General Clause**

1. The Beneficial Owner and the Depository participant (DP) shall be bound by the provisions of the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996, Rules and Regulations of Securities and Exchange Board of India (SEBI), Circulars/Notifications/Guidelines issued there under, Bye Laws and Business Rules/Operating Instructions issued by the Depositories and relevant notifications of Government Authorities as may be in force from time to time.
2. The DP shall open/activate demat account of a beneficial owner in the depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by SEBI from time to time.

#### **Beneficial Owner information**

3. The DP shall maintain all the details of the beneficial owner(s) as mentioned in the account opening form, supporting documents submitted by them and/or any other information pertaining to the beneficial owner confidentially and shall not disclose the same to any person except as required by any statutory, legal or regulatory authority in this regard.
4. The Beneficial Owner shall immediately notify the DP in writing, if there is any change in details provided in the account opening form as submitted to the DP at the time of opening the demat account or furnished to the DP from time to time.

#### **Fees/Charges/Tariff**

5. The Beneficial Owner shall pay such charges to the DP for the purpose of holding and transfer of securities in dematerialized form and for availing depository services as may be agreed to from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP. It may be informed to the Beneficial Owner that "*no charges are payable for opening of demat accounts*"
6. In case of Basic Services Demat Accounts, the DP shall adhere to the charge structure as laid down under the relevant SEBI and/or Depository circulars/directions/notifications issued from time to time.

7. The DP shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Beneficial Owner regarding the same.

### **Dematerialization**

8. The Beneficial Owner shall have the right to get the securities, which have been admitted on the Depositories, dematerialized in the form and manner laid down under the Bye Laws, Business Rules and Operating Instructions of the depositories.

### **Separate Accounts**

9. The DP shall open separate accounts in the name of each of the beneficial owners and securities of each beneficial owner shall be segregated and shall not be mixed up with the securities of other beneficial owners and/or DP's own securities held in dematerialized form.
10. The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in demat account except in the form and manner prescribed in the Depositories Act, 1996, SEBI (Depositories and Participants) Regulations, 1996 and Bye-Laws/Operating Instructions/Business Rules of the Depositories.

### **Transfer of Securities**

11. The DP shall effect transfer to and from the demat accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.
12. The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his demat account and the DP shall act according to such instructions.

### **Statement of account**

13. The DP shall provide statements of accounts to the beneficial owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by SEBI/depository in this regard.

14. However, if there is no transaction in the demat account, or if the balance has become Nil during the year, the DP shall send one physical statement of holding annually to such BOs and shall resume sending the transaction statement as and when there is a transaction in the account.
15. The DP may provide the services of issuing the statement of demat accounts in an electronic mode if the Beneficial Owner so desires. The DP will furnish to the Beneficial Owner the statement of demat accounts under its digital signature, as governed under the Information Technology Act, 2000. However if the DP does not have the facility of providing the statement of demat account in the electronic mode, then the Participant shall be obliged to forward the statement of demat accounts in physical form.
16. In case of Basic Services Demat Accounts, the DP shall send the transaction statements as mandated by SEBI and/or Depository from time to time.

#### **Manner of Closure of Demat account**

17. 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. Similarly, the Beneficial Owner shall have the right to close his/her demat account held with the DP provided no charges are payable by him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances in their demat account should be transferred to another demat account of the Beneficial Owner held with another DP or to rematerialize the security balances held.
18. 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.

#### **Default in payment of charges**

19. In event of Beneficial Owner committing a default in the payment of any amount provided in Clause 5 & 6 within a period of thirty days from the date of demand, without prejudice to the right of the DP to close the demat account of the Beneficial Owner, the DP may charge interest at a rate as specified by the Depository from time to time for the period of such default.

20. In case the Beneficial Owner has failed to make the payment of any of the amounts as provided in Clause 5&6 specified above, the DP after giving two days notice to the Beneficial Owner shall have the right to stop processing of instructions of the Beneficial Owner till such time he makes the payment along with interest, if any.

### **Liability of the Depository**

21. As per Section 16 of Depositories Act, 1996,

1. Without prejudice to the provisions of any other law for the time being in force, any loss caused to the beneficial owner due to the negligence of the depository or the participant, the depository shall indemnify such beneficial owner.
2. Where the loss due to the negligence of the participant under Clause (1) above, is indemnified by the depository, the depository shall have the right to recover the same from such participant.

### **Freezing/ Defreezing of accounts**

22. The Beneficial Owner may exercise the right to freeze/defreeze his/her demat account maintained with the DP in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Business Rules/Operating Instructions.
23. The DP or the Depository shall have the right to freeze/defreeze the accounts of the Beneficial Owners on receipt of instructions received from any regulator or court or any statutory authority.

### **Redressal of Investor grievance**

24. The DP shall redress all grievances of the Beneficial Owner against the DP within a period of thirty days from the date of receipt of the complaint.

### **Authorized representative**

25. If the Beneficial Owner is a body corporate or a legal entity, it shall, along with the account opening form, furnish to the DP, a list of officials authorized by it, who shall represent and interact on its behalf with the Participant. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the Participant.



## **Law and Jurisdiction**

26. In addition to the specific rights set out in this document, the DP and the Beneficial owner shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Rules, Bye Laws and Regulations of the respective Depository in which the demat account is opened and circulars/notices issued there under or Rules and Regulations of SEBI.
  27. The provisions of this document shall always be subject to Government notification, any rules, regulations, guidelines and circulars/ notices issued by SEBI and Rules, Regulations and Bye-laws of the relevant Depository, where the Beneficial Owner maintains his/ her account, that may be in force from time to time.
  28. The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of the depository and that such procedure shall be applicable to any disputes between the DP and the Beneficial Owner.
  29. Words and expressions which are used in this document but which are not defined herein shall unless the context otherwise requires, have the same meanings as assigned thereto in the Rules, Bye-laws and Regulations and circulars/notices issued there under by the depository and /or SEBI.
  30. Any changes in the rights and obligations which are specified by SEBI/Depositories shall also be brought to the notice of the clients at once.
  31. If the rights and obligations of the parties hereto are altered by virtue of change in Rules and regulations of SEBI or Bye-laws, Rules and Regulations of the relevant Depository, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.
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