

Enhancements in respect of Dematerialisation of Physical Securities in DPM system

SEBI has vide its Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 5, 2019 issued directions regarding Enhanced Due Diligence for Dematerialization of Physical Securities advising listed companies or their RTA to provide data of their members holding shares in physical mode (Static database) to the Depositories. Further, Depositories are advised to capture the relevant details from the static database and put in place systems to validate dematerialization request and generate an alert in case of mismatch of name on the share certificate(s) as provided by the Issuer/RTA vis-à-vis name of the demat account holder.

Participants attention is also invited to NSDL circular no. NSDL/POLICY/2015/0056 dated June 12, 2015 regarding SEBI circular no. CIR/MRD/DP/10/2015 dated June 5, 2015 regarding database of distinctive numbers of shares.

In order to implement aforesaid SEBI directions, eDPM system has been enhanced in respect of 'Dematerialisation of Securities' screen under 'Demat / Remat' module.

1. Dematerialisation of Securities' Screen of Demat /Remat module:

- a) The following fields are made mandatory for capturing the demat request as exhibited below:
- i) Folio No
 - ii) Certificate No
 - iii) Quantity
 - iv) DNR Details – From and To

The screenshot displays the 'Dematerialisation of Securities' interface. At the top, there are navigation tabs: Client Maintenance, Demat/ Remat, Settlement, Pledge/ Hypothecation, Hold On Securities, System Security, Upload/Download, and CC Interface. Below the tabs, the title 'Dematerialisation of Securities' is shown with a 'Signature' link. A search bar and a 'New' button are present. A note states '*Indicates mandatory fields.' The form is divided into several sections:

- Client Details:** Includes fields for Client ID (mandatory), Second Holder, and Third Holder.
- ISIN Details:** Includes fields for ISIN (mandatory), Internal Ref No, and Document Received Date (mandatory).
- Quantity:** Includes a field for Requested (mandatory).
- Certificate Details:** A table with columns for Folio No, Certificate No, and Quantity. This section is highlighted with a red border.
- DNR Details:** A table with columns for From and To. This section is also highlighted with a red border.

- b) Participant shall have the facility to capture multiple certificate numbers/ Distinctive Number (DN) ranges/ folio number details under one demat request.

- c) Participant may capture maximum 20 DN Ranges for single Certificate Detail i.e., Folio number and certificate number.
- d) Participant shall capture proper and unique DN ranges while generating the demat request. The system will not allow duplicate and overlapping DN ranges e.g. one row with DN range 'From 1 To 50' and other row with DN range 'From 30 to 50' will not be allowed as these DN details are considered as duplicate / overlapping.
- e) The sum of total DN ranges under 'DNR Details' should match with Quantity mentioned under the field "Quantity" available under "Certificate Details". In case of mismatch in quantity, an error viz., **"DNR quantity does not match with Certificate Quantity for Certificate No. <<Certificate No>>"** as exhibited below will be displayed.

Certificate Details			DNR Details	
Folio No	Certificate No	Quantity	From	To
Folio No_01	Certificate No_01	10	1	100

* Requested : 10

DNR quantity does not match with Certificate Quantity for Certificate No Certificate No_01

- f) The certificate wise total **Quantity** under "Certificate Details" should match with the quantity captured in field viz., "Requested" Quantity of the demat request. In case of mismatch, an error viz., **"Certificate Quantity Total not equal to Requested Quantity"** as exhibited below will be displayed.

Certificate Details			DNR Details	
Folio No	Certificate No	Quantity	From	To
hfgd35345	gdgd34534	10	81	90

* Requested : 90

Certificate Quantity Total not equal to Requested Quantity.

- g) After clicking "Save" button, for generating the Demat request, distinctive numbers (DN) captured will be validated
- h)
- If the DN range is not present in the DN database, the demat request will be rejected citing the error viz., **"Range does not exist for this ISIN"**.
 - DN range is present in DN database but is not present in the Static Database, an alert message viz., **"Physical data not found for this ISIN"** will be displayed

- i) If Participant is not able to process the demat request for the reasons mentioned above, Participant shall inform the accountholder suitably to enable the accountholder to approach Issuer/RTA for further action.
- j) If DN range as captured in the demat request is present in DN database as well as in the Static Database, then the depository system, based on these DN details, shall retrieve the name of the shareholder(s) as available in the Static Database (as provided by Issuer/RTA), and shall validate with the name of the demat account holder(s).
- k) If the name of the demat account holder(s) exactly matches with the name of shareholder(s) from Static Database (as provided by Issuer / RTA), the demat request will be submitted successfully and the status of demat request will be updated as '**Captured**' (as exhibited below).

Client Maintenance	Demat/ Remat	Settlement	Pledge/ Hypothecation	Hold On Securities	System Security	Upload/Download	GC Interface
Dematerialisation of Securities							
							Signature
Search New							
New							
*Indicates mandatory fields.							
Instruction Details							
BP Instruction ID :	20000000024208	DM Order Number :	NA	Generation Date :	12/02/2020	Status :	Captured
Client Details							
* Client ID :	10014597	First Holder Name		Third Holder :		THIRD HOLDER DETAIL	
Second Holder :	SECOND HOLDER DETA						
ISIN Details				Internal Ref No :			
* ISIN :	INE206B01013	ZODIAC CLOTHING EQ		* Document Received Date :		12/ 02/ 2020	
Quantity							
* Requested :	100						
Certificate Details				DNR Details			
	Folio No	Certificate No	Quantity	From	To		
<input checked="" type="radio"/>	4535W3	234434	100	50551	50630		

- l) If the demat account holder name(s) is not matching with the shareholder(s) name in Static database (as provided by Issuer/RTA), an alert message viz., "**Name mismatch found in Holder's Name**" will be displayed and the status of demat request will be updated as '**Captured**'.

The screenshot displays the 'Dematerialisation of Securities' interface. A modal window titled 'Message from webpage' is open, showing a warning icon and the text 'Name mismatch found in Holder's Name'. The background form includes fields for Instruction Details (BP Instruction ID: 2000000024184, DM Order Number: NA, Generation Date: 12/02/2020, Status: Captured), Client Details (Client ID: 10014597, First Holder Name, Second Holder: SECOND HOLDER DETA, THIRD HOLDER DETA), ISIN Details (ISIN: INE206B01013, ZODIAC CLOTHING), and Quantity (Requested: 100). At the bottom, there are tables for Certificate Details and DNR Details.

- m) Once the checker user Verify Release the demat request the order status will be updated as **'Pending with Issuer/RTA'** (as exhibited below). The Checker user will not be allowed to do any modification in respect of details captured by maker user. The checker user will be allowed to Cancel or Verify Release the request.

The screenshot shows the 'Dematerialisation of Securities' interface with the status updated to 'Pending with Issuer/RTA'. The form includes fields for Instruction Details (BP Instruction ID: 2000000024178, DM Order Number: 9007811745, Generation Date: 12/02/2020, Status: Pending with Issuer/RTA), Client Details (Client ID: 10014597, Client Name: First Holder Name, Second Holder: SECOND HOLDER DETA, Third Holder: THIRD HOLDER DETAILS), ISIN Details (ISIN: INE10AR01BMS, ISIN Name: HDFC new123 B87, Internal Ref No., Document Received Date: 12/02/2020), and Locked-In Details (Requested: 100.000, Pending: 100.000, Accepted: 0.000, Rejected: 0.000, Reason/Purpose: NA, Release Date: NA). At the bottom, there are tables for Certificate Details and DNR Details.

- n) The aforesaid screen based checks and validations will also be applicable for file upload mechanism. The upload of transaction file in respect of Demat instruction (i.e. Transaction Type: 901) will be **discontinued** from 'E-DPM Upload' link under 'Uploads & Downloads' menu and transaction file pertaining to Demat instruction shall be mandatorily uploaded from separate link i.e. **'Demat Instruction Upload'** which is made available under 'Uploads & Downloads' menu of eDPM system.

2. Shareholder Name Mismatch Report on eDPM system:

A separate report is being made available providing the list of demat requests where name of demat account holder and name of the shareholder from Static Database (as provided by Issuer/RTA) were not exactly matched. The aforesaid report is made available (in .csv format) on eDPM system under the link Uploads / Downloads → Status Response → Download with Transaction type as "Shareholder Name Mismatch". In case

of such demat requests, Participant are advised to obtain any of the following additional documents explaining the difference in name and forward the same alongwith the demat request to Issuer/RTA for further processing.

Sr. No.	Type of document
1	Copy of Gazette Notification regarding change in name
2	Copy of legally recognized marriage certificate
3	Copy of Aadhaar Card
4	Copy of Passport

Back-office impact: Yes. Same Informed to Participants vide NSDL circular no. NSDL/POLICY/2020/0007 dated January 20, 2020.