

Terms and Conditions

- A.** Interested TMs will be allowed to participate in bidding process for the acquisition of all the registered trading accounts of **M/s Karvy Stock Broking Limited (Karvy)** across the concerned Exchanges i.e. NSE, BSE and MSEIL. Such TMs should be registered with all the respective Exchanges. A single bid application shall be filed for the trading accounts across all Exchanges.
- B.** In case of CDSL, the interested DPs bidding for CDSL Demat accounts should be a registered DP of CDSL and in case of NSDL, the interested DP shall be a registered DP of NSDL or shall become the DP of NSDL before the transfer of business. The interested DP can bid for demat accounts of both the depositories provided that the bids for the demat accounts for each depository shall be quoted & submitted separately.
- C.** A reserve Price of ₹ 100 per demat account has been set for the demat accounts. There will be no reserve price for trading accounts.
- D.** The bidders including the shortlisted bidder shall not at any point of time have any claim against any of the participating MIs.

E. Eligibility Criteria

Following criteria should be met by a TM/DP to participate in the bidding process:

- a. TMs bidding for trading accounts should have a certified net worth of at least Rs. 10 Cr as on September 30, 2020 as per LC Gupta methodology.
- b. DPs bidding for the Demat accounts should have a certified net worth of at least Rs.10 Cr as per last audited financial statements as on 31st March 2020.
- c. Interested TMs bidding for the trading accounts should be a Member of all Stock Exchanges – NSE, BSE and MSEIL and should have at least 2 lacs registered trading accounts (unique PAN) registered with them across all the said Exchanges.
- d. The DP interested in acquiring the demat accounts should have the following number of existing demat accounts to be eligible for participation:

Depository	Number of existing demat accounts
CDSL	One lakh
NSDL	One Lakh

- e. Interested TM should have a nationwide presence with a minimum of 50 branches or offices across India in all the major cities and in at least 20 states of India.

F. Procedure for submission

- a. The applicant shall submit the RFQ form as given in **Annexure-A**, physically signed /digitally signed / e-signed to bidning@nse.co.in. The RFQ will be password protected. No physical bid forms shall be accepted.
- b. The Bid period shall remain open for a period of **5 working days i.e. till Feb 12, 2021**. No bids shall be accepted after this.
- c. The applicant shall separately submit the password through an email to bidning@nse.co.in **after bid-closing-date and time**.

G. Evaluation & selection procedure

- a. The application received shall be evaluated by a joint committee of the MIs in terms of the eligibility and the quote provided. The selected applicant shall be intimated within **2 working days** from the date of shortlisting by the joint committee.
- b. Upon receipt of the communication, the selected applicant will have to deposit the entire bid amount within **2 working days** to the bank account designated for this purpose.
- c. Upon selection, the selected applicant shall be required to submit the following documents:
 - i. An undertaking w.r.t. the fit & proper compliance and adherence to Bye-laws, Rules, Regulations.
 - ii. Board Resolution regarding the acquisition of trading /demat accounts.
- d. Once deposited, the bid amount shall not be refunded and shall be irrespective of the accounts actually transferred.

H. Transfer process

Upon acceptance of bids and selection of the successful bidders for both Trading and Demat accounts and receipt of the entire bid amount, Exchanges and the Depositories shall proceed to transfer the UCC codes and demat accounts respectively to the respective successful bidders.

a. Shifting of UCC

All the UCC codes registered under Karvy across all the Exchanges shall be transferred by the respective Exchange to the successful bidder. Client codes with same PAN number already in existence with the successful bidder, will not be transferred. Upon shifting of the UCCs, necessary intimation through email and SMS shall be sent to the clients. Exchanges shall facilitate by giving necessary directions to hand over the KYC forms of the clients so transferred to the successful bidder. No fresh KYC shall be required to be done by the successful bidder. However, it will have to execute other necessary documentation such as Tariff sheet etc.

b. Shifting of demat accounts

All transferable accounts irrespective of balances will be considered for shifting to a 'Selected DP'. Shifting or transfer of a demat account from Karvy DP to the other DP shall be executed in the manner stipulated by the Depositories in this regard.

- i. All **non-transferable** accounts irrespective of balances will NOT be considered for shifting to a 'Selected DP'. This includes BOs for which request for 'Account Transfer' is received by a Depository till nomination notice of 15 days will not be transferred to a 'Selected DP'
- ii. All non-transferable accounts having balances will continue to be managed by the terminated DP or will be managed as per the 'Depository Omnibus System / Depository Managed DP' process.
- iii. Once the DP is selected, 15 days 'Nomination Notice' will be given to the BOs mentioning the following;
 1. BOs not intending to get their accounts shifted to a 'Selected DP' will be required to contact respective Depository to get their accounts transferred to identical demat account with any other DP of their choice, under the Depository Omnibus system / Depository Managed DP process or by the Terminated DP.
 2. If the BOs have not approached respective Depositories till completion of 15 days nomination notice, then the same shall be deemed to be an election by the client to be a client of a 'Selected DP' and corresponding new account will be opened at a 'Selected DP' and the said new account will be 'Frozen for Debit' under the reason code 'Assignment – DP Closure'.
 3. If the BOs have already given request under the Depository Omnibus System / Depository Managed DP process to transfer their accounts to identical demat account maintained with another DP (as mentioned above point) will be **excluded** from their account being transferred to a 'Selected DP'.
 4. If new accounts are opened at 'Selected DP' corresponding to the accounts of the terminated DP for which account closure request was received from the BO of the terminated DP, then the 'Selected DP' will be informed to close such accounts.
 5. On next business day of completion of the 15 days nomination notice their securities balances from the accounts of the terminated DP will be transferred to the corresponding new demat account opened with the 'Selected DP'.
- iv. Selected DP will be asked to send Client Master Report to the transferred demat account holders informing them about the client details as available in the depository system, Tariff sheet applicable to the client of the Selected DP and the status of account which is 'Frozen for Debit'. Terminated DP will have to hand over all BO's KYC and account opening forms to the

selected DP. Client will have to submit account activation request including acceptance of tariff either offline to any branch office of a selected DP or online through the website of the DP to activate the account.

- v. Further, a selected DP will also intimate BOs that if BOs do not wish to continue with a selected DP and if they have balance in the account, they will have to submit proper KYC documents to a 'Selected DP' for activating the account (if not KYC compliant) and then submit documents for closure of account.
- vi. In case of Nil holdings account, if BOs do not wish to continue demat account with 'Selected DP' the BOs can close their demat account by either sending hard copy of account closure request letter to 'Selected DP' or by sending them an email from their registered Email ID or by sending a letter with digital sign or e-sign.
- vii. The BOs will have to submit the account activation request including acceptance of tariff to a 'Selected DP' for activating the account. After activation of the account, a 'Selected DP' will send a welcome kit along with DIS booklet and Rights and Obligations document.
- viii. All accounts opened at 'Selected DP' will be subject to concurrent audit at the time of unfreeze (i.e. At the time of unfreeze either the Terminated DP provided Account opening form & KYC documents to the selected DP or request for account activation in the specified format received from the client will be subject to concurrent audit. In case account is activated on the account activation request received from the client, requirement of concurrent audit for Account opening form & KYC remains for selected DP). The selected DP arranges to obtain the KYC documents of the client from the KRA system or from the terminated DP and is satisfied with the same, the selected DP will not require the clients to undergo KYC once again.
- ix. The selected DP will have time of 6 months to verify the KYC and account opening form received from the terminated DP. It can activate the accounts on receipt of account activation requests. Subsequently, if after verification of KYC / account opening form, if any deficiency is found in the forms / documents, selected DP can suspend the account till deficiency is removed. Selected DP is required to submit compliance report confirming that it has reviewed the KYC / account opening form received from the terminated DP and it is satisfied with the same, within 15 days after 6 months from the date of transfer, to the respective depository.
- x. The successful bidder will not have any right to collect any outstanding demat dues from the demat account holders of terminated DP.

I. Utilization of the Bid Amount

The funds raised from the bidding shall be utilized for settlement of claims of investor of Karvy, after recovering the outstanding dues of MIs, if any.