

## **Features in respect of processing of eDIS instructions based on matching with eDIS mandate and client level obligation data received from Clearing Corporations**

SEBI has vide its Letter no. SEBI/HO/MRD2/DDAP/OW/P/2021/1632/1 dated January 20, 2021 issued the guidelines to depositories regarding Acceptance of Delivery Instruction through Online Portal of Intermediaries. In the aforesaid letter, at point no. 3 (b)(iv) it is stated that, *“Prior to executing actual transfer of securities based on details provided by intermediary, Depositories need to match and confirm the same with mandate provided by client as well as client-wise net delivery obligation arising from the trades executed on exchanges, as provided by Clearing Corporation to Depositories for each settlement date.”*

In this regard, the system enhancements in respect of processing of eDIS instructions based on eDIS mandate provided by client on Demat Gateway and client-wise net delivery obligation data received from Clearing Corporations are mentioned below :

### **A. Changes in Demat Gateway system i.e. eDIS Mandate:**

In order to match eDIS instruction with eDIS mandate and client-wise net delivery obligation, the following fields are added to eDIS mandate requests.

- Unique Client Code (UCC)
- Trading Member (TM) ID
- Exchange Code

### **B. Changes in respect of Account Transfer / Inter Depository Transfer (IDT) instruction on eDPM system:**

- i. As Participants are aware that currently, NSDL is validating details mentioned in eDIS mandate submitted through Demat Gateway with details of Account Transfer instructions with eDIS type as “07”. Further, new validations shall be incorporated in respect of matching of details of eDIS based instruction with obligation details provided by Clearing Corporation (CC) to NSDL.
- ii. As communicated vide NSDL Circular no. NSDL/POLICY/2021/0031 dated April 02, 2021, the Early Pay-in (EPI) flag is added in Account Transfer and Inter Depository Transfer (IDT) instructions in respect of eDIS mandates provided on Demat Gateway as mentioned below :

A. **Back-office Interface** : Early Pay-in Flag for eDIS EPI Benefit when DIS Type = 07 i.e. Demat Gateway :

- i. **Y or Space**: Initiate Early Pay In (without making any changes in file upload mechanism, Participants can execute eDIS instruction for getting EPI benefit by providing space or ‘Y’ value under Early Pay-in flag)
- ii. **N**: Do not initiate Early Pay In (Participants shall specifically provide Early Pay-in flag value as ‘N’ if they do not wish to get EPI benefit for particular client).

B. **Interactive/manual mode of instruction execution**: On Account Transfer / IDT screen in respect of eDPM system, Early Pay-in (EPI) flag is available at instruction level. The existing behavior of EPI flag will remain unchanged i.e. the flag will be by default shown as Unticked. If Participant wishes to avail EPI benefit, then user has to enable the EPI flag. If EPI flag is not enabled, then instruction submitted will not be considered for EPI benefit.

**C. Matching of eDIS based instructions with CC obligation:**

- i. As per the aforesaid SEBI letter, Depositories need to match details of eDIS instruction with client-wise net delivery obligation details arising from the trades executed on exchanges, as provided by Clearing Corporations (CCs) to Depositories for each settlement date.
- ii. CC will upload the client-wise net delivery obligation on the Trade day.
- iii. CCs will provide obligation details to NSDL as per agreed process, file formats and timelines. CCs will provide segment wise (for agreed set of Market Types under one segment) separate obligation files to NSDL.
- iv. The additional details viz., UCC, TM ID and Exchange ID received in eDIS mandate request will be used to match the eDIS instruction details with the UCC details in the demat account and the client-wise net delivery obligation details received from Clearing Corporations.
- v. All eDIS instructions will be matched with Obligation details received from Clearing Corporation after the release.
- vi. eDIS instruction will be rejected in case of instruction details are not matched with the obligation details received from the CCs or obligation is not received in respect of particular eDIS instruction.

**D. Process flow in respect of eDIS based Account Transfer Instruction is enclosed at Annexure A****E. Process flow in respect of eDIS based IDT instructions is enclosed at Annexure B.**

In the given IDT process flow, the depositories will be identified as below:

- **Source Depository** – Wherein Source Client BO account is held
- **Target Depository** – Wherein Target CM Pool account is held

**F. Other points to be noted:**

- a. CCs will be upload segment wise separate obligation files on NSDL system as per agreed process, format and timelines.
- b. CCs can upload Part or Final (incremental files) on T and T+1 day respectively. Based on which the instruction matching with obligation data will be carried out in DPM system.
- c. The Full / Partial EPI cancellation facility is provided to CCs for executing reversal of Account Transfer / IDT instructions for which matching obligation is not available at CCs.
- d. For eDIS based Account Transfer and IDT Instructions reported to CCs in eDIS EPI export with EPI flag as 'Y' and such instructions are unmatched with the client obligation details at CC end, the reversal/cancellation file will be uploaded by CC. In case of unmatched orders, which are not cancelled by CCs, the cancellation will be executed by NSDL and details of such cancelled orders shall be intimated to CCs.
- e. If eDIS based Account Transfer / IDT instruction Quantity is less than or equal to obligation quantity then Account Transfer / IDT instructions will be processed otherwise such instructions will be rejected.

- f. In case of IDT instructions, system will not allow users to submit instructions before Trade Date. Further, in case of non-availability of matching obligation, IDT orders will be rejected at EOD of execution date.
- g. The matching of Account Transfer / IDT instructions with obligation data will be carried out as follows:
  - i. **Before receipt of obligation** : Matching will be carried out at EOD of obligation received date.
  - ii. **After receipt of obligation** : Matching will be carried out on real time basis at the time of execution of instruction.
- h. If the requisite quantity is not available in client's demat account, then such instruction will be marked in Overdue status. Such overdue instructions will be matched against obligation at time of initiation of instruction. If instruction is matched with obligation details, instruction will be marked as 'Matched' and will be maintained in Overdue status. If credit of securities is received in client demat account before Pay-in date in case of overdue account transfer instruction and before EOD of execution date in case of overdue IDT instruction, then such instructions will be processed further depending on EPI flag as 'Y' or 'N'. If EPI flag is 'Y', then such orders will also be sent in eDIS EPI export to CCs.
- i. In case of Future dated orders, eDIS based Account Transfer and IDT instructions will be matched against obligation on execution date of instruction. The other matching and instruction processing logic will remain same as explained above.
- j. Participants are requested to note that CCs shall be sharing obligation details to NSDL in respect of below mentioned segments (viz., agreed Market Types) and matching of eDIS instruction with CC obligation details will be done in respect of market types given under respective segments (Segment wise Market Types are enclosed at Annexure C). The obligation data in respect of Tender Offer and Mutual Fund related Market Types will not be provided by CCs and eDIS based instructions for the aforesaid Market Types will be processed as per existing process with obligation matching.
- k. Participants are requested to note that eDIS based Account Transfer and IDT instructions executed till EOD of May 7, 2021 with future execution dates viz., May 8, 2021 or thereafter will be rejected by NSDL at EOD of May 7, 2021. Participants will be required to re-execute such instructions with necessary eDIS flag, EPI flag and eDIS mandate details.