

Circular No.: NSDL/POLICY/2023/0102

August 09, 2023

Subject: Amendments to Bye Laws of NSDL in respect of Rights and Obligations of Participants.

Participants are hereby informed that amendments have been made to Bye Laws 6.3.23 & 6.5.4 with respect to Rights and Obligations of Participants and the same enclosed as **Annexure 1**. Further, the amendment made to Annexure A of Bye Law i.e. Agreement between the Participant and NSDL is enclosed as **Annexure A** (track change mode).

Participants are requested to take note of the above.

For and on behalf of
National Securities Depository Limited
Digitally signed by AROCKIARAJ
Date: 2023.08.09 18:56:41 +05'30'
Arockiaraj
Manager

Enclosed: Two

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Networth Certificate and Audited Financial Statements. (yearly)	September 30th	Through e-PASS	Circular No. NSDL/PI/98/414 dated September 1, 1998 and Circular No. NSDL/POLICY/2022/127 dated September 13, 2022

**National Securities Depository Limited**

4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, India
Tel.: 91-22-2499 4200 | Fax: 91-22-2497 6351 | Email: info@nsdl.com | Web: www.nsdl.co.in
Corporate Identity Number: U74120MH2012PLC230380

NSDL Bye Laws:

6.3 - RIGHTS AND OBLIGATIONS OF PARTICIPANTS

~~6.3.23. No Participant shall assign its business as a Participant to any other person except with the prior approval of the Depository which may notify from time to time the terms and conditions subject to which it may assign its business as a Participant to any other person.~~

No Participant shall assign its business as a Participant to any other person without prior approval of the Depository.

However, in case the assignment of business as a participant is due to change in control of the participant, as prescribed by SEBI, then prior approval of SEBI shall also be obtained by the participant. The Depository may grant an in-principle approval for the assignment of the business as a Participant to any other person, subject to certain terms and conditions, as specified by the Depository.

Provided further that in the event any termination proceedings are initiated after granting the in-principle approval or were pending against the Participant prior to granting the in-principle approval of the Depository to the Participant for assignment of its business, then the Depository shall be entitled to reject the in-principle approval to the Participant or suspend any assignment process initiated by the Participant or revoke any such in-principle approval granted to the assignment application.

6.5.4 – CONSEQUENCES OF TERMINATION

(ix) Upon issuance of notice against the Participant by the Depository under Byelaws 6.5.1, 6.5.2, or 6.5.3 above, the Depository reserves the right to revoke any consent granted or suspend any assignment process initiated by a Participant.

AGREEMENT BETWEEN THE DEPOSITORY PARTICIPANT AND THE NATIONAL SECURITIES DEPOSITORY LIMITED

This Agreement is made and entered into this ___ day of _____ between -----, situated at ----
------(hereinafter called “Participant”) and **National Securities Depository Limited**, having its Registered Office at 4th Floor, ‘A’ Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 (hereinafter called “NSDL”).

Witnesseth

WHEREAS the participant has furnished, to NSDL an application for being admitted as a Depository Participant;

NOW THEREFORE in consideration of the NSDL having agreed to admit the Depository Participant, into its Depository system, both the parties to this Agreement hereby covenant and agree as follows:

- 1) The Participant shall abide by the provisions of The Depositories Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Bye Laws & Business Rules and procedures of NSDL wherever applicable and comply with any orders, directions or notices which may be issued or prescribed by NSDL from time to time in respect of its services and facilities of the Depository system whether of a temporary or permanent nature.
- 2) The Participant shall continue to be bound by the Bye Laws and Business Rules of NSDL, notwithstanding that it may have ceased to be a Participant, as to all matters and transactions occurring while it was a Participant.
- 3) The Bye Laws and Business Rules of NSDL shall be a part of the terms and conditions of every agreement, contract or transaction which the Participant may make or have with NSDL.

- 4) The Participant shall be bound by any amendment to the Bye Laws or Business Rules of NSDL with respect to any transaction occurring subsequent to the time of such amendment. Such amendment shall take effect as if it were originally a part of the Bye Laws and Business Rules of NSDL, provided however, that no such amendment shall affect the Participant's rights to cease to be a Participant.
- 5) The agreement and all contracts and transactions effected by the Participant with any other party, or to which the Participant is a party under the Bye Laws and the Business Rules of NSDL or through the facilities of NSDL shall be governed by and be construed in accordance with the provisions of the relevant laws as well as the rules and regulations of the regulatory bodies having jurisdiction over the Participant applicable from time to time.
- 6) The Participant shall pay such fees and charges that may be payable to NSDL in accordance with the schedule specified under the Business Rules and any deposits or other amounts payable in accordance with the Bye Laws and Business Rules.
 - a) In case of any default on the part of the Participant to pay any of the amounts specified above within a period of 30 days from the date of demand, without prejudice to the rights of the Depository to take disciplinary action under Chapter 11 of the Bye Laws, the Participant will be liable to pay interest at such rate at the rate of not more than 24 % or such other rate as may be specified by the NSDL from time to time on the amount from the due date of payment of such amount.
 - b) However, the NSDL may permit the payment of such amount even without interest after such due date, provided it is satisfied that there exist sufficient grounds for such delayed payment.
- 7) The Participant shall not commingle his own holdings held in NSDL with those held on behalf of the Clients. The Participant shall effect any transfer of holdings only if the same is supported by a valid instruction and an adequate audit trail of the same is maintained unless otherwise provided in the Bye Laws. The Participant shall be responsible for every action taken on the basis of any order, instruction, direction or mandate given by the account holder.
- 8) The Participant shall comply with the time schedule specified from time to time by NSDL for data transfer.
- 9) The Participant shall comply with such procedures, in case of deposit and withdrawal of securities to and from any of its accounts maintained with NSDL as laid down under the Bye Laws and Business Rules.
- 10) The Participant shall comply with the requests received from the clients, for dematerialisation and rematerialisation within such time and in such manner as may be specified in the Business Rules, and shall be required to keep records of the same as laid down by The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- 11) The Participant shall keep computerised records in such manner as may be prescribed in The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Bye Laws and Business

Rules in respect of its use of any of the services and facilities of NSDL and allow any person duly authorised by NSDL to enter its premises, within the regular business hours on any business day where such records are kept and inspect and take copies of such records. The Participant shall provide on demand any information to NSDL relating to the contracts and transactions that the Participant may have under the depository system.

- 12) The Participant shall reconcile its own records with those of NSDL on a daily basis and in such manner as may be specified in the Business Rules.
- 13) The Participant shall install at its computer center, client server, hardware configuration with system database, communication and application software as prescribed by NSDL.
 - a) Unless otherwise supplied directly by NSDL, all hardware and software in accordance with prescribed configuration shall be procured by the Participant from NSDL empanelled brands only.
 - b) The above hardware and software set-up shall be dedicated for NSDL specific application module and even if there is spare processing/data storage capacity, the same shall not be used for any other application including the Participant's back office system.
 - c) The above hardware may be connected by the Participant to their internal LAN for data transfer purpose.
 - d) The above hardware shall not be connected by the Participant to their interoffice WAN without the prior written permission of NSDL. NSDL reserves the right to deny such permission if in its opinion granting such permission involves violation of conditions relating to the operations of NSDL's WAN as stipulated by Department of Telecommunications or any other reasons as may be deemed fit by NSDL.
 - e) The Participant shall carry out modification, upgradation, replacement and deletion for the above mentioned configuration from time to time as may be prescribed by NSDL.
- 14) The Participant shall maintain such insurance mechanism and coverage, as NSDL may require of its participants from time to time.
- 15) The Participant shall contribute to the Investor Protection Fund, the Participant Fund and any other fund established to protect the interests of the Clients in the manner laid out in the Bye Laws and Business Rules.
- 16) The Participant shall comply with such accounting, audit, financial requirements including requirements for submission of periodic returns on its activities in relation to NSDL, in such form and manner and within such time period as may be specified in the Bye Laws and Business Rules.

- 17) The Participant shall have such system and audit control measures including setting up of separate internal controls, audit department for regularly reviewing its internal operations, as laid down under the Bye Laws and Business Rules.
- 18) The Participant shall pay NSDL such amount as may be specified by the NSDL in this regard to compensate for any loss incurred by the Client due to any act of omission, commission, negligence, misfeasance, fraud, willful misconduct, errors or default on its part as a Participant or any of its employees in relation to the operations of the Depository.
- 19) The Participant shall indemnify NSDL, in respect of securities credited in its own account towards:
- a) losses, liabilities and expenses arising from claims of third parties and from taxes and other governmental charges; and,
 - b) any other related expenses in respect of such securities as determined by the NSDL.
- 20) The Participant shall provide such information relating to account holders as may be required by NSDL from time to time.
- 21) NSDL is authorised to provide at any time to the Issuer, the details of any credit to the Participant's own accounts as well as the account of Client in NSDL, including its name, and the number of securities and is also authorised to provide similar information to any appropriate governmental authority in this regard.
- 22) The Participant shall notify NSDL within seven days, of any change in the details set out in the application form submitted to NSDL at the time of admission or furnished to NSDL from time to time.
- 23) The Participant shall notify NSDL forthwith :-
- a) in case the Participant is an individual, in the event of its incapacity to act as such Participant;
 - b) in case the Participant is a partnership firm, in the event of its dissolution;
 - c) in case the Participant is a body corporate when it is being wound up;
 - d) upon its becoming aware of the presentation of any petition for its bankruptcy, liquidation or attachment of its property;
 - e) upon its becoming aware of any bankruptcy order against it or in the event of any distress, execution or other process being levied or served upon or against its property;
 - f) in the case of any change in its financial conditions which may lead to its bankruptcy or if it suffers a composition with its creditors;
 - g) on the convening of any meeting to consider a resolution for the appointment or purported appointment of a receiver or administrator in respect of any of its property, or any other change in circumstances material to its participation in the depository system.

24) The Participant shall resolve any investor grievance which has been received against the Participant or NSDL and submit a report of the grievances resolved to NSDL and Securities and Exchange Board of India in accordance with the period stipulated in The Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018.

24)25) The Participant shall not assign its business as a participant to any other person without prior approval of the Depository. In case of assignment of business of a participant is due to change in control of a participant as prescribed by SEBI, then the prior approval of SEBI shall be also obtained by the participant. The Depository may grant an in-principle approval for the assignment of its business as a Participant to any other person, subject to certain terms and conditions as specified by the Depository. Any purported assignment or delegation in contravention of the terms of this Agreement shall be null and void. For the purpose of this clause, any change in control of the participant as specified by SEBI shall constitute an assignment of the business and/or functions. In the event any termination proceedings are initiated or pending against the Participant prior to or after granting the in-principle approval of the Depository to the Participant for assignment of its business, then the Depository shall be entitled to reject the in-principle approval to the Participant or suspend any assignment process initiated by the Participant or revoke any such in-principle approval granted to the assignment application.

25)26) The Participant and NSDL shall abide by the arbitration and conciliation procedure prescribed under the Bye Laws of NSDL and that such procedure shall be applicable to any disputes between the Participant and NSDL.

26)27) The Participant and NSDL further agree that all claims, differences and disputes, arising out of or in relation to dealings on the Depository including any agreements, contracts and transactions made subject to the Bye Laws or Business Rules of the Depository or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions, agreements and contracts have been entered into or not, shall be subject to the exclusive jurisdiction of the courts at Mumbai only.

IN WITNESS WHEREOF the Participant and the National Securities Depository Limited have caused their presence to be executed as of the day and year first above written.

SIGNED AND DELIVERED

by the within named _____

through its authorised representative

in the presence of

SIGNED AND DELIVERED

by the within named **National Securities Depository Limited**
through its authorised representative

in the presence of