

Circular No.: NSDL/POLICY/2024/0075

June 05, 2024

Subject: SEBI Circular on 'Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode'

Attention of Participants is invited to SEBI circular no. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/18 dated March 20, 2024 (Ref. NSDL Circular No. NSDL/POLICY/2008/0021 dated April 4, 2008, in respect to 'Alert for dormant accounts' and NSDL/POLICY/2024/0036 dated March 21, 2024) regarding "Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode".

In the aforesaid SEBI circular, at Para 1.12.4 it is mentioned as follows:

- 1. An inactive/dormant account refers to an account where no transaction has taken place for a continuous period of **12 months**.*
- 2. Further, a credit in the demat account through purchase of securities and voluntary corporate action (such as subscribing to rights issues/ systematic investment plans (SIPs) of mutual funds, etc.) may be considered as a transaction for assessing the dormancy. However, any credit due to involuntary corporate action (such as bonus, split, etc.) may not be considered as transaction for assessing the dormancy.*

In view of the above, Participants are informed that any Beneficiary owner demat account having no 'Debit' and 'Credit' transaction(s) in the last 12 months is considered as 'Dormant' account.

Accordingly, an alert is given when DP Captures or Verify releases any of the following instruction from the 'dormant' accounts.

- Account Transfer (Debits)
- Inter depository (Debits)
- Remat/Redemption
- Pledge
- NDU (Hold)



In case aforesaid instructions are being executed using DPM import facility, an error file (".prn") is generated containing warning message.

In this regard, if a request for the issuance of a DIS Booklet or instructions for the transfer of securities is received from dormant account, Participants are advised to follow the procedure outlined in paragraphs 1.12.4 and 1.12.8 of the aforementioned SEBI Circular dated March 20, 2024.

Participants may note that the demat account of client who has not executed any of the following transaction in any of the ISINs for last 12 months through manual data entry in the DPM or uploading the instructions through Back-office system is marked as dormant account.

- Account Transfer (Debits and Credits)
- Inter depository Transfer (Debits and Credits)
- Corporate Action (i.e., CA Type as IPO, FPO, ESOP, Allotment (Debt Instruments), Details,
- Preferential Allotment, Redemption – Call \ Put Option, Buy Back, Incorporation of Lock-in
- Mutual Fund, Offer for Sale, Commercial Paper)
- Demat \ Mutual Fund Conversion
- Remat \ Repurchase \ Mutual Fund Reconversion \ Mutual Fund Redemption
- Pledge \ Hypothecation Creation \ Closure \ Invocation
- Margin Pledge Creation \ Closure \ Invocation
- NDU (Hold) Creation \ Closure

Further, Participants may note that after any debit or credit transaction is executed in a dormant account, it will be marked as non-dormant in the EOD process of that day. This implies that alerts will be generated for all instructions executed on that day for the dormant account till EOD.

Further, any credit due to involuntary corporate action (such as bonus, split, merger, consolidation, compulsory conversion, NPP to PP, Fractional elimination, redemption on maturity, etc.) will not be considered as a transaction for assessing the dormancy.

The requisite system changes in respect of aforesaid points have been implemented in the NSDL depository system.

Participants are requested to take note of the same and ensure compliance.



**For and on behalf of
National Securities Depository Limited**

**Arockiaraj
Manager**

FORTHCOMING COMPLIANCE

Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month	Through e-PASS	1. Para 20 of NSDL Master Circular for Participants on 'Grievance Redressal' chapter. 2. Circular No.: NSDL/POLICY/2023/0161 dated November 13, 2023
Artificial Intelligence /Machine Learning Reporting Form (Annually)	Within three months of the end of the financial year	Through e-PASS	Circular No.: NSDL/POLICY/2024/0003 dated January 05, 2024
Annual System Audit Report (yearly)	June 30 th	Through e-PASS	Para 20.5 of NSDL Master Circular for Participants on 'Internal Controls/Reporting to NSDL/SEBI' chapter

