

Circular No.: NSDL/POLICY/2025/0067

May 29, 2025

**Subject: Frequently observed deviations during Inspections**

As Participants are aware, NSDL conducts periodic inspection of Participants for adherence with various compliance requirements as stipulated through various SEBI/ NSDL circulars issued from time to time. During inspections, NSDL has observed certain common/ repetitive non-compliances. An illustrative list of compliance requirements where such observations are noted frequently during inspections is provided at **Annexure A**.

Participants are advised to take note of the same and ensure compliance while carrying out depository operations.

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

**Arockiaraj  
Manager**

Enclosure : One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 <sup>th</sup> of the following month	Through e-PASS	Para 22 of 'Grievance Redressal' chapter and Para 27 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants
Compliance report w.r.t Same Mobile number and/ or email address captured for multiple accounts. (monthly)	Before 27 <sup>th</sup> of following month	Through Email.	Para 23 of 'Miscellaneous' chapter of NSDL Master Circular for Participants.
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) (Annually)	Within three months of the end of the financial year	Through e-PASS	Para 11.6 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants

**National Securities Depository Limited**

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Corporate Identity Number: U74120MH2012PLC230380

**Annexure A**
**List of compliance requirements where deviations are noted frequently during Inspections**

<b>Sr. No</b>	<b>Compliance requirements</b>
1	Participants shall upload the KYC information on the system of the KRA within three working days from the date of completion of KYC process.
2	Participants shall provide the option for selecting the mode of operation i.e. i) Jointly; ii) Anyone of the holders or survivor(s). in case of joint holder demat account by submitting a specific instruction at the time of opening demat account or at a later date duly signed by all the demat account holders.
3	Participants shall review the Surveillance alerts provided by NSDL and submit the status thereof (Verified & Closed/Verified & Reported to Depository) including action taken within 45 days on the NSDL e-PASS portal.
4	Participants shall provide facility of online account closing, where option of online account opening or various depository related services are provided in online mode to clients.
5	Participants shall comply with the process regarding reporting of demise of demat account holder to KRA as per SEBI and KRA guidelines regarding 'Centralized mechanism for reporting the demise of an investor through KRA's.
6	Participants shall follow the process of verification with BO, on recorded call by an authorised official of the Participant, for inactive/dormant account, whenever any security in such account is transferred at a time.
7	Participants shall enter the details of loose slip / DIS booklet issued to clients in the e-DPM within two days.
8	Participants shall block the unused DIS serial number(s) in e-DPM, where client reports (in writing) that DIS(s) has/ have been lost/ misplaced/ stolen or when the account is closed.
9	Participants shall not issue more than 10 loose DIS to one account holder in a financial year (April to March).
10	Participants shall scan the DIS(s) executed in the DPM with all annexures / computer printouts (if any) by the end of the next working day.
11	Participants shall obtain copy of the balance sheets, copy of latest share holding pattern including list of all those holding control, either directly or indirectly every year, in case of non-individuals demat account holders.



Sr. No	Compliance requirements																
12	Participants shall reassess the eligibility of all the existing BOs with respect to BSDA and shall convert all such eligible demat accounts into BSDA unless such BOs specifically provide their consent by way of email from their email-id registered with the DP to continue to avail the facility of a regular demat account.																
13	Participants shall revoke the BSDA flag in Individual demat accounts, as prescribed in SEBI /NSDL circular.																
14	Participants shall verify the report of mobile number revocation list (MNRL) from E-pass portal and initiate appropriate actions as prescribed in the NSDL guidelines.																
15	Participants shall obtain separate notarized affidavit from all the legal heir/ claimant in case of Transmission to Legal heir(s).																
16	Participants shall ensure to provide all the sample cases and supportings called for during the inspections.																
17	Participants shall report compliance for all the observations highlighted during inspection within due date as indicated in the letter seeking compliance.																
18	Participants shall enter the correct client details while capturing the demographic details in the DPM system.																
19	Participants shall open the demat account of HUF with at least one co-parcener along with Karta.																
20	<p>Participants shall follow the timelines as prescribed in SEBI/NSDL circular issued from time to time. The illustrative list is mentioned below :</p> <table border="1"> <thead> <tr> <th>Compliance areas</th><th>Timelines for processing</th></tr> </thead> <tbody> <tr> <td>Account Closure by Client</td><td>Within 30 days</td></tr> <tr> <td>Account Closure by Participant</td><td>At least 30 days</td></tr> <tr> <td>POA/DDPI Creation &amp; Modification</td><td>Within seven days</td></tr> <tr> <td>Demat/ Remat Confirmation &amp; Rejection</td><td>Within seven days</td></tr> <tr> <td>Mutual Fund reconversion</td><td>Within seven days</td></tr> <tr> <td>Scanning and uploading of all DIS entered/executed in the system</td><td>Within next working day</td></tr> <tr> <td>Indictments or any other orders passed against the DP by any competent authority, if any, is notified to Depository</td><td>Within seven days</td></tr> </tbody> </table>	Compliance areas	Timelines for processing	Account Closure by Client	Within 30 days	Account Closure by Participant	At least 30 days	POA/DDPI Creation & Modification	Within seven days	Demat/ Remat Confirmation & Rejection	Within seven days	Mutual Fund reconversion	Within seven days	Scanning and uploading of all DIS entered/executed in the system	Within next working day	Indictments or any other orders passed against the DP by any competent authority, if any, is notified to Depository	Within seven days
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Sr. No	Compliance requirements	
	Notice given to the BOs before effecting increase in charges/fees	At least 30 days
	Transmission	Within seven days
	Mutual Fund Conversion	Within five days
	Updation of new DIS issued in NSDL system	Within two days
	Registering of pledge request is processed	Within 15 days


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