

EXTRACTS OF THE AGENDA OF THE 97TH MEETING OF THE BOARD OF DIRECTORS OF NATIONAL SECURITIES DEPOSITORY LIMITED HELD ON FRIDAY, JANUARY 31, 2025, AT 02.30 P.M. AT 6TH FLOOR, NAMAN CHAMBERS, G BLOCK, PLOT NO- C-32, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI, MAHARASHTRA 400051.

1. To approve compliance with SEBI SOP for reporting of Cyber Security incidents / breaches / deficiencies by MIIs and Imposition of “Financial Disincentives”

SEBI, vide its letter No. SEBI/HO/MRD/CSC/OW/P/2019/22202/1 dated August 28, 2019, has communicated the Standard Operating Procedure (SOP) for reporting of cyber security incidents / breaches / deficiencies by MIIs and imposition of “Financial Disincentive”.

Compliance status

In view of the aforesaid, NSDL has the Cyber Crisis Management Plan (CCMP) document that includes reporting requirements mentioned in the SEBI letter viz. definitions of Cyber Security Incident, Cyber Security Deficiency, Cyber Security Breach, Information Security Practices, Cyber Security Policy, Cyber Security Protocol and Reporting. No cyber security incidents have been observed during the quarter October to December 2024.

Table 1 (Compliance Status for the period October – December 2024)				
SEBI Circular Number	Compliance Requirement	Count	Deviation	Compliant (Yes / No)
2	No of incidents	0	Not Applicable	Yes
2	Non-compliant with cyber security and cyber resilience framework in cyber audit reports and reports from other agencies	0	Not Applicable	Yes
3 (a)	Non-compliance with cyber security guidelines resulting in cyber incidents/ attacks/ breaches / deficiency	0	Not Applicable	Yes
3 (b)	Undue delay in reporting cyber deficiencies and breaches	No incident	Not Applicable	Yes
3 (c)	Non-reporting / delay in reporting cyber incident / breach	No incident	Not Applicable	Yes

11	Reporting of cyber security incident / deficiency / breach to SEBI / CERT-IN / SCOT / Board	Not Applicable	Yes
----	---	----------------	-----

Given the above, NSDL is in compliance with each aspect of SEBI letter dated August 28, 2019 pertaining to Standard Operating Procedure for Reporting of Cyber Security incidents / breaches / deficiencies by MIIs and Imposition of “Financial Disincentives” for the period October – December 2024.

There was NIL cyber incident during the quarter.

2. To take note of compliance to SEBI letter dated July 05, 2021 pertaining to Standard Operating Procedure for handling of technical glitches by Market Infrastructure Institutions (MIIs) and payment of “Financial Disincentives”

SEBI, vide its letter dated SEBI/HO/MRD1/DTCS/CIR/P/2021/590 on July 5, 2021 has communicated the Standard Operating Procedure (SOP) for **Reporting of Technical Glitches by MIIs and Imposition of “Financial Disincentives”**

Table below details compliance status for the period October to December 2024

SEBI Circular Number	Compliance Requirement	Count	Deviation (#)	Compliant (Yes/No)
2	No of Incidents (Total)	5	0	Yes (covered in detail on separate agenda on technical glitches).
2(1)	Number of Incidents with ‘No Business Disruptions’ (To be reported to SCOT and Board only)	2	0	Yes
2(2)	Number of Incidents with ‘Business Disruptions’ (To be reported to SCOT, Board and SEBI)	3	0	Yes
2.1(i)	Initial reporting to SEBI < 2hrs	3	0	Yes
2.1(ii)	Preliminary RCA Report to SEBI < 24hrs	3	0	Yes
2.1(iii)	Final RCA report to SEBI < 21days	3	0	Yes
3	TAC Suggestions and Recommendations	-	-	-
4	Timely address technical glitch	5	0	Yes
4	Restore Operations within RTO	5	0	Yes

Given the above, NSDL is in compliance with the SEBI letter dated on July 05, 2021 pertaining to ‘Standard operating procedure for reporting of technical glitches by MIIs and imposition of financial disincentives’.

3. To approve Self-assessment of NSDL for compliance with the applicable Principles for Financial Market Infrastructures (PFMIs)

1. The assessment of PFMIs by SEBI regulated FMIs was deliberated in Secondary Market Advisory Committee of SEBI (SMAC). Based on the recommendations of SMAC, SEBI vide its Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/190 dated December 19, 2023, and SEBI Letter No. SEBI/HO/MRD-PoD-3/P/OW2024/14792/1-7 dated April 19, 2024 advised the FMIs to carry out self-assessment on a periodic basis against the PFMIs and disclose the same on their websites. For this purpose, the 24 principles for FMIs have been classified as “quantitative” and “qualitative” principles.
2. Out of 24 principles mentioned in the circular only 14 principles are applicable to NSDL.
3. The periodicity of self-assessment and disclosure by the FMIs for “Quantitative” principles shall be on a Quarterly basis and “Qualitative” principles shall be on an annual basis as specified in the circular.
4. Further, FMIs shall be monitored and assessed against the PFMIs on an annual basis by the Regulatory Oversight Committee (ROC) of the FMI and the ROC is required to submit a report to the governing board of the FMI and SEBI within 90 days from the end of the financial year.
5. Accordingly, as a part of annual review exercise, Risk Management team initiated the PFMI Self -assessment exercise, with respective stakeholder / departments to self-assess, review and update the PFMI principles in line with the current practices and procedures being followed at NSDL.
6. As per the inputs received from the respective departments, the following modifications were carried out in the PFMI Document:

Sr. No.	Summary of Change
1	A table containing the compliance status of the principles has been added.
2	Few modifications carried out in the General Background section.

3	Major modifications carried out in the below mentioned principles to align the same with current practices and procedures being followed at NSDL. Principle 2 - KC 2.1 Principle 16 - KC 16.1 Principle 18 - KC 18.3 Principle 21 - KC 21.2 Principle 23 - KC 23.5
4	Minor modifications carried out in the below mentioned principles Principle 1 - All KCs, Principle 2 - KC 2.2, 2.3,2.4,2.5,2.6 and 2.7 Principle 3 - KC 3.1,3.2,3.4 Principle 11 - KC 11.1 to 11.5 Principle 13 - KC 13.2 Principle 15 - KC 15.3 and KC 15.5 Principle 16 - KC 16.2 and KC 16.4 Principle 17 - KC 17.1 to KC 17.7 Principle 18 - KC 18.1 to KC 18.2 Principle 19 - KC 19.1 to 19.4 Principle 20 - KC 20.1 to 20.3 Principle 21 - KC 21.3 Principle 23 - KC 23.1 to 23.4

The updated document carrying the aforementioned changes was placed before the Board.

7. Further, NSDL's Net worth and Liquid Assets, part of quantitative disclosure under Principle No. 15 (i.e. General Business Risk) is being updated and disclosed on our website on a quarterly frequency. Accordingly, the latest data for Principle No. 15 (Net worth and Liquid assets as of December 2024) shall be updated in the annual PFMI document before it's disclosure on website and dissemination to the regulator.
8. The Risk Management Committee and Regulatory Oversight Committee in their meeting dated January 15, 2025, and January 30, 2025, approved the Principles for Financial Market Infrastructures (PFMIs) document of NSDL and recommended the same for approval of the Board.

4. To review the status of investor grievances received by NSDL

1. NSDL receives grievances from investors:

- a. directly (electronic form/ physical form/NSDL online portal)
- b. through SEBI (SCORES)

1.1 SEBI has launched SCORES Ver 2.0 from April 1, 2024. The salient features of SCORES 2.0 are as follows:

1. Introduction of auto - routing of grievances to concerned Entities (DPs) to eliminate time lapses inflow of grievances.
2. Monitoring of timely redressal of grievances by Designated Bodies (such as NSDL).
3. Two levels of review, first by NSDL (if investor is dissatisfied by reply received from entities (DPs) and second by SEBI (if investor is still dissatisfied by first review)
4. Advice to opt for ODR if investor is not satisfied with response.

2. The grievances received at NSDL are mainly classified as:

- a. against Depository Participants (DPs)
- b. against Issuers/Registrar & Transfer Agents (RTAs)
- c. against Depository (includes CAS grievances)

2.2 The following are the types of Grievances that have been categorized as per types prescribed in SEBI Circular ref no. SEBI/MRD/OIAE/Dep/Cir-4/2010 dated January 29, 2010:

1. Account Opening
2. Demat/ Remat
3. Transaction Statement
4. Improper Service
5. Charges
6. Delivery Instruction Related (DIS)
7. Closure
8. Manipulation/ Unauthorized Action
9. Company/ RTA
10. Others

3. Further, NSDL also receives:

- a. Grievances which pertain to broking, banking, PAN, and other entity etc., which are categorized as “grievance outside the NSDL purview”.
- b. Queries on processes, general information etc., which are classified as “non-

grievance”.

4. Month wise details of grievances received directly by NSDL and from SEBI (other than CAS) as mentioned in point no.2 above was placed before the Board **1** and quarter wise count of grievances received directly by NSDL & from SEBI (other than CAS) is as below

4.1 Table-A (Quarter-wise count of grievances received directly by NSDL and SEBI (other than CAS))

Investor Grievances	Q3- FY2023- 24 (Oct to Dec)	Q4- FY2023- 24 (Jan to Mar)	Q1- FY2024- 25 (Apr to Jun)	Q2- FY2024- 25 (July to Sept)	Q3- FY2024- 25 (Oct to Dec)
Pending at Beginning of quarter (A)	266	173	155	118	240
Grievances received during quarter					
· Against DPs	1091	1317	827	1066	881
· Against Depository	262	271	452	817	634
· Against Issuers / RTAs	72	43	17	28	31
· Incomplete Details	67	39	37	30	26
· Erroneous Transfer	3	5	2	1	2
Total Grievances received during quarter (B)	1495	1675	1335	1942	1574
Total Grievances (A+ B)	1761	1848	1490	2060	1814
Total Grievances Resolved	1588	1693	1372	1820	1641
Pending at end of quarter*	173	155	118	240	173
Outside NSDL purview**	282	243	65	151	32

*Total pending investor grievances on the last date of respective quarters have subsequently been resolved.

** Grievances related to broking/ trading, other entity (such as PAN, Demat account held with CDSL, Banking etc are categorized as “outside the NSDL purview”

4.2 The below trend is observed in grievances between the last **two quarters**-

Against Depository Participants (DPs)	<u>Against Depository Participants (DPs)</u> 17 % (1066 counts decreased to 881) decreased observed in Q3 of FY 2024-25 in grievance against DPs as compared to Q2 of F.Y. 2024-25.
--	--

	<p>For counts, refer Table-A above under heading Investor Grievances Against DPs.</p> <p>The decrease were observed mainly in the following categories.(Table1)</p> <table><tr><th>Sr.no</th><th>Type of complaint</th><th>Count in Q2 of FY 2024-2025</th><th>Count in Q3 of FY 2024-2025</th><th>% in change</th></tr><tr><td>1</td><td>Transaction Statement</td><td>77</td><td>50</td><td>Decrease by 35%</td></tr><tr><td>2</td><td>Improper Services</td><td>455</td><td>369</td><td>Decrease by 19%</td></tr><tr><td>3</td><td>Charges</td><td>76</td><td>63</td><td>Decrease by 17%</td></tr></table> <ul style="list-style-type: none">• In Q3 of FY 2024-2025, decreasing trend was observed in the category of Improper Services and Transaction statement which is mainly attributed to awareness amongst investors and better services provided by Depository Participant (DPs) to the clients.• In Q3 of FY 2024-2025, 19% decrease noticed in the category of Improper Services which include grievances related to Deactivation/ Freezing/Suspension of account, Transmission of shares and non updation of changes in demat account.	Sr.no	Type of complaint	Count in Q2 of FY 2024-2025	Count in Q3 of FY 2024-2025	% in change	1	Transaction Statement	77	50	Decrease by 35%	2	Improper Services	455	369	Decrease by 19%	3	Charges	76	63	Decrease by 17%
Sr.no	Type of complaint	Count in Q2 of FY 2024-2025	Count in Q3 of FY 2024-2025	% in change																	
1	Transaction Statement	77	50	Decrease by 35%																	
2	Improper Services	455	369	Decrease by 19%																	
3	Charges	76	63	Decrease by 17%																	
Against Depository	<p><u>Against Depository</u></p> <p>A decrease of 22% (817 counts decrease to 634) is observed in Q3 of FY 2024-2025 in grievance against NSDL as compared to Q2 of F.Y. 2024-2025. For counts, refer Table-A under the heading Investor Grievances Against Depository.</p> <p>The decrease is mainly observed in the following categorie: (Table 2)</p> <table><tr><th>Sr.no</th><th>Type of complaint</th><th>Count in Q2 of FY 2024-2025</th><th>Count in Q3 of FY 2024-2025</th><th>% in change</th></tr><tr><td>1</td><td>SGB</td><td>566</td><td>434</td><td>Decrease by 23%</td></tr><tr><td>2</td><td>Grievances forwarded by SEBI</td><td>145</td><td>119</td><td>Decrease by 18%</td></tr></table>	Sr.no	Type of complaint	Count in Q2 of FY 2024-2025	Count in Q3 of FY 2024-2025	% in change	1	SGB	566	434	Decrease by 23%	2	Grievances forwarded by SEBI	145	119	Decrease by 18%					
Sr.no	Type of complaint	Count in Q2 of FY 2024-2025	Count in Q3 of FY 2024-2025	% in change																	
1	SGB	566	434	Decrease by 23%																	
2	Grievances forwarded by SEBI	145	119	Decrease by 18%																	

	<ul style="list-style-type: none">23% decrease in SGB grievances under the category “Against Depository” has been observed. This has been mainly attributed due to the focus approach by having a dedicated team of IG officers doing persistent follow up with SGB Operations team and prioritization of IG resolution in timely manner.18% decrease in grievances forwarded by SEBI for the reported quarter.								
Against Issuers/Registrar & Transfer Agents (RTAs)	<p><u>Against Issuers/Registrar & Transfer Agents (RTAs)</u></p> <p>Increase of 11% (28 counts increased to 31) has been observed in Q3 of F.Y.2024-2025 as compared to Q2 of F.Y. 2024-2025. For counts, refer Table-A under the heading Investor Grievances Against Issuers / RTAs. The increase has been noticed in grievances related to delay in Demat / Remat - Issuer related grievance. (Table 3)</p> <table><tr><th>Type of complaint</th><th>Count in Q2 of FY 2024-2025</th><th>Count in Q3of FY 2024-2025</th><th>% in change</th></tr><tr><td>Company / RTA (Non receipt of corporate benefits)</td><td>6</td><td>11</td><td>Increase by 83%</td></tr></table>	Type of complaint	Count in Q2 of FY 2024-2025	Count in Q3of FY 2024-2025	% in change	Company / RTA (Non receipt of corporate benefits)	6	11	Increase by 83%
Type of complaint	Count in Q2 of FY 2024-2025	Count in Q3of FY 2024-2025	% in change						
Company / RTA (Non receipt of corporate benefits)	6	11	Increase by 83%						

4.3 The below trend is observed in grievances between the current quarters as compared to the previous Year same quarter. i.e. Q3- FY2023-24 (Oct to Dec) Vs Q3- FY2024-25 (Oct to Dec).

Against Depository Participants (DPs)	Decrease of 19 % (1091 counts decreased to 881) has been observed in Q3 of FY 2024-25 in grievance against DPs as compared to Q3 of F.Y. 2023-24. For counts, refer Table- A above under heading Investor Grievances Against DPs.				
	Highlighted points are as follows: - (Table 4)				
	Sr. no	Type of complaint	Count in Q3 of FY 2023-2024	Count in Q3 of FY 2024-2025	% in change
	1	Improper Services	470	369	Decrease by 21%
	2	Account Closure	171	91	Decrease by 47%
Against Depository	Increase of 142 % (262 counts increased 634) has been observed in Q3 of FY 2024-25 in grievance against Depository as compared to Q3 of F.Y. 2023-24. For counts, refer Table-A under heading Investor				

	Grievances Against Depository. Highlighted points are as follow: - (Table 5)				
	Sr. no	Type of complaint	Count in Q3 of FY 2023-2024	Count in Q3 of FY 2024-2025	% in change
	1	SGB	230	434	Increase by 89%
	2	Grievances forwarded by SEBI#	Nil	119	
	# SEBI SCORES version 2.0 was launched on April 1, 2024.				
Against Issuers/Registrar & Transfer Agents (RTAs)	Decrease of 57% (72 counts decreased 31) has been observed in Q3 of F.Y.2024-2025 as compared to Q2 of F.Y. 2024-25. For counts, refer Table-A under heading Investor Grievances Against Issuers / RTAs. The decrease has been noticed in grievances related delay in Demat / Remat - Issuer related grievance. (Table 6)				
	Type of complaint	Count in Q3 of FY 2023-2024	Count in Q3 of FY 2024-2025	% in change	
	Company / RTA (Non receipt of corporate benefits)	44	11	Decrease by 75%	

5. Summary of Turn Around Time (TAT) i.e details of ageing analysis are placed below.
(Table 7)

In days/ Quarters	Upto 7 days		8- 15 days		16-21 days		22-30 days		31 days above		Total redressal of grievances
	No. of IGs	% of Total IGs	No. of IGs	% of Total IGs	No. of IGs	% of Total IGs	No. of IGs	% of Total IGs	No. of IGs	% of Total IGs	
Q3- FY2023-24 (October to December)	689	43.39	584	36.78	275	17.32	37	2.33	3	0.19	1588
Q4- FY2023-24 (January to March)	816	48.20	634	37.45	223	13.17	16	0.95	4	0.24	1693
Q1- FY2024-25 (April to June)	525	38.27	612	44.61	223	16.25	10	0.73	2	0.15	1372

Q2- FY2024-25 (July to September)	663	36.43	704	38.68	453	24.89	0	0	0	0	1820
Q3- FY2024-25 (October to December)	506	30.83	516	31.22	619	37.72	0	0	0	0	1641

Note:

- Grievances received during Q3 of F.Y. 2024-25 were redressed within the stipulated timeline i.e. within 21 calendar days with effective from August 16, 2023, prior to this the prescribed timeline was 30 days.
- With a view to improve the operational efficiency and adherence of the TAT of 21 days, Department has implemented daily monitoring and a focused approach of rigorous follow up with DPs and RTAs to ensure timely redressal of submission of response, including monitoring and redressal of grievances.

6. CAS grievances:

The Quarter-wise counts of CAS grievances were placed before Board.

Statistics of CAS grievances corresponding to CAS dispatched in Q3 (FY2024-25) is as under:

(Table 8)

Month	No. of Grievances	CAS Dispatched	% of Grievances
Oct 2024	4027	8284061	0.0486
Nov 2024	2609	7975782	0.0327
Dec 2024	2536	8316935	0.0304

Note: Segregation of eCAS & pCAS complaints has been implemented in CRM system since December 31, 2024.

7. Unauthorized Transfer of grievances (UT):

Summary of grievances related to allegations of UT of securities for the Q3 (from October 2024 to December 2024) is given below: (Table 9)

UT grievance Particulars	Q2 FY2024-25 (July to Sept)	Q3 FY2024-25 (Oct to Dec)
Pending at beginning of quarter	0	4
Total complaints received during quarter	26	21#

UT grievance Particulars	Q2 FY2024-25 (July to Sept)	Q3 FY2024-25 (Oct to Dec)
Complaints resolved during quarter	22	24
Pending at end of quarter (December 31, 2024)	4	1*

* As of January 22, 2024, the aforesaid matter is resolved.

It is observed that 21 instances were mainly related to securities debited based on instruction/s executed by Power of attorney holder. Further, in most instances, it was observed that investors have wrongly selected the category as UT while lodging the grievances, whereas it was related to transmission, transfer of shares etc.

5. To review status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated June 19, 2024 and letter dated October 4, 2024 relating to SEBI Inspection for FY 2023-24

1. The Regulatory Oversight Committee (“**ROC**”) and the Board of Directors (“**Board**”) in their meeting held on August 29, 2024, had reviewed the inadequacies observed by SEBI inspection conducted during FY 2023-24, the response submitted by NSDL, and the status of corrective actions taken and to be taken. The ROC and Board provided their comments on the corrective actions/ responses submitted by the management. The said comments were submitted to SEBI on October 8, 2024.
2. Further, as per the Regulatory Oversight Committee (“**ROC**”) and the Board of Directors (“**Board**”) in their meeting held on August 29, 2024, a separate Action Taken Report on implementing corrective measures in response to SEBI warnings, deficiencies, advisories should be presented to the Board and ROC until all issues are resolved.
3. Subsequently, SEBI vide its letter dated October 4, 2024, had issued warnings, deficiency and advisory relating to certain observations, for which the actions were not communicated earlier. SEBI has classified the cases under Warning, Deficiency and Advisory and advised NSDL to take appropriate corrective steps to rectify the non-compliances, take corrective steps, wherever required, take appropriate steps towards implementation/ adoption of the mentioned suggestions, strengthen internal control systems to avoid recurrence of such instances and to ensure strict compliance with the guidelines issued by SEBI from time to time. SEBI has also advised NSDL to send a reply within 30 days of the receipt of the letter detailing the action taken report/ corrective steps taken/ or proposed to be taken with a defined period.

4. Accordingly, NSDL vide its letter dated November 20, 2024 responded to SEBI inter-alia providing action taken report/ corrective steps taken/ or proposed.

The summary of the number of warning/Deficiency/Advisories received pursuant to the said letters dated June 19, 2024 and October 04, 2024 are listed hereunder.

Sr. No	Letter dated	Warning	Deficiency	Advisory
1	June 19, 2024	14	37	77
2	October 04, 2024	1	2	7
	Total.	15	39	84

In this regard, as per the ROC and Board meeting dated August 29, 2024, a separate Action Taken Report on implementing corrective measures in response to SEBI warnings, deficiencies, advisories should be presented to the Board and ROC until all issues are resolved. However, in the current on-going, on site inspection, SEBI had sought the Action Taken report for letters dated June 19, 2024 and October 04, 2024 as on November 30, 2024.

Upon submission of the ATR, SEBI discussed the ATR with the respective teams to verify the corrective steps taken and based on the discussions, SEBI has suggested changes to the Action Taken Report and has asked all the concerned teams to resubmit the same.

Since the current ATR is under discussion with SEBI, the updated ATR for both the aforesaid letters will be presented in the next Quarterly Board Meeting.

6. To take note of status on various surveillance activities

Review of PMLA Alerts

- (i) The Board in its previous meeting was apprised about the supplementary guidelines issued by FIU-IND to depositories regarding generating and sharing of new red flag indicators (RFI) with participants and risk gradation of new RFI/ Alerts at NSDL end.
- (ii) During the quarter ended on December 31, 2024, 9 cases were reported to FIU – IND and STR were filed comprising of 22 clients after placing and approval in Suspicious Transaction Assessment Group (STAG) meetings.
- (iii) Gist of STRs filed are as follows:

1. Stock transferred between Directors, Chairman and Vice Chairman of the group companies declaring the reason code “Gift” whereas as per the details available in the media reports the matching deal was done between the group companies for Rs. 110 Crore. There is no economic rationale that stock has been transferred between Directors, Chairman and Vice Chairman of the group companies declaring the reason code “Gift” whereas on the other hand in the books of account cash consideration amount was shown as Rs. 110 Crore.
2. Stock worth Rs. 101.94 Crore was transferred to foreign national who appears to unrelated party. Foreign national is Investment Advisor registered on Investment Adviser in the USA. Email Id registered in the demat account of foreign national is of third party who is partner in another firm with transferor. The son of Nominee registered in the transferor account is appearing to be PEP and was arrested by the ED under Delhi liquor case.
3. Unlisted stock was transferred between two parties twice during the period of one month. There was difference of 60% OR 6000 times in consideration value declared by the transferor in the second off market transfer in comparison to the first transfer. Not able establish any economic rationale behind the difference in the consideration amount.
4. Listed stock has been transferred at difference of 2% or 5% (+/-) of the market price. Stock was transferred immediately post buying from the market. In target demat account, email Id registered was of private equity firm where transferor is COO. It is providing reasonable grounds for suspicion that stock was being transferred immediately post purchase from market and it is appearing that transferor only controlling the target demat account.
5. Source demat account holder is NRI and holding Non Repatriable Demat Account. Stock is being transferred to Trust account where family member appears to be registered as a Trustee. Within period of six month listed stock has been transferred two times worth Rs. 2.12 Crore. After receiving the stock trust is selling the stock immediately in the market. This is raising the suspicion as we don't have visibility of utilisation of the proceeds from selling the stock through market.
6. Transferor is CEO of entity whose unlisted shares are being routed through multiple parties through off market transaction as “Gift”. Finally same stock is transferred to issuer of the scrip where transferor is CEO, through off market transactions declaring the reason code as “Buy-back”. It is suspicious that transferor has bought back his own shares by routing through multiple parties. Transferor could have

transferred the shares directly to Issuer without creating unnecessary complexity and multiple transactions.

7. In continuation of serial no. 1, additional transactions were observed where stock is being transferred to same foreign national by the partner of earlier transferor. Post receipt of the stock by foreign national through off market transaction under the reason code "Gift", foreign national has further transferred the stock to entity where wife of the nominee of the transferor involved in the first transaction is director. This is giving sufficient ground of suspicion that amount has been paid to foreign national which can be remitted to foreign country and can be use in laundering.
8. Within a period of four months, there was a difference of 106% in the consideration value for buying and then selling of unlisted shares. Income registered in source and target demat account holder is not matching the value of transactions executed.
9. Listed scrip transferred to demat account of trust where transferor is one off the trustees in the trust. Same listed scrip is being transferred to the trust on regular basis through off market transactions declaring the reason code as 'Donation'. On receipt of the stock in the demat account of trust, it was sold in the market in piecemeal basis. From January 2021 to September 2024, stock worth INR 52.64 crore is being transferred to trust account and from trust account same is being sold in the market. This routing of shares of same scrip is suspicious as we don't have visibility on fund transfers.

Table 1: Status of Monthly AML Alerts during the Quarter ending December 2024.

	Total Monthly Alerts		High Risk Alerts Identified		High Risk Alerts Checked	
Month	No. of Transactions	Unique Clients	No. of Transactions	Unique Clients	No. of Transactions	Unique Clients
Oct-24	10300	1910	5623	159	5623	159
Nov-24	6760	1573	3369	125	-	-
Dec-24	12775	3222	8067	194	-	-

Note: High Risk Alerts are subset of Total Monthly Alerts. Total Monthly Alerts are provided to DPs for their analysis. High Risk Alerts are reviewed / analysed by surveillance department of NSDL.

Table 2: Total Fortnightly AML Alerts sent to DPs during the Quarter ended December

2024.

	Total Fortnightly Alerts	
Month	No. of Transactions	Unique Clients
Oct-24	119096	33019
Nov-24	77753	24491
Dec-24	111811	32496

Note: There alerts are sent to DPs for analysis and action under PMLA guidelines. No action required by NSDL.

Update on fortnightly SEBI Surveillance Meetings:

- (i) SEBI's Integrated Surveillance Department (ISD) conducts fortnightly meetings with all MIIs to discuss the surveillance related activities. Copies of the Minutes of Surveillance Meetings held during October 01, 2024 to December 31, 2024 are placed before Board.
- (ii) The action taken report submitted to SEBI for aforesaid Surveillance meetings pertaining to Depositories is provided in table below:

Table 3: Action taken report submitted to SEBI for action arising from Surveillance meetings

Sr. No.	Date of Surveillance Meeting	Details of Directions/instructions	Details of Compliance Status
1	04-10-2024 18-10-2024 31-10-2024 14-11-2024 29-11-2024 13-12-2024	Automation of surveillance functions In the last Surveillance meeting, MIIs were advised to apprise the status of implementation of automation in the first surveillance meeting of every month, starting from October, 2024 along with the agenda w.r.t. 'automation of processes involved in surveillance functions	Depositories have implemented SFTP process to send the daily and monthly pledge data files (pertaining to surveillance framework) to BSE and NSE on June 30, 2024. The modalities w.r.t implementation of API mechanism for sharing of information between the Exchanges and between the Depositories & Exchanges were jointly discussed between the MIIs (NSE, BSE, NSDL & CDSL). Considering the technical and operational complexities involved in the process of implementation of API mechanism, the major modalities were deliberated, and it was agreed that all MIIs shall endeavor to implement of API mechanism for sharing of information by March 31, 2025. Depository submitted the following timelines

		including price band'. In this regard, MIIs to provide status update.	with respect to implementation of API mechanism for sharing of information between MIIs.				
Sl. No.	Milestones	Particulars	Proposed Tentative Timeline				
			NSE	BSE	NSDL	CDSL	
1	Finalization of Common File Formats	21 formats between Exchanges (NSE & BSE) 3 formats between Exchanges (NSE & BSE) & Depositories (NSDL & CDSL)	December 15, 2024	December 15, 2024	Already in place (Same as SFT P)	Already in place (Same as SFT P)	
2	Infrastructure set up	API through Leased line between Exchanges (NSE & BSE) API through Internet between Exchanges (NSE & BSE)	January 15, 2025	January 15, 2025	January 15, 2025	January 15, 2025	

					& Deposit ories (NSDL & CDSL)				
			3	Development & System/integration testing	Technical (Protocol)	Dec 31, 2024	Dec 31, 2024	Jan 31, 2025	Jan 31, 2025
					Payload (Business data)	Jan 31, 2025	Jan 31, 2025	Jan 31, 2025	Jan 31, 2025
					API Protocol	Jan 31, 2025	Jan 31, 2025	Jan 31, 2025	Jan 31, 2025
					Reconciliation (Business data)	Feb 28, 2025	Feb 28, 2025	N.A.	N.A.
			4	UAT	Data sharing and reconciliation testing between MILs	Mar 15, 2025	Mar 15, 2025	Mar 15, 2025	Mar 15, 2025
			5	Production release	Security assessment and approvals	Mar 31, 2025	Mar 31, 2025	Mar 31, 2025	Mar 31, 2025

Update on SEBI's direction on extending the framework for restricting trading by Designated Persons (DPs) by freezing PAN at security level under SEBI (Prohibition

of Insider Trading) Regulations, 2015 (PIT Regulations) to all listed companies in phased manner during F.Y. 2023-24.

- (i) The Board in its previous meeting was apprised about direction issued by SEBI on extending the framework for restricting trading by Designated Persons (DPs) by freezing PAN at security level under SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) to all listed companies during F.Y. 2023-24 in phased manner.

Table 4: Statistics on Security level freeze in the Account initiated effective January 1, 2025.

Total No. of Issuers	5,580
Total No. of Issuers appointed NSDL as DD	3,006
No. for Issuers appointed CDSL as DD (Total no of issuers- NSDL DD Issuers)	2,287
No. of PANs for Issuers chosen NSDL as DD and updated trading window closure period in Issuer portal as on December 31, 2024	2,19,914
No. of PANs shared by CDSL for issuers chosen CDSL as DD	1,15,969
No. of PANs /records rejected due to incorrect information shared by CDSL	1,412
No. of Demat Accounts of DPs for Issuers chosen NSDL as DD	2,21,678
No. of Demat Accounts of DPs for Issuers chosen CDSL as DD	1,10,770

Out of 5,580 companies, 287 companies have not appointed any designated depository. The same has been informed to SEBI.

Update on surveillance alerts sent to DPs for their review and action during the quarter December 2024:

A. Alerts sent to DPs

As per NSDL circular on Surveillance Obligations for DPs, transactional alerts are generated and shared with the respective DPs for their review and disposal during the September 2024 quarter and summary of the same is as follows:

Table 5: Statistics of transactional alerts sent to DPs for their review and action during the quarter September 2024.

Sr. No.	Alert Description	Count of Alerts Pending for DP Action at the beginning of the quarter	Count of Alerts Generated and Forwarded to DP during the Quarter	Count of Alerts Disposed by DP during the Quarter	Count of Alerts Pending for DP Action at the end of the quarter

1	Modifications in demographic details before high value transaction.	19	387	366	40
2	Multiple demat accounts opened with common demographic details during the period.	235	1304	1461	78
3	Off-market transaction appears to have not done for the purported reason as declared by client.	59	542	515	86
4	Income range not matching with off-market transfer value.	83	422	467	38
5	Funnelling of IPO scrip.	-	5	5	0
6	Off-Market transfer in specific scrip by group of entities.	-	1	1	0
7	Transaction in scrip before & after lock in release date.	-	1	0	1
8	Reversal of off-market transfers.	19	202	206	15
9	New Accounts closed within short span of time.	8	59	57	10
10	Off-market transactions in scrip appearing in GSM/ ASM list published by exchanges	214	985	1098	101
11	Alert for transactions in Dormant account.	28	165	185	8
	Total	665	4073	4361	377

*As of January 21, 2025, all these alerts have been disposed of by DPs.

Periodic reminder emails are sent to the respective DPs with details of alerts pending for their action. Sensitizing letters are being sent to DPs who have closed the alerts after the due date.

B. Alerts reviewed by NSDL:

SEBI in its previous inspection to review the comments submitted by DPs while disposing the alert sent to them. Accordingly, from June 2024 NSDL has started reviewing the comments submitted by the DPs while disposing the alerts. After reviewing the comments, these alerts are brought to the logical closure. The summary of the same is as follows:

Table 6 - Statistics of NSDL's review of DPs comments on transactional alerts sent to them during December 2024 quarter.

Sr. No.	Alert Description	Count of Alerts Pending for NSDL Action at the Beginning of the Quarter	Count of Alerts Generated and Forwarded to DP during the Quarter	Alerts actioned by DPs during the Quarter	Count of Alerts Disposed by NSDL during the Quarter	Count of Alerts Pending for NSDL Action at the end of the Quarter
1	Modifications in demographic details before high value transaction.	524	387	366	310	580
2	Multiple demat accounts opened with common demographic details during the period.	874	1304	1461	326	2009
3	Off-market transaction appears to have not done for the purported reason as declared by client.	696	542	543	200	1039
4	Income range not matching with off-market transfer value.	559	422	467	303	723
5	Funnelling of IPO scrip.	6	5	5	0	11
6	Off-Market transfer in specific scrip by group of entities.	1	1	1	0	2
7	Transaction in scrip before & after lock in release date.	3	1	0	0	4
8	Reversal of off-market transfers.	238	202	206	88	356
9	New Accounts closed within short span of time.	57	59	57	30	84
10	Off-market transactions in scrip appearing in GSM/ ASM list published by exchanges	1269	985	1098	639	1728
11	Alert for transactions in Dormant account.	261	165	185	128	318
	Total	4488	4073	4389	2024	6854

* Out of 6854 pending alerts, NSDL has disposed 745 alerts as on January 21, 2025.

During the quarter ended December 2024, no new surveillance alerts are developed.

Review of emails received on email ID created for clients to report the market manipulation related activities.

- (i) Board in its previous meeting was apprised that NSDL has issued circular to DPs on December 2, 2023, providing email Id: report-mktmanipulation@nsdl.com, for their clients to report complaints with respect to market manipulation/fraudulent activities if any observed in the market or against Depository Participants.
- (ii) During the quarter i.e. from October 1, 2024, to December 31, 2024, 201 emails were received on the above stated email id. However, no actual market manipulation / fraudulent / depository related activities were reported.
- (iii) Details of emails received on the above-mentioned email ID for the said period are provided below. It is observed that emails received are mainly complaints of clients related to demat service availed from DPs or trading account related complaints.

Table 7: Details of complain received on report-mktmanipulation@nsdl.com

Sr. No.	Type of Emails/complaints	Action Taken	No. of complaints
1	Complaints related to issues other than market manipulation /fraudulent activities in the market.	Clients' complaints are processed by Investor Grievance team as per existing process.	21
2	Junk emails (without any information/contents in email/Not related to Demat Account)	No action to be taken or related to institutions like bank / RTAs already reverted to clients	173*
3	Complaints related to trading	Complaint of the clients forwarded to exchanges	6
4	Email received from statutory authority	Not found any account in NSDL database basis the details provided	1

* Increase in the number on account of email received from the client of bank DPs regarding transaction in funds.

Status of compliance with KYC requirement in demat account

SEBI has prescribed that each demat account should be compliant with KYC norms. While Participants are primarily required to ensure compliance with this requirement, NSDL undertakes certain activities to identify potentially non-compliant accounts. Status of PAN requirement, KYC De-dupe and KYC Reconfirmation exercise undertaken by NSDL is given below:

6.1. Status of compliance with requirement of PAN

- (i) In 2006, SEBI prescribed PAN as a mandatory requirement for demat account opening. Accordingly, Participants were advised to 'Suspend for Debit and Credit' all such pre-existing demat accounts in which the PAN requirement was not completed by December 31, 2006. Some of these accounts have remained frozen since then for want of PAN in spite of efforts taken by Participants and NSDL.
- (ii) As on December 31, 2024, 2.38 lakh PAN non-compliant accounts continue to be in 'Suspended for debits and credits' status. This includes some accounts which do not have any security balance (i.e., zero balance accounts) but Participants are unable to close them due to reasons like pending demat requests, pledgee accounts with open pledges, frozen due to order of statutory authority, etc. The status of compliance since December 31, 2006, is as under:

Table 8: Count of demat accounts in which PAN was updated during July to September 2024.

Date	Total No. of accounts (lakh)	Account Suspended - With holdings (lakh)	Account Suspended - Without holdings (lakh)	Active accounts with PANs (lakh)
At the time of freezing December 31, 2006	77.19	18.04	19.40	39.75
As on current quarter September 30, 2024	380.90	2.21	0.18	378.51
As on current quarter December 31, 2024	387.68	2.19	0.19	385.31

6.2 Updates on 6 KYC freezing /unfreezing activity:

- (i) The Board in its previous meetings was appraised that SEBI has made the update of 6 KYC attributes - Name, Address, PAN, Valid mobile number, Valid email ID and Income range mandatory. Non-compliant accounts are liable to be made inactive. The Board was further appraised that the due date for update of KYC attributes was extended by SEBI to June 30, 2022.
- (ii) The Board was also apprised that upon expiry of due date, freeze action was initiated on 37.80 lakh non-compliant demat accounts.
- (iii) Since the date of freezing in July 2022, KYC update was done in 5.32 Lakhs demat accounts till December 31, 2024. These accounts were unfrozen by respective Participants.

6.3 Suspension of KRA non-compliant demat accounts as per SEBI direction:

- (i) The Board in its previous meetings was apprised about the freezing of demat accounts by NSDL for those PANs for which KYC could not be validated by KRAs due to failed verification of email ID and mobile no. by KRAs, in accordance with SEBI circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 6, 2022 and joint SOP of MIIs submitted to SEBI on August 18, 2023. As per SOP, Depositories suspended demat accounts of non-compliant clients (for sole or any joint account holder excluding Clearing Member (CM) Pool accounts) on September 6, 2023, November 25, 2023, February 24, 2024, March 30, 2024, May 04, 2024, and July 06, 2024.
- (ii) Subsequently, as per weekly meetings held amongst MIIs & KRAs, KRAs have shared a consolidated file of PAN records which are “On Hold” for any reason and uploaded during Sep-24, Oct-24 and Nov-2024.
- (iii) Accordingly, freezing of non-complied demat accounts was done by NSDL on November 02, 2024, November 30, 2024 and December 28, 2024. The statistics of the same is provided below:
- (iv) Accordingly, freezing of non-complied demat accounts was done by NSDL on November 02, 2024 (for on hold records updated in Sep 2024), on November 30, 2024 (for on hold records updated in Oct 2024) on December 28, 2024 (for on hold records updated in November 2024). The statistics for the same is provided below:

Table 9: Statistics of freezing of KYC non-compliance demat accounts.

Sr. No.	Particulars	Number (Qty)
1	Total No. PANs received from KRA with “On Hold” during Sep-24, Oct-24, Nov-24	7620
2	Out of total No. of PANs mentioned at Sr.no. 1 above, *PANs having demat accounts with NSDL.	8849
3	Out of total PANs mentioned at Sr. no. 2 above, no. of demat a/c held with NSDL and suspended on November 02, 2024, November 30, 2024 and December 28, 2024.	3,990

*One demat account was closed before suspension.

6.4. KYC De-dupe Exercise:

Since December 2007, an electronic search is undertaken to look for five or more accounts with same PAN, similar address and bank details on a fortnightly basis. Accounts identified during this exercise are forwarded to concerned Participants for their confirmation with respect to compliance with KYC norms. Details of accounts identified during this exercise are as follows:

Table 10: Statistics of KYC-Dedupe

Sr. No.	Particulars	Cumulative till December	No. of exercises conducted till	Cumulative till September	No. of exercises conducted till
---------	-------------	--------------------------	---------------------------------	---------------------------	---------------------------------

		31, 2024	December 31, 2024	30, 2024	September 30, 2024
1	Total no. of accounts identified	3,11,971	395	3,09,855	389
2	Accounts reported by Participants as KYC complied	2,56,455	-	2,55,542	-
3	Accounts reported as KYC non-complied and frozen by Participants	21,036 (refer note 1)	-	20,683	-
4	Accounts reported as closed	29,668	-	29,512	-
5	Accounts for which reports are pending	4812 (refer note 2)	-	4118	-

Note 1: During the quarter, 2116 accounts were reported to Participants for KYC re-confirmation. Out of 22,799 accounts (20683 + 2119), 149 accounts were re-activated and 764 were reported as KYC complied (both included in serial no. 2), 156 accounts were closed (included in serial no. 4), 694 were response is pending from DPs during the quarter. Accordingly, 21,036 accounts are KYC non-complied and frozen as on December 31, 2024.

Note 2: On cumulative basis, as on January 21, 2025, DPs responses were pending for 4812 accounts. Follow-ups are being done for submission of reply by respective DPs.

6.5. KYC exercise – IPO Off market

Information about five or more off market transfers [arising out of IPO credits] made within two days of listing date, to a single account is as follows:

Table 11: Statistics of IPO dedupe

Sr. No.	Particulars	Cumulative till December 31, 2024	No. of exercises conducted till December 31, 2024	Cumulative till September 30, 2024	No. of exercises conducted till September 30, 2024
1	Total no. of accounts identified	11293	169	11,292	166
2	Accounts reported by Participants as KYC complied	9882		9878	
3	Accounts reported	277		281	

Sr. No.	Particulars	Cumulative till December 31, 2024	No. of exercises conducted till December 31, 2024	Cumulative till September 30, 2024	No. of exercises conducted till September 30, 2024
	as KYC non-complied and frozen by Participants				
4	Accounts reported as closed	1134		1133	
5	Accounts for which reports are pending	0		0	

Note 1: During the quarter Oct 2024 - Dec 2024, 1 account was reported to Participants for KYC re-confirmation. It is observed that out of 282 (281+1) accounts, 3 accounts were re-activated and 1 account was reported as KYC complied (both included in serial no. 2) and 1 account was closed. Accordingly, 277 accounts are KYC non-complied and frozen as on December 31, 2024.

Update on action for freeze/ unfreeze Orders, time taken for processing such orders (TAT) and action taken during the quarter July-September 2024

(i) In accordance with SEBI's directives, including orders such as WTM/AO/SAT/Attachment and corresponding Release Orders, as well as instructions received from other statutory authorities such as Enforcement Directorate, State Tax, EOW, CID, Income Tax, Courts, and Stock Exchanges etc., NSDL freezes demat accounts and/or ISIN and/or a specific number of securities held in the demat accounts belonging to the concerned clients. This action is taken based on PAN or demat account details of the clients received from the statutory authorities/Stock Exchanges.

(ii) A total of 2054 orders were processed during the period October 2024 to December 2024.

Table 12: Statistics of freeze/ unfreeze Orders processed during the period October 2024 to December 2024.

Authority Name/Month	Orders count for Oct 2024	Orders count for Nov 2024	Orders count for Dec 2024
SEBI	126	133	133
Stock Exchanges	55	48	63
Other Authorities (State Tax, CBI, Police Authority, Court, etc.)	419	346	731

Grand Total	600	527	927
--------------------	-----	-----	-----

Table 13: Statistics of Orders including aging details for the quarter ended December 2024.

Authority Name	TAT for action as per SOP	Same Day	1 Working Day	2 Working Days	3 Working Days	4 to 6 Working Days	Total
SEBI Order (Freeze/Unfreeze)	Same day (if r/d before 5pm)	*391	#1	0	0	0	392
Stock Exchange (Freeze/Unfreeze)	Same day (if r/d before 5pm)	164	^2	0	0	0	166
Other Authorities (Freeze/Unfreeze)	Within 3 working Days	1036	454	6	0	0	1496
Grand Total		1591	457	6	0	0	2054

Note:

* The given 391 cases includes 1 case of SEBI Order where PAN debarment done on same day and subsequently demat accounts were suspended on 7th day pursuant to SEBI directions allowing notices to close out /square off such open positions within 7 days.

SAT Order in GDR matter of 2016 processed after legal view.

^ Email instruction received from Exchange poste 8.00 pm, hence processed on next working day

Monitoring of shareholding limit of listed MIIs (BSE and CDSL).

As per SEBI Circular ref. no. CIR/MRD/DSA/01/2016 dated January 1, 2016, regarding procedure for ensuring compliance with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulation, 2012 (SECC Regulation) by Listed Stock Exchanges and relevant SEBI letters appointing NSDL as a designated depository for monitoring the shareholding limits of BSE and CDSL on daily basis.

Monitoring parameters for BSE

- Monitor cumulative shareholding limit of Trading Members (TM), their associates and agents (breach limit 49 % of paid-up capital). No breach observed during the quarter ending September 2024.

- ii. Monitor Shareholding limits of individual shareholder (breach limit 5 % of paid-up capital). One breach observed.

Table 14: Monitor Shareholding limits of BSE

Sr. no.	Name of MII	No. of Persons / entities holding more than 5% shares as on December 31, 2024	No. of TM, their associates and agents holding more than 49% shares as on December 31, 2024
1	BSE	*1	0

* LIC of India (anchor investor) is holding more than 5 % shares in BSE since pre-IPO as fit and proper entity to hold shares above the prescribed limit.

Monitoring parameters for CDSL

- i. Monitor shareholding limit of any person acquiring or holding more than 5% shares.
- ii. Monitor combined shareholding limit of 49% for all foreign entities (i.e., all person resident outside India).
- iii. Monitor shareholding limit of foreign entity ((i.e., person resident outside India) acquiring or holding more than 5% shares.
- iv. Monitor shareholding limit of Person Acting in Concert (PAC) acquiring or holding more than 5% shares.

Table 15: Monitor Shareholding limits of CDSL

Sr. no.	Name of MII	No. of Persons / entities holding more than 5% shares as on December 31, 2024	No. of foreign entities holding more than 49% shares as on December 31, 2024	No. of foreign entities holding more than 5% shares as on December 31, 2024	No. of PAC holding more than 5% shares as on December 31, 2024
1	CDSL	*1	0	0	0

* BSE is holding more than 5 % shares in CDSL as sponsor.

Sharing of EWM alerts with stock exchanges.

In accordance with SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2018/153 dated December 17, 2018 regarding Early Warning Mechanism (EWM) and discussions between MIIs on SOP of EWM held during the joint meeting between stock exchanges and depositories held at BSE on April 10, 2019, the following alerts are generated by NSDL on a monthly basis and shared with Exchanges within T+5 days. No further action is required

by NSDL.

Table 16: EWM alerts generated and shared with Exchanges for the quarter October – December 2024

Sr. No.	Alert description	Type of Transaction	Jul-2024	Aug-2024	Sep-2024
1	Significant depletion of client's shares in the stockbroker client account maintained by the stockbroker.	Demat Holding	0	0	0
2	Movement of shares to / from a large number of clients' demat accounts or large value shares to stockbroker proprietary accounts and vice a versa (large number of transactions).	Off-Market	20	11	25
3	Movement of shares to / from a large number of clients' demat accounts or large value shares to stockbroker proprietary accounts and vice a versa (large value transaction).	Off-Market	156	123	126
4	Alerts for stockbrokers maintaining multiple proprietary demat accounts and opening any new demat account in the name of stockbroker for client purpose (multiple accounts till June 30, 2024).	Account Level	138897	139051	139212
5	Alerts for stockbrokers maintaining multiple proprietary demat accounts and opening any new demat account in the name of stockbroker for client purpose (new accounts).	Account Opening	0	0	0
6	Sudden activation of significant number of dormant client's accounts and / or significant activity in the dormant account/s.	Account Level	381	330	357
7	Invocation of pledge of securities by lenders against stockbroker or his clients.	Pledge	0	0	0
8	Transfer of large value of shares through offmarket transfers other than for settlement purposes	Off-Market	4934	4412	4330
	Grand Total		144388	143927	144050

7. To take note of Corporate Governance Report for the quarter ended December 31, 2024

As per Regulation 27(2) of SEBI LODR Regulations, a listed entity is required to submit a quarterly compliance report on corporate governance in the format specified by the Board from time to time to recognised Stock Exchange(s). The format for compliance report on Corporate Governance has been prescribed by SEBI vide its Circular dated May 31, 2021. However, there was no prescribed format for submitting the statement of Redressal of Investor Grievances.

As per Regulation 13(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), the listed entity shall file with the recognised stock exchange(s) on a quarterly basis, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter. The said statement shall be placed before the Board of Directors of the listed entity, on quarterly basis.

Further, pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated December 12, 2024 read with SEBI circular dated December 31, 2024, Integrated Filing formats have been introduced for submitting the Governance related periodic reports. The said format has combined the following compliances:

1. Compliance report on Corporate Governance under Regulation 27(2) of SEBI LODR Regulations
2. Statement of Redressal of Investor Grievances under Regulation 13(3) of SEBI LODR Regulations

The abovementioned format is applicable for the Corporate Governance report for the quarter ending December 31, 2024, and thereafter.

In view of the above, the Corporate Governance Report and Statement of Redressal of Investor Grievance has been prepared in the aforesaid Integrated Filing formats prescribed by SEBI for the quarter ended December 31, 2024. Also, said report has to be uploaded on the website of NSDL. The Company complies with the provisions of SEBI LODR Regulations with respect to Corporate Governance and is also in compliance with Regulation 31 of SEBI (D&P) Regulations, 2018.

8. To consider and approve amendments to Byelaws and Business Rules regarding 'Restricted Transferability in Unlisted Securities and Freeze and/or Unfreeze of Unlisted Securities' based on the request from Issuer

- 1) Pursuant to the SEBI Circular dated June 21, 2023, NSDL has implemented the system for processing transfer requests of AIF units that are under restricted transferability and has amended the Bye-Laws and Business Rules accordingly.
- 2) In this regard, NSDL is in receipt of requests from Public Limited Companies and Private Limited Companies to provide the facility of restricted transferability of unlisted securities to meet its obligations to comply with statutory requirements as given below: (Table 1)

S. No.	Type of Issuer	Rationale
1	Public company	<p>Shares of Public Limited Companies are freely transferable as per section 58 (2) of Companies Act, 2013, provided that any contract or arrangement between two or more persons in respect of transfer of securities shall be enforceable as a contract.</p> <p>These companies may restrict free transferability to comply with specific provisions of the Companies Act, 2013 eg., where Non-Disposal Undertakings/Agreement are not possible, SEBI guidelines or other regulatory frameworks such as those from the Reserve Bank of India (RBI), the Insurance Regulatory and Development Authority of India (IRDAI), etc., which may limit the securities to be held by an entity at a certain percentage of capital of the company, number of its members or any other such compliance stipulations.</p>
2	Private Limited Companies	Section 2(68): Defines a private company as one that restricts the right to transfer its shares to limit the number of its members to two hundred.

- 3) Additionally, NSDL may facilitate routing of pledge / margin pledge / hypothecation creation / invocation requests through Issuer, Freeze and / or Unfreeze of unlisted securities based on the request from the Issuer.
- 4) For the implementation of '**Restricted Transferability in Unlisted Securities**' NSDL is in the process of making necessary changes to the system.
- 5) Pursuant to the aforesaid requirements, NSDL is required to make consequential amendments in its Byelaws and Business Rules regarding '*Restricted Transferability in Unlisted Securities and Freeze and/or Unfreeze of Unlisted Securities*'
- 6) Accordingly, it is proposed to amend the Byelaws and NSDL Business Rules as below:
 - Insertion of Bye-Law No. **9.20 & 9.21** and Business Rule No. **12.22 & 12.23** (Placed before the Board)

9. To approve updates carried out in the Risk Management Framework (Policy) as a part of annual review exercise

1. The regulator SEBI vide its circular number SEBI/HO/MRD/MRD-PoD-3/2024/088 dated June 25, 2024, prescribed the guidelines with regard to the functions and composition of various statutory committees of the Depository, to ensure effective oversight of the functioning of the Depository.
2. In the said circular, the terms of reference of Risk management Committee (RMC) mandates following:

"RMC shall review the RMF & Risk Mitigation Measures at least once annually taking into account the changing industry dynamics and evolving complexity"
3. Accordingly, as a part of annual review exercise, we have reviewed and carried out certain modifications in the Risk Management Framework (Policy) [RMF] and associated policies, considering the changing industry dynamics, evolving complexity of Depository. Further the updates were carried out in the policies to align the same with the extant regulatory guidelines.

Summary of changes/ modifications carried out in the RMF:

4. The summary of key changes / modifications carried out in the Risk Management Framework and other associated policies are mentioned below.

A. Risk Management Framework (Policy) (Placed before the Board)

- Minor modifications carried out in Section- A (1.2) - Roles & Responsibility” section of the policy.
- Introduction of new risk i.e. “Custody Risk” under Section- B - Risk Universe of NSDL
- Risk Mitigants with respect to “Custody Risk” have been updated in Section – C of the document.
- The List of Board Level Committee have been updated in the section Risk Governance Mechanism.
- List of Policy / Procedure / Framework /Document driven by Risk Management Framework (Policy) have been updated.
- Other minor updates performed in terms of language throughout the policy.

B. Risk & Control Self-Assessment (RCSA) Framework (Policy)

- Section 5-B - Control Operating effectiveness of the policy has been updated.
- Few other minor modifications have been performed in terms of language changes throughout the policy.

C. Incident Reporting Framework for Non-IT Incidents

- Format for notifying incident on e-mail has been updated in Section -8 of the policy.
- Few other minor modifications have been performed in terms of language changes throughout the policy.

D. Risk Appetite Framework –

- Section -4 - Risk Appetite Statement – Few Risk Appetite statements have been elaborated to provide more clarity.
- Section -6 - Risk Acceptance Framework have been updated.

The updated versions of the policies / framework carrying aforementioned changes in track change mode has been placed before the Board.

5. The Risk Management Committee in their meeting dated January 15, 2025, approved the changes carried out in aforementioned policies / framework and recommended the same for approval of the Board.

6. The Board is requested to review and approve the updated policies / framework.

10. To consider and approve implementing of new charge structure for API service to validate active UCC status mapping with demat account in NSDL system

As per the extant SEBI guidelines, in case of retails clients, depositories need to match and confirm the details of actual transfer of securities provided by intermediary with client-wise net delivery obligation arising from the trades executed on exchanges. For matching purpose, the Unique Client Code (UCC) details of the client as received from the exchange are seeded in the demat account of the client. The UCC seeding in demat account is done at periodic intervals on daily basis. There may be instances where a client may trade on the broking platform even before the UCC is seeding in demat account. The UCC details is one of the criteria for matching the account transfer/Inter depository instruction(s) received from client with obligation details provided by CCs. In case the UCC is not mapped in the demat account, the securities blocked for the settlement purpose will get unblocked and will not be transferred to the trading member / clearing member pool account.

NSDL has received a request from a broker viz; ICICI Securities for developing an API service, which will enable them to check the UCC seeding in demat account as and when a new client or dormant client tries to put a trade on their broking platform.

NSDL has developed an API service wherein NSDL will provide the status of UCC seeing in demat account and is under testing and is expected to go live shortly. It is proposed to levy charges for the new API service. Details of the new charges is given below:

Proposal No	Service offered	Chargers/Fees(amount) Rupees	User
1	UCC - Demat Account mapping validation service charges	₹2.5 per record subject to minimum of ₹5,000 per month.	SEBI Registered Intermediaries

In addition to above, it is proposed to charge ₹ 1,00,000 as a one time setup cost. Similar charges are levied on SEBI Registered Intermediaries for NSDL's DAN V2 API services.

The above API service will enable entities to verify the UCC seeding at the beginning

preventing instances where the securities are not transferred due to mismatch of instructions with the obligation details shared by the clearing corporations. It is also envisaged that the other broking entities will be interested in availing the said API services.

11. To review the adequacy of resources dedicated to critical operations and Regulatory verticals

1.1. Regulation 29 of the SEBI D&P Regulations requires Depositories to identify and segregate their functions into the following verticals and also provides for certain specific aspects to be complied with including that the functions under the verticals as provided at clause (a) and (b) below shall be given higher priority by the depository over the functions under the vertical as provided at clause (c). Further every depository is required to periodically and objectively assess the adequacy of resources allocated to the first two verticals. NSDL has designated Critical Operations as Vertical 1 and b. Regulatory, compliance, risk management and investor grievances as Vertical 2 for their business and oversight purposes

- a. Critical operations,*
- b. Regulatory, compliance, risk management and investor grievances and*
- c. Other functions including business development.*

1.2. SEBI vide Circular dated June 25, 2024 regarding “Statutory Committees at Market Infrastructure Institutions (MIIs)” had revised the Terms of Reference (TOR) of the Regulatory Oversight Committee. In accordance with the said Circular, one of the terms of reference of the ROC specifically requires the following:

“Ensure the adequacy of resources dedicated to functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievances”

1.3. This Note was placed before the RoC at the meeting held on January 30, 2025.

2. Scope of this Document

2.1. The aspect of “Adequacy of resources” which is the subject matter of this review has been examined in the following contexts

- a. Assessment of Adequacy of Resources
- b. Development of competence and capability

- c. Compensation structures
- d. Reduction in attrition

3. Assessment of Adequacy of Number of Resources in Verticals 1 and 2

- 3.1. An assessment was carried out during the financial year 24-25 for manpower requirements across verticals based on following aspects :
- i. Business Growth
 - ii. To meet the regulatory expectations
- 3.2. Accordingly, the manpower details YoY are presented
- 3.3. As on December,2024 the position of manpower was placed before the Board.
- 3.4. Based on the hiring plan, we expect the manpower position as on 31st March,2025 will increase by the count of 37. Thereby, taking the expected headcount to 476 which fulfils the adequacy requirement viz-viz the hiring needs assessed for FY24-25.
- 3.5. As can be seen from above table we can summarize that we expect to be adequately staffed by March 2025.
- 3.6. Adequacy of manpower assessment will be on ongoing basis to ensure necessary skills are present in the company.

4. Steps taken to address the adequacy of manpower requirements apart from the hiring are mentioned below:

4.1 Skill and Competence building

There has been a strong focus on developing existing employees through targeted learning and development programs. Programs like "Step Up," "Grid," and "Growth Lab" ensure that employees at various levels are upskilled and prepared for future challenges.

4.2 Compensation Structures

Existing compensation structures are also being reviewed to ensure parity with industry and competition to ensure that the right talent is attracted and retained by the Company. A survey in this regard is in progress and is being undertaken.

4.3 Attrition Management

Attrition has been reduced significantly, especially in V1 and V2, where it has dropped by up to 48% in V1 and 31.03% in V2. This reduction is indicative of successful retention efforts that have been put in place including higher levels of employee engagement with

initiatives such as employee connect programs , town halls, open dialogues with CHRO, and transfers within the organization for role enrichment and training for employees. The company has addressed resource adequacy from multiple important angles, ensuring that both headcount and skill levels are aligned with the company's growing needs. The next steps would likely focus on implementing the proposed hiring plans and continuing to monitor the changing needs of the business, ensuring that both talent acquisition and development stay ahead of demand. As mentioned earlier, the management will continue to monitor and analyse any change in the requirements to proactively address the need and will revise the manpower requirements on ongoing basis.

The Committee is requested to review the above.